

AMENDED AND RESTATED BYLAWS

AS OF JUNE 4TH, 2008

GRANDOTE GOLF AND COUNTRY CLUB HOME OWNERS ASSOCIATION

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BYLAWS
OF
GRANDOTE GOLF AND COUNTRY CLUB HOME OWNERS ASSOCIATION

ARTICLE 1 - INTRODUCTION

These are the Bylaws of Grandote Golf and Country Club Home Owners Association (the "Association"), which is a nonprofit corporation operating under the Colorado Revised Nonprofit Corporation Act, ' 7-121-101, et seq., as amended (the ACRNCA@), and the Colorado Common Interest Ownership Act, ' 38-33.3-101, et seq., as amended (the "Act"). Terms used herein shall have the meaning set forth in the Declaration (as defined below) and in the Act.

ARTICLE 2 - EXECUTIVE BOARD

Section 2.1 Number and Qualification. The affairs of the Grandote Golf and Country Club Subdivision Filing No. One (the "Common Interest Community") and the Association shall be governed by a Board of Directors (the "Executive Board"). The Executive Board shall hereafter consist of four (4) members. The Owners (who are all members of the Association), including Declarant, which for purposes hereof shall mean GRANDOTE GOLF AND COUNTRY CLUB, LLC, Formerly known as WAHATOYAS, LLC AND RTV, LLC a Colorado limited liability company and its successors and assigns, have heretofore elected three members to the Executive Board and shall be entitled to remove members of the board so elected and shall continue to elect such members of the Board except as otherwise herein provided. The three current members of the Executive Board, by adoption of these Amended and Restated Bylaws, have expanded the number of directors on the Executive Board to four, and have selected a fourth director to fill the newly created vacancy. At and after the end of the period (the "Period of Declarant Control") ending on the date (the "Turnover Date") that is sixty days after sixty-seven percent (67%) of the Residential Lots, as defined in the Declaration, (each, a "Lot") have been transferred to third parties unrelated to the Declarant, members of the Executive Board shall be elected by the members of the Association (who shall be all the Owners, as defined below) in accordance with the provisions of Article 3 below; provided that so long as Declarant owns one or more Lots in the Common Interest Community, the Declarant shall at all times be entitled to appoint one member to the Executive Board and the remaining members shall be elected by the Owners. After the Turnover Date, only owners of Lots (each, an "Owner"), eligible to vote and otherwise in good standing, may be elected or appointed to fill a vacancy on the Executive Board; provided, however, in the case where, through removal or resignation, the total number of Executive Board members is less than four (4), the Executive Board will be considered properly constituted until such vacancies are filled. The number of members of the Executive Board may be increased or decreased by amendment of these Bylaws; and any vacancy created by an increase in the number of directors may be filled by majority vote of the then current Executive Board.

(1) The terms of the current members of the Executive Board elected by the Owners (or added upon expansion of the Executive Board to four members) are all (3) year terms. At the expiration of the initial term of office for each respective member of the Executive Board, his successor shall be elected (or appointed, as appropriate) to serve a term of three (3) years.

(2) At or about the Turnover Date, the Association shall call a meeting and shall give not less than ten (10) nor more than fifty (50) days' notice to the Owners for this purpose. This meeting may be called and the notice given by any Owner if the Association fails to do so.

(3) Each Executive Board member, including members appointed by the Declarant, shall hold office until the election and qualification of his or her successor. At any meeting at which the Executive Board is to be elected, the Owners may, by resolution, adopt specific procedures that are not inconsistent with these Bylaws or the CRNCA for conducting the elections.

Section 2.2 Term of Office. At each annual meeting after the Turnover Date, the members shall elect directors for a term of three (3) years to fill the vacancy of any director or directors whose term or terms expire.

Section 2.3 Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 2.4 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

- (a) Adopt and amend Bylaws in accordance with Section 9.1 below.
- (b) Adopt and amend Rules and Regulations.
- (c) Adopt and amend budgets for revenues, expenditures and reserves.
- (d) Determine and collect Assessments from Owners.
- (e) Suspend the voting interests allocated to a Lot, and the right of an Owner to cast such votes, or by proxy the votes of another, during any period in which such Owner is in default in the payment of any Assessment, or, after notice and a hearing, during any time in which an Owner is in violation of any other provision of the Declaration, Articles of Incorporation, Bylaws or Rules and Regulations.
- (f) Hire and discharge managing agents.

