

TRAILWOOD ASSOCIATION

RULES AND REGULATIONS

This is a copy of the Rules and Regulations of the Trailwood Association as authorized under Article IV, Sec. 12, of the Declaration and approved by the Board of Directors.

The purpose of these Rules and Regulations is to augment the Declaration by providing an easy to read common guide for all Association members, tenants and guests. It is not all inclusive; refer to the Declaration for further restrictions.

No signs or advertising is allowed without prior written approval of the ARC, except real estate "For Sale" signs and political signs as permitted by the Declaration.

No improvements, alterations, landscaping or additions including a change in color to the exterior of any unit can be made without prior written approval of the ARC.

Parking of vehicles on the street or private drives except as a temporary measure is prohibited. Temporary is defined as 14 days.

Any pets outside the Living Unit must be on a leash. Any soilage made by the pets on any lot or Common Area must be cleaned up at the time of the incident. Pet owners and/or related unit owner will be held responsible and liable for all property damage, injury or disturbance caused by the pets.

No light, sound or odor shall be emitted for any Living Unit that is annoying, offensive or noxious to others.

Dog runs, clothes lines, drying yards, storage area, wood pile or privacy fence is prohibited.

All waste material must be kept in containers. All containers for the storage or disposal of garbage refuse, rubbish or cuttings shall be kept in a clean and sanitary condition and out of sight of other Living Units.

The repairing, maintenance, repainting or servicing of any vehicle outside the enclosed structure of the Living Unit is prohibited. This rule does not prohibit the washing or polishing of any vehicle along with the normal activities that accompany such washing and polishing.

Owners are responsible for all members of the household, tenants, licensees and guests.

The Association shall be responsible for the maintenance and landscaping of the Common Area and the original trees and shrubs accompanying each unit.

Leases must specifically provide that the terms of the lease and occupants are subject to the Declaration, Articles of Incorporation, Bylaws and Rules and Regulations of the Association.

Owners are responsible for the distribution of the Rules and Regulations and the Declaration to all tenants.

BYLAWS
OF
TRAILWOOD ASSOCIATION

Article I

Name and Location

The name of the corporation is Trailwood Association, hereinafter referred to as the "Corporation". The mailing address of the Corporation shall be P.O. Box 432, Windsor, Colorado, 80550-0432. Meetings of members and Directors may be held at such places within the State of Colorado, as may be designated by the Board of Directors.

Article II

Definitions

Section 1. "Corporation" shall mean and refer to Trailwood Association, its successors and assigns.

Section 2. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration of Covenants, Conditions, and Restrictions for Trailwood Association.

Article III

Meetings of Members

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular meeting of the members shall be held during the month of February on a date and time designated by the Board of Directors.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President, by a majority of the Board of Directors, or by members having 20 percent of the votes in the Association.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting at least 15 days but no more than 50 days before the meeting. The notice shall be delivered by one or more of the following means:

- (1) posting on an internet web page plus either mailing or e-mailing the web address to members;
- (2) by postal mail to each member;
- (3) by personal delivery to each member.

In addition, the notice may be e-mailed to all members who so request and who furnish the Association with their e-mail addresses. The notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. A notice given by mail shall be addressed to the Owner's address as registered with the Association.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. 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 the member's lot. A proxy shall not be valid if obtained through fraud or misrepresentation.

Section 6. Open Meetings—Association. Notwithstanding any provision in the Declaration, Bylaws, or other documents to the contrary, all meetings of the members shall be open to every member of the Association and to any person designated by a member in writing as that member's representative. All members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings at Association meetings.

Section 7. Voting. Votes for positions on the Board of Directors shall be taken by open vote or by secret ballot. A vote on any other matter on which all members are entitled to vote shall be by secret ballot if contested. Ballots shall be counted by two members in attendance who are not candidates. The results of the vote shall be reported without reference to any voters' names, addresses, or other identifying information.

ARTICLE IV

Board of Directors; Selection, Term of Office

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) Directors, who are members of the Association or their legal designee except in the case that a management company has been retained by the Association they shall be represented on the Board.

Section 2. Term of Office. At the first annual meeting the members shall elect three (3) Directors for a term of one (1) year, and two (2) Directors for a term of two (2) years; at each annual meeting thereafter the members shall elect Directors for terms of two (2) years each, to replace Directors whose terms have expired.

ARTICLE V

Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members. The Nominating

Committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or a representative of a retained management company.

Section 2. Election. Election to the Board of Directors shall be by secret, written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

Meeting of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, as such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Open Meetings—Board. Notwithstanding any provision in the Declaration, Bylaws, or other documents to the contrary, all meetings of the Board of Directors shall be open to every member of the Association and to any person designated by a member in writing as that member's representative.

At all regular and special meetings of the Board, only Board members may participate in any deliberation or discussion unless members and designated representatives are authorized to do so by a majority of a quorum of the Board. The Board may place reasonable time restrictions on persons speaking at a meeting but shall permit a member or designated representative to speak before the Board takes formal action on an item under discussion. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

Upon the final resolution of any matter for which the Board received legal advice or that concerning pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner in an open meeting.

ARTICLE VII

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have power to:

A. Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

B. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive, regular meetings of the Board of Directors; and

C. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by members having 20 percent of the votes in the Association;

B. Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

C. Send to all members, at least once per year, a written notice stating the name of the Association; the name of the Association's designated agent or management company, if any; and a valid mailing address and telephone number for both the Association and the designated agent or management company, if any.

