

BYLAWS

OF

STONEBRIDGE TOWNHOMES ASSOCIATION, INC.

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ARTICLE 1

GENERAL

1.1 Purpose of Bylaws. These Bylaws of Stonebridge Townhomes Association, Inc. (the "Bylaws") are adopted for the regulation and management of the affairs of Stonebridge Townhomes Association, Inc. (the "Association"). The Association is organized as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act, Section 7-121-101, C.R.S., et seq. (the "Nonprofit Act"), in conformance with the Colorado Common Interest Ownership Act, Section 38-33.3-101, C.R.S., et seq. ("CCIOA"), and it is the Association to which the Declaration of Covenants and Restrictions for Stonebridge Townhomes, recorded in the real property records of Delta County, Colorado (the "Records") on October 6, 1998 at Reception No. 518499 (the "Declaration") refers.

1.2 Terms Defined in the Declaration. Initially capitalized terms used but not defined in these Bylaws are defined in the Declaration and have the same definition as in the Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by the provisions of the Nonprofit Act, CCIOA, the Declaration and the Articles of Incorporation of the Association filed with the Secretary of State of Colorado (the "Articles"), as any of them may be amended from time to time. The Declaration, the Articles, and these Bylaws, together with any exhibits or attachments thereto, are hereinafter collectively referred to as the "Instruments." The created by the Instruments is referred to in these Bylaws as the "Community."

ARTICLE 2

OFFICES

2.1 Principal Office. The Board of Directors, in its discretion, may fix and may change the location of the principal office of the Association from time to time.

2.2 Registered Office and Agent. The Board of Directors may change the Association's initial registered office and initial registered agent specified in the Articles at any time by filing a statement as specified by law in the Office of the Secretary of State of Colorado. At all times, the street addresses of the Association's registered office and the business office of the Association's registered agent must be identical.

ARTICLE 3

MEETINGS OF MEMBERS

3.1 Annual Meetings of Members. Annual meetings of the Members will be held each year at the date and time of day fixed in accordance with a resolution of the Board of Directors and specified in the notice of meeting. The annual meetings will be held for the purpose of electing members of the Board of Directors (each a "Director" and collectively the "Directors") and for the transaction of any other business that properly comes before the meeting. In addition, the materials provided to each Member may include written educational material the Board of Directors deems appropriate to satisfy the requirements of Section 209.7 of CCIOA, to the extent such education is not conducted in person. Any or all of the items specified above may be distributed to Owners via posting on an internet web page with

accompanying notice of the web address via first-class mail or electronic mail; the maintenance of a literature table or binder at the Association's principal place of business; or first-class mail or personal delivery.

3.2 Special Meetings of Members. Special meetings of the Members may be called by the Board of Directors of the Association, the President of the Association, or by the Members holding not less than 25% of the total votes in the Association. Subject to any limitations under Colorado law, the types of business that may be transacted at a special meeting of the Members will not be limited to business within the purpose or purposes described in the notice of such meeting.

3.3 Notice of Members' Meetings. Written notice of any meeting of the Members will be delivered not less than 15 nor more than 60 days before the date of the meeting, either personally or by first class or registered mail to each Member entitled to vote at the meeting. The notice must also be physically posted in a conspicuous place and posted electronically and sent by electronic mail to Members who have provided an electronic mail address to the Association and requested electronic notice, to the extent that either is feasible and practical. The notice of any meeting will state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes and any proposal to remove a member of the Board of Directors. If mailed, the notice will be deemed to be delivered five business days after it is deposited in the United States mail, first-class postage prepaid, addressed to the Member at the mailing address for the Member appearing in the Association's records, or if the Member has not furnished a mailing address to the Association, then to the mailing address of the Lot to which the Member's Ownership Interest relates.

3.4 Proxies. At all meetings of Members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

3.5 Quorum at Members' Meeting. The presence at a meeting of the Members, in person or by proxy, of Members entitled to cast at least 60% of the votes in the Association that may be cast on a matter that comes before the meeting constitutes a quorum at any meeting of the Members concerning that matter. If less than 60% of the Members, in person or by proxy, are not present at any meeting of the Members, such meeting shall be adjourned and rescheduled once to a date not later than 60 days after the original meeting, and the attending Members at such rescheduled meeting shall be deemed a quorum. The Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding that some of the Members withdraw, leaving less than a quorum.