(g) Hire and discharge employees, independent contractors and agents other than managing agents.

(h) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Governing Documents in the Association's name, on behalf of the Association or on behalf of two or more Owners in matters affecting the Common Interest Community.

(i) Make contracts and incur liabilities.

(j) Regulate the use, maintenance, repair, replacement and modification of all property within the Community or property which serves the Community but which is outside its boundaries.

(k) Cause additional improvements to be made as a part of the Common Elements.

(l) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but portions of the Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act.

(m) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions, through or over Common Elements.

(n) Impose and receive a payment, fee or charge for services provided to Owners and for the use, rental or operation of the Common Elements.

(o) Establish from time to time, and thereafter impose charges for late payment of Assessments or any other sums due and, after notice and hearing, levy a reasonable fine for a violation of the Governing Documents of the Association.

(p) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments.

(q) Provide for the indemnification of the Association's officers and members of the Executive Board, all committee members, members of the Architectural Control Committee, and all Association volunteers to the extent provided by law and maintain directors' and officers' liability insurance.

(r) Declare the office of a member of the Executive Board to be vacant in the event such director shall be absent from three (3) regular meetings of the Executive Board during any one year period.

(s) Appoint any committee as required or permitted by the Declaration or these Bylaws, and by resolution, establish committees, permanent and standing, to perform any of the

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above functions under specifically delegated administrative standards as designated in the resolution establishing the committee.

(t) By resolution, set forth policies and procedures which shall be considered incorporated herein by reference as though set forth in full, and which provide for corporate actions and powers which are different than those set forth in CRNCA, but which are permitted by the Act to be "otherwise set forth in the Bylaws." Such resolutions shall be given the same force and effect as if specifically enumerated in these Bylaws.

(u) Exercise any other powers conferred by the Declaration, the Articles of Incorporation, these Bylaws, the Act or the CRNCA.

(v) Exercise any other power necessary and proper for the governance and operation of the Association.

(w) Delegate Manager to receive owner dues and other fees from Owners and to make appropriate payments for operating expenses.

Section 2.5 Manager. The Executive Board may employ a Manager for the Common Interest Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board; provided, however:

(1) The Executive Board may delegate to the Manager only the powers granted to the Board by these Bylaws under Section 2.4, Subdivisions (c), (f), (g), (h), (i) and (j).

(2) Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.

(3) The Executive Board shall comply with the provisions of C.R.S. ' 38-33.3-306 (as if such Section were applicable to the Association), specifically: (i) that the manager shall maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars or such higher amount as the Executive Board may require; (ii) that the manager shall maintain all funds and accounts of the association separate from the funds and accounts of other associations managed by the other persons or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the association; and (iii) that an annual accounting for association funds and a financial statement be prepared and presented to the association by the manager, a public accountant, or a certified public accountant, in the Executive Board=s discretion and that a review or audit shall be done by a certified public accountant at least every three years.

Section 2.6 Removal of a Director. At any time after the Turnover Date, the Owners, by a sixty-seven percent (67%) vote of all persons present and entitled to vote, at any meeting of the Owners at which at least Owners representing 50% of all votes in the Association are present, may remove any director (specifically excluding any director appointed by the Declarant, who shall be removable solely at the discretion of the Declarant), with or without cause. Vacancies created by

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removal according to this Section 2.6 shall be filled by a majority of the remaining members of the Executive Board; provided, however, if the entire Executive Board is removed at once, an election shall be held immediately thereafter at the same meeting. Each person so elected or appointed shall serve on the Executive Board for the remainder of the term of the member so replaced.

Section 2.7 Quorum; Actions of the Executive Board. The members of the Executive Board present, who constitute a majority of the Executive Board, shall constitute a quorum for that meeting. For purposes of this Article 2, the term "present" shall include attendance in person, by proxy (to the fullest extent provided by the CRNCA), via telephonic or other electronic means, via "real time" e-mail or, in the case of written consents, by providing written response on or before the date responses are due as set forth in the written consent.