The notice shall also state that the Declaration of Covenants of the Trailwood Association was recorded in the records of the Weld County Clerk and Recorder's Office on February 27, 1996 at Reception No. 2478061, Book 1534, Page 128.

If the Association's address, designated agent, or management company changes, the Board shall send all members an amended notice within 90 days after the change.

These notices shall be sent to members by one or more of the following means:

- (1) Posting on an internet web page plus either mailing or e-mailing the web address to each member;
- (2) By postal mail to each member; or
- (3) By personal delivery to each member.

The cost of such distribution shall be accounted for as a common expense liability;

D. Maintain accounting records using Generally Accepted Accounting Principles and carry out the Association's policy concerning the investment of reserve funds;

E. Within 60 days after adoption of any proposed budget for the Association, deliver a summary of the budget to all members and set a date for a meeting of the members to consider the budget. The meeting shall occur upon notice to all members as provided for elsewhere in these Bylaws. The budget proposed by the Board does not require approval by the members, and it will be deemed approved by the members unless vetoed by a majority of all the members at the noticed meeting. If the proposed budget is vetoed, the periodic budget last proposed by the Board and not vetoed by the members shall be continued until a subsequent budget proposed by the Board has not been vetoed by the members;

F. At least once every 2 years, subject the books and records of the Association to an audit, using Generally Accepted Auditing Standards, or a review, using Statements on Standards for Accounting and Review Services. Each audit or review shall be made available for inspection to

any member upon request within 30 days after the audit or review is completed, but the Association may charge a fee, not to exceed the Association's actual cost per page, for paper copies requested by a member.

If the Association has annual revenues or expenditures of \$250,000 or more and at least 1/3 of the member request an audit, then an audit by a certified public accountant shall be required; and

G. Require that any member of the Board having a conflict of interest on an issue declare the conflict in an open meeting before any discussion or action on that issue. After making the declaration, the Board member may participate in the discussion but shall not vote on that issue. A "conflict of interest on an issue" exists if any contract, decision, or other action taken by or on behalf of the Board would financially benefit any Board member or a Board member's parent, grandparent, spouse, child, or sibling, or a spouse or child of any of those persons.

ARTICLE VIII

Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for two (2) years unless he (or she) shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he (or she) replaces.

Section 7. Multiple Offices. The office of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

A. President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments, and shall co-sign all checks and promissory notes.

B. Vice President. The Vice President shall act in the place and stead of the President in the event of his (or her) absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him (or her) by the Board.

C. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep e appropriately current Board records showing the members of the Association together with their addresses; shall provide the written notices to the members required under Article VII, section 2(C) by any of the means stated therein; shall make available to members the disclosures required under Article X by any of the means stated therein; and shall perform such other duties as required by the Board.

D. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks of the Association; keep proper books of account; shall prepare a new-year annual budget and a last-year statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members; shall deliver to the members the budget summary and meeting notice required under Article VII, section 2(E); shall subject the Association's books and records to the audit or review required under Article VII, section 2(F), or as otherwise directed by the Board of Directors; shall keep each audit and review with the permanent records of the Association; and shall timely deliver to the Secretary the information described in Article X, section 1(a) through (f).

ARTICLE IX

Committees

The Association shall appoint a nominating committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

Books and Records

Section 1. The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The following information and documents shall be made available to all members upon reasonable notice:

- A. The date on which the Association's fiscal years starts;
- B. The Association's operating budget for the current fiscal year;
- C. A list, by unit type, of the Association's current assessments, including both regular and special assessments;

- D. The Association's annual financial statements for the current and the previous fiscal years, including annual income and expenditures statements, annual balance sheets, and statements of any amounts held in reserve;
- E. The results of any financial audit or review for the current and the previous fiscal years;
- F. A list of all Association insurance policies, including but not limited to general liability, Association director and officer professional liability, and fidelity policies, and including the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;
- G. Any party wall agreements;
- H. The minutes of all Board and member meetings for the current and the previous fiscal years, including the most recent annual meeting; and
- I. The Association's responsible governance policies, which shall consist of the Association's Bylaws, Declaration, Rules and Regulations, Architectural Review Committee Rules, and any other policies or rules adopted by the members or the Board.

Section 2. The information described in items (A) through (I) of the preceding section 1 shall be distributed by one or more of the following means:

- A. Posting on an internet web page plus either mailing or e-mailing the web address to each member;
- B. Maintaining a binder at one of the Association's Board of Directors' residences;
- C. By postal mail to each member; or
- D. By personal delivery to each member.

The costs of distribution shall be accounted for as a common expense liability, but the Association may charge a fee, not to exceed the Association's actual cost per page, for paper copies requested by a member.

ARTICLE XI

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: TRAILWOOD ASSOCIATION.

ARTICLE XII

Amendments

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments where there is a Class B membership.

Section 2. 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.

ARTICLE XIII

Miscellaneous

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the Directors of Trailwood Association have hereunto set our hands this 25th day of January, 1996.

Dennis L. Egge

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Trailwood Association, a Colorado corporation, and

THAT the foregoing Bylaws constitute the revised Bylaws of said Association, adopted at the annual meeting held on February 7, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Association on this 22nd day of March, 2006.

Secretary

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Trailwood Association, a Colorado corporation, and

THAT the foregoing Bylaws constitute the revised Bylaws of said Association, adopted at the annual meeting held on February 16, 2010.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Association on this 17th day of February, 2010.

Secretary