3.6 Expenses of Meetings. The Association will bear the expenses of all annual and special meetings of the Members.

3.7 Meetings by Telecommunication. Any or all of the Members may participate in an annual, regular, or special meeting of the Members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in

the meeting may hear each other during the meeting. A Member participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE 4 **BOARD OF DIRECTORS**

4.1 General Powers and Duties of Board of Directors. The Board of Directors has the duty to manage and supervise the affairs of the Association and has all powers necessary or desirable to permit it to do so. Without limiting the generality of the previous sentence, the Board of Directors has the power to exercise or cause to be exercised for the Association, all of the powers, rights, and authority of the Association not reserved to the Owners in the Instruments, the Nonprofit Act, or CCIOA. The Board of Directors may delegate any portion of its authority to an officer or manager of the Association. In addition, the Board of Directors may not act on behalf of the Association to amend the Declaration, to terminate the Community, or to elect members of the Board of Directors or determine the qualifications, powers and duties, or terms of office of Directors, but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term to the extent provided in Section 4.7 below.

4.2 General Standards of Conduct for Directors, Officers and CAM Members. To the extent not otherwise inconsistent with Colorado law, any Director, officer and CAM Member (defined below), in connection with the authority and powers granted to the Board of Directors and such officer or CAM Member by the Instruments or by any applicable law, including but not limited to, management, personnel, maintenance and operations, interpretation and enforcement of the Instruments, the development of Rules, insurance, contracts, and finance, must act in good faith, with such care as an ordinarily prudent person in a like position would use under similar circumstances, and in a manner that such Director, officer or CAM Member believes is in the best interests of the Association. In discharging his or her duties, a Director or officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (a) one or more officers, CAM Members or employees of the Association whom the Director or officer believes to be reliable and competent in the matters presented; or (b) legal counsel, public accountants or other persons as to matters which the Director or officer believes to be within such person's professional or expert competence, so long as, in any such case, the Director or officer acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted. In addition to the limitations on liability set forth in the Articles, a Director, officer or CAM Member will not be liable as such to the Association for any act or omission as such if, in connection with such act or omission, the Director, officer or CAM Member performed the duties of his or her position in compliance with this Section 4.2. A Director or officer will not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association.

4.3 Number and Term of Directors. The Board of Directors will consist of three Directors. The total number of Directors and the manner in which they are elected may be amended only by the vote of Owners to which at least 60% of the votes in the Association are allocated. The term of each Director will be one year, and Directors may serve more than one

term, whether consecutive or not. Each Director will serve until the earlier of the election and qualification of his or her successor, or his or her death, resignation or removal.

4.4 Election of Directors. The Directors shall be elected by a vote of the Members at any meeting of the Members called and held in accordance with these Bylaws at which a quorum is present. Only Members may nominate candidates for a Director position. In any Director election, the three candidates who receive the most votes, regardless of whether a majority of the votes cast, will be the winning candidates. There will be no cumulative voting for Directors. Elections for Directors may be conducted by secret ballot.

4.5 Removal of Directors. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the members of the Association. In the event of a death, resignation or removal of a director, their successor shall be selected by the remaining members of the Board of Directors and shall serve for the unexpired term of their predecessor.

4.6 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors stating the effective date of his or her resignation. Acceptance of a resignation is not necessary to make the resignation effective.

4.7 Vacancies in Directors. Any vacancy occurring in the position of a Director (other than vacancies occurring as a result of the expiration of the Director's term of office) may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors.

4.8 Manager or Managing Agent. The Board of Directors, by resolution adopted by a majority of the Directors in office, may employ for the Association a managing agent ("Managing Agent") to perform all or any part of the duties of the Association as the Board of Directors will authorize; provided, however, that the Board of Directors in delegating such duties will not be relieved of its responsibility under the Declaration, the Nonprofit Act, or CCIOA. The Managing Agent may be Declarant or an affiliate of Declarant. The rights, duties, obligations and compensation of the Managing Agent will be set forth in a written agreement to be executed by the Association and the Managing Agent.

ARTICLE 5

MEETINGS OF DIRECTORS

5.1 Place of Directors' Meetings. Meetings of the Board of Directors will be held at the principal office of the Association or at another place in the State of Colorado specified in the notice of the meeting.

5.2 Special Meetings of Directors. Special meetings of the Board of Directors may be called by the President or a majority of the Directors.