Section 2.8 Vacancies. Except in the case of removal of a director pursuant to Section 2.6 above, vacancies may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the directors present at that meeting may constitute less than a quorum. These appointments shall be made, as to vacancies of directors, and each person so elected or appointed shall serve on the Executive Board for the remainder of the term of the director so replaced.

Section 2.9 Regular Meetings. The Executive Board shall not be required to have any regular meetings. However the Executive Board may set a schedule of regular meetings by resolution and no further notice thereafter is necessary to constitute regular meetings.

Section 2.10 Special Meetings. Special meetings of the Executive Board may be called by the president or by a majority of its members on at least three (3) business days' notice to each member.

Section 2.11 Location of Meetings. All meetings of the Executive Board shall be held within the State of Colorado unless all members thereof consent in writing to another location.

Section 2.12 Waiver of Notice. Any director may waive notice of any meeting in writing. Attendance by a director at any meeting of the Executive Board shall constitute a waiver of notice. If all the directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.13 Consent to Corporate Action. If a majority of the Executive Board or members of a committee established for such purpose, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of directors or of the committee constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Executive Board.

Section 2.14 Telephone Communication in Lieu of Attendance. A director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the director may be heard by the other members and may hear the deliberations of the other

directors on any matter properly brought before the Executive Board. The vote of such director shall be counted and the presence noted as if that director were present in person on that particular matter.

Section 2.15 Compensation. No member of the Executive Board shall receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Executive Board prior to entering into such contract and such contract was approved by a majority of the Executive Board, excluding the interested director.

ARTICLE 3 - OWNERS

Section 3.1 Meetings of the Owners. The following types of "meetings" (as that term is used in the CRNCA) shall be or may be held, as provided below.

3.1.1 Annual Meetings. Annual meetings of Owners shall be held at least once a year in La Veta, Colorado, at such date set forth in the notice. At these meetings, the Executive Board shall be elected by ballot of the Owners, in accordance with the provisions of Article 2 of these Bylaws. The Owners may transact other business as may properly come before them at these meetings. There shall be one homeowners meeting during the summer months of June, July, or August.

3.1.2 Special Meetings. A special meeting of the Association may be called by the president, by a majority of the Executive Board or by a written instrument signed by Owners comprising twenty percent (20%) of the votes in the Association.

Section 3.2 Place of Meetings. Meetings of the Owners shall be held in La Veta, Colorado, and may be adjourned to a suitable place convenient to the Owners, as may be designated by the Executive Board or the president.

Section 3.3 Notice of Meetings. The secretary or managing agent shall cause notice of all meetings of the Owners set forth in Section 3.1 to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to the mailing address designated in writing by the Owner, not less than ten (10) nor more than fifty (50) days in advance of a meeting. No action shall be adopted at a special meeting except as stated in the notice.

Section 3.4 Adjournment of Meeting. At any meeting of Owners, a Majority Vote of those present and entitled to vote may adjourn the meeting to another time.

Section 3.5 Order of Business. The order of business at all meetings of the Owners shall be as set forth in the written meeting agenda available at the beginning of each meeting.

Section 3.6 Voting.

(1) If only one of several Owners of a Lot is present at a meeting of the Association, the Owner present (provided he or she is in good standing) is entitled to cast the vote allocated to the Lot. If more than one of the Owners is present, the vote allocated to the Lot may be cast only in accordance with the agreement of a majority of the Owners of that Lot. Majority agreement exists if any one of the Owners casts the vote allocated to the Lot without protest being made promptly to the person presiding over the meeting by another Owner of the Lot.

(2) The vote allocated to a Lot may be cast under a proxy duly executed by an Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven months (11 months) after its date, unless it specifies a shorter term.

(3) The vote of a corporation or limited liability company may be cast by an officer of that corporation or by the manager of the limited liability company in the absence of express notice of the designation of a specific person by the Executive Board, members, manager, operating agreement or bylaws of the owning corporation or limited liability company. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The person presiding over the meeting may require reasonable evidence that a person voting on behalf of a corporation, limited liability company, partnership or Owner is qualified to vote.

(4) The vote allocated to a Lot owned by the Association may not be cast.

Section 3.7 Quorum. Except as otherwise provided in these Bylaws, the Owners present at any meeting of Owners, representing ten percent (10%) of the votes in the Association, shall constitute a quorum at that meeting. For purposes of this Article 3, the term "present" shall include attendance in person, by proxy, via telephonic or other electronic means, via "real time" e-mail or, in the case of written ballots, by providing written response on or before the date responses are due as set forth in the written ballot.

Section 3.8 Majority Vote. The term "Majority Vote" shall mean the vote of a majority of the Owners (casting one vote per Lot) present in person or by proxy at a meeting at which a quorum shall be present and shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or the Act. Reference to "a majority of all Owners" in the Declaration, these Bylaws, or the Act shall mean a vote cast by Owners representing one more than one-half of all Lots in the Community.

Section 3.9 Voting by Mail. The Executive Board may decide that voting of the Owners on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by mail. Pursuant to the CRNCA, any action that may be taken at any annual, regular, or special meeting of Owners may be taken without a meeting if the secretary or managing agent delivers a written ballot to every Owner entitled to vote on the matter.

(1) A written ballot shall: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action.

(2) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(3) All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of directors; (iii) specify the time by which a ballot must be received by the Association in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

(4) A written ballot may not be revoked.

ARTICLE 4 - OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant and/or a recording secretary and other officers as it finds necessary; however, all other officers must be members of the Executive Board. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board.

Section 4.3 Resignation and Removal of Officers. Upon the affirmative vote of a majority of the Executive Board, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose. Any officer may resign at any time by giving written notice to the president or secretary.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of

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president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint another of its members to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Executive Board or by the president.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Executive Board. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two directors, one of whom may be the treasurer.

Section 4.8 Execution of Instruments. Except as provided in Sections 4.4, 4.6, 4.7 and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association may be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

Section 4.9 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and

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records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 316 of the Act. The amount of the fee for preparing statements of unpaid assessments and the time of payment shall be established by resolution of the Executive Board. Any unpaid fees may be assessed as a Common Expense Assessment against the Lot for which the certificate or statement is furnished.

ARTICLE 5 - ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Owners. The violation of any of the Rules and Regulations adopted by the Executive Board or the breach of any provision of the Governing Documents shall give the Executive Board the right, in addition to any other rights set forth in the Governing Documents, after notice and an opportunity to be heard (except in case of an emergency when no notice is required) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 Fine for Violation. The Executive Board may adopt resolutions providing for fines or other monetary penalties for the infraction of the Governing Documents. Fines will be levied after notice thereof and an opportunity to be heard. The Executive Board may levy fines in amounts that it, in its sole discretion, shall determine to be reasonable for each such violation, including those violations that persist after notice and an opportunity for a hearing is given.

ARTICLE 6 - INDEMNIFICATION

Section 6.1 Actions Other Than By Or In The Right of The Association. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he or she is or was a director, officer, or committee member of the Association who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs), judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful.

Section 6.2 Actions By Or In The Right of The Association. The Association shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure judgment in its favor by reason of the fact that such person is or was a director, officer, or committee member of the Association or is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably

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incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Association; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence, recklessness, or willful misconduct in the performance of his or her duty to the Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

Section 6.3 Successful on the Merits. To the extent that a member of the Executive Board, manager, officer, project manager, employee, fiduciary or agent of the Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in Sections 6.1 or 6.2 of this Article 6, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred him or her in connection therewith.

Section 6.4 Determination Required. Any indemnification under Sections 6.1 or 6.2 of this Article 6 (unless ordered by a court) and as distinguished from Section 6.3 of this Article 6, shall be made by the Association only as authorized by the specific case upon a determination that indemnification of the director, officer, or committee member is proper in the circumstances because such individual has met the applicable standard of conduct set forth in Sections 6.1 or 6.2 above. Such determination shall be made by the Executive Board by majority vote of a quorum consisting of those directors who were not parties to such action, suit or proceeding or, if a majority of disinterested directors so directs, by independent legal counsel or by Owners entitled to vote thereon. Such determination shall be reasonable, based on substantial evidence of record, and supported by a written opinion. The Executive Board shall provide a copy of its written opinion to the officer or director seeking indemnification upon request.