5.3 Notice of Directors' Meetings. When notice is required for any meeting of the Board of Directors, notice stating the place, date, and hour of the meeting will be delivered not less than three nor more than 50 days before the date of the meeting, by mail, facsimile, telephone or personally, by or at the direction of the persons calling the meeting, to each Director. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

5.4 Proxies. For purposes of determining a quorum of Directors with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director may be deemed to be present at a meeting and to vote if the Director has granted a signed written proxy to another Director who is present at the meeting, authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy.

5.5 Quorum of Directors. A majority of the number of Directors fixed in these Bylaws constitutes a quorum for the transaction of business.

5.6 Vote Required at Directors' Meeting. At any meeting of the Board of Directors, if a quorum is present either in person or by proxy, the affirmative vote of a majority (i.e., more than 50%) of the Directors present is necessary, either in person or by proxy, for the adoption of a matter, unless a greater proportion is required by law or the Instruments.

5.7 Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of the Board of Directors may be taken without a meeting if all of the Directors agree in writing to such action. Such action taken without a meeting will not be effective unless and until all such writings necessary to effect the action, which have not been revoked as provided herein below, are received by the Association; except that the writings may set forth a different effective date. Any Director who has signed and submitted a writing pursuant to this Section 5.7 may revoke such writing by a subsequent writing signed and dated by the Director describing the action and stating that the Director's prior vote with respect thereto is revoked, if such writing is received by the Association before the last writing necessary to effect the action is received by the Association.

5.8 Meeting Attendance; Open Meetings; Executive Sessions.

(a) The Board of Directors may permit any Director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all persons participating may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

(b) All regular and special meetings of the Board of Directors will be open to attendance by all Members of the Association or their representatives. Agendas for meetings of the Board of Directors will be made reasonably available for examination by all Members of the Association or their representatives.

(c) The Board of Directors may hold an executive or closed door session and may restrict attendance to Directors and such other persons requested by the Board of Directors during a regular or specially announced meeting or a part thereof. The matters to be discussed at such an executive session will be limited to: (i) matters pertaining to employees of the Association or the Managing Agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, CAM Member, agent, or employee of the Association; (ii) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client; (iii) investigative proceedings concerning possible or actual criminal misconduct; (iv) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; (v) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; or (vi) review of or discussion relating to any written or oral communication from legal counsel. No Rules will be adopted during an executive session.

ARTICLE 6 **OFFICERS**

6.1 Officers, Employees, and Agents. The officers of the Association will consist of a President, a Vice-President, a Secretary, a Treasurer, and other officers, assistant officers, employees, and agents as the Board of Directors deems necessary. Any two or more offices may be held by the same person, except that no one person may simultaneously hold the positions of President and Secretary.

6.2 Appointment and Term of Office of Officers. Each officer will be appointed by the Board of Directors at its annual meeting and will hold office, subject to the pleasure of the Board of Directors, until the next annual meeting of the Board of Directors or until the officer's successor is appointed, whichever is later, unless the officer resigns, or is removed earlier. The appointment of an officer does not create contract rights for the officer.

6.3 Removal of Officers. Any officer, employee or agent appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, whenever in the Board of Directors judgment the best interests of the Association will be served by the removal. The removal of an officer, employee or agent will be without prejudice to the contract rights, if any, of the officer, employee or agent removed.

6.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors, stating the effective date of his or her resignation. Acceptance of the resignation is not necessary to make the resignation effective.

6.5 Vacancies in Officers. Any vacancy occurring in any officer's position may be filled by appointment of a new officer by the Board of Directors. An officer appointed to fill a vacancy will be appointed for the unexpired term of his or her predecessor in office.

6.6 President. The President will be the principal executive officer of the Association and, subject to the control of the Board of Directors, will direct, supervise, coordinate and have general powers generally attributable to the chief executive officer of a corporation. The President will preside at all meetings of the Board of Directors and of the Members.

6.7 Vice-President. A Vice-President may act in place of the President in case of the President's death, absence or inability to act, and will perform other duties and have authority as is from time to time delegated by the Board of Directors or by the President.