Section 6.5 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses incurred by a former or current director or officer who is a party to a proceeding in advance of final disposition of the proceeding if (i) the director or officer furnishes to the Association a written affirmation of the director=s, officer=s, or committee member=s belief that he or she has met the standard of conduct described in Sections 6.1 or 6.2 of this Article 6; (ii) the director officer furnishes to the Association a written understanding, executed personally or on the director=s or officer's behalf to repay the advance if it is ultimately determined that the director or officer did not meet the standard of conduct; and (iii) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article. The undertaking required in this paragraph shall be an unlimited general obligation of the Executive Board but need not be accepted by a particular director or officer or may be accepted without reference to financial ability to make repayment.

Section 6.6 No Limitation of Rights. The indemnification provided by this Article 6 shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the directors or disinterested directors of the Executive Board, or otherwise, nor by any rights which are granted pursuant to the Act and the CRNCA.

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Section 6.7 Directors and Officers Insurance. The Association shall purchase and maintain insurance on behalf of any person who is or was a member of the Executive Board (including committees) or an officer of the Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under provisions of this Article 6.

ARTICLE 7 - RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records. The cost of any audit or review shall be a Common Expense unless otherwise provided in the Declaration. An audit or review shall be done by a certified public accountant no less often than once every three (3) years, unless otherwise provided for in the Declaration.

Section 7.2 Examination. All records as designated in Section 7.3 and maintained by the Association or the Manager shall be available for examination and copying by any Owner or by any of their duly authorized attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3 Records. The Association shall keep the following records:

- (1) An account for each Lot, which shall designate the name and address of each Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Lot, the amount of each Common Expense Assessment, the dates on which each Assessment comes due, the amounts paid on the account and the balance due;
- (2) The current operating budget;
- (3) A record of insurance coverage provided for the benefit of Owners and the Association;
- (4) Tax returns for state and federal income taxation;
- (5) Minutes of proceedings of incorporators, Owners, Executive Board and its committees, and waivers of notice;
- (6) A copy of the most current versions of the Articles of Incorporation, Declaration, these Bylaws, Rules and Regulations, and resolutions of the Executive Board, along with their exhibits and schedules.
- (7) Design Guidelines. All minutes and records of the Design Review Committee including final approvals and non-approvals; and

(8) Such other records the Executive Board shall determine from time to time are necessary or desirable.

ARTICLE 8 - MISCELLANEOUS

Section 8.1 Notices. All notices to the Association or the Executive Board shall be delivered to the office of the Manager or, if there is no Manager, to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Owners. Except as otherwise provided, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. Email notices are deemed sufficient. All notices shall be deemed to have been given when deposited into the United States mail, first class postage prepaid, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The Executive Board has established the fiscal year of the Association as a calendar year

Section 8.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason or any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 Office. The principal office of the Association shall be within the Common Interest Community or at such other place as the Executive Board may from time to time designate.

Section 8.5 Reserves. As a part of the adoption of the regular budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements based upon the age, remaining life and the quantity and replacement cost of improvements to the Common Elements.

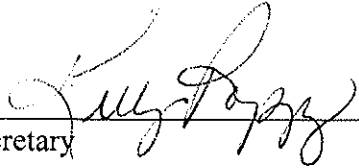
Section 8.6 Conflict of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

ARTICLE 9 - AMENDMENT TO BYLAWS

Section 9.1 Vote. These Bylaws may be amended only by vote of a majority of the votes cast by Owners in person or by proxy at a meeting of the Owners, and the approval of the Executive Board.

Section 9.2 Rights of Mortgagees. No amendment of these Bylaws of the Association shall be adopted that would affect or impair the validity or priority of any mortgage or deed of trust encumbering any Lot or which would change the provisions of these Bylaws with respect to institutional mortgagees of record.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned secretary of the Association does hereby certify that the above and foregoing Bylaws were duly adopted by the Owners as the Bylaws of said Association on the 4th, day of June, 2008 , and that they do now constitute the Bylaws of said Grandote Golf and Country Club Home Owners Association and supersede all prior Bylaws of such Association.


Secretary