6.8 Secretary. The Secretary will be the custodian of the records and the seal of the Association, if any, and will affix the seal, if any, to all documents requiring it; will see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law, and that the books, reports, other documents, and all records required to be kept by the Association under Section 8.4 of these Bylaws are properly kept and filed; will take or cause to be taken and will keep minutes of the meetings of the Members and of the Board of Directors; will keep at the principal office of the Association a record of the names and addresses of the Members and the Authorized Representative(s), if any, of each Member; and, in general, will perform all duties incident to the office of Secretary and other duties as may, from time to time, be assigned to him or her by the Board of Directors or by the President. The Board of Directors may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of the Secretary's death, absence or inability to act.

6.9 Treasurer. The Treasurer will have charge and custody of, and be responsible for, all funds and securities of the Association in depositories designated by the Board of Directors; will keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and will submit reports of them as the Board of Directors requires from time to time; and, in general, will perform all the duties incident to the office of Treasurer and other duties as may from time to time be assigned to him or her by the Board of Directors or by the President. The Board of Directors may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of the Treasurer's death, absence or inability to act.

6.10 Authority of Officers to Amend Declaration. On behalf of the Association, the President and, in the President's absence or unavailability, any Vice-President, may prepare, execute, certify, and record any amendments to the Declaration properly approved pursuant to the terms of the Declaration.

ARTICLE 7

COMMON AREA MAINTENANCE COMMITTEE

7.1 Authority; Purpose. The Association shall establish and maintain a Common Area Maintenance Committee (the "CAM") consisting of three Owners or designees of Owners. The CAM shall carry out the duties specified for it in the CAM Guidelines.

7.2 Appointment and Term of Members. Each member of the CAM (each a "CAM Member") will be appointed by the Board of Directors at its annual meeting and will

serve on the CAM, subject to the pleasure of the Board of Directors, until the next annual meeting of the Board of Directors or until the CAM Member's successor is appointed, whichever is later, unless the CAM Member resigns, or is removed earlier. The appointment of a CAM Member does not create contract rights for the CAM Member.

7.3 Removal of Members. Any CAM Member may be removed by the Board of Directors, with or without cause, whenever in the Board of Directors judgment the best interests of the Association will be served by the removal.

7.4 Resignation of Members. Any CAM Member may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors, stating the effective date of his or her resignation. Acceptance of the resignation is not necessary to make the resignation effective.

7.5 Vacancies in Members. Any vacancy occurring in any CAM Member's position may be filled by appointment of a new CAM Member by the Board of Directors. A CAM Member appointed to fill a vacancy will be appointed for the unexpired term of his or her predecessor in that position.

ARTICLE 8 **MISCELLANEOUS**

8.1 Amendment of Bylaws. Except as otherwise provided by the Nonprofit Act, the Board of Directors may alter, amend or repeal these Bylaws or adopt new Bylaws, subject to the limitations on amendments set forth in this Section 8.1 or elsewhere in the Instruments. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with the Declaration, the Articles, the Nonprofit Act, or CCIOA. The Members may also amend the Bylaws, subject to the same limitations on amendments set forth in this Section 8.1 and any other limitations set forth in the Nonprofit Act or elsewhere in the Instruments.

8.2 Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

8.3 Compensation of Officers, Directors, and Members. No Director, officer or CAM Member may receive any compensation from the Association for serving as a Director, officer or CAM Member except for reimbursement of expenses approved by resolution of disinterested Directors. Agents and employees of the Association will receive reasonable compensation, if any, approved by the Board of Directors. Appointment of a person as an agent or employee will not, itself, create any right to compensation.

8.4 Books and Records. The Association will keep correct and complete books and records of account and will keep, at its principal office, those records required by Section 317 of CCIOA, a record of the names and addresses of its Members and copies of the Declaration, the Articles, these Bylaws and any Policies, Rules or Guidelines (which may be purchased by any Member at reasonable cost). All books and records will be kept using generally accepted accounting principles.

8.5 Fiscal Year. The fiscal year for the Association will end at midnight on the Friday closest to December 31, with the new fiscal year beginning on the Saturday immediately following said Friday, unless determined otherwise by the managing agent retained by the Association from time to time.

8.6 Checks, Drafts, and Documents. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association will be signed or endorsed by such person or persons, and in such manner as the Board of Directors determines by resolution from time to time.

CERTIFICATION OF ADOPTION

I, Rena Griffith, as Secretary of Stonebridge Townhomes Association, Inc. certify that these Bylaws of Stonebridge Townhomes Association, Inc. were duly adopted the ___ day of _____, 2014, by the Board of Directors for Stonebridge Townhomes Association, Inc.

By: _____

Name: _____

Title: Secretary