

First Amendment To Bylaws of Rinn Valley Ranch Homeowners Association, Inc.

The Board of Directors of Rinn Valley Ranch Homeowners Association, Inc. adopted the Bylaws of Rinn Valley Ranch Homeowners Association, Inc. in accordance with the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended, on December 20, 2001. After having provided notice to all Owners and affording these Owners an opportunity to comment on the modifications to the Bylaws provided herein at any meeting duly called for such purpose, the Directors voted to approve the modifications to the Bylaws provided in this First Amendment. Capitalized and defined terms in the Declaration of Covenants, Conditions and Restrictions of Rinn Valley Ranch when used herein shall have the same meaning as in the Declaration.

Now, therefore, the Board of Directors of Rinn Valley Ranch Homeowners Association, Inc. hereby amends the Bylaws as follows:

1. Section 2.1 (e) of Article 2, Board, is amended by deleting the provision that the Association shall provide not more than sixty (60) days' notice to the Owners of a meeting called to elect Directors and, instead, this provision shall specify that the Association shall provide not more than fifty (50) days' notice to the Owners of a meeting called to elect Directors.

2. Section 2.3 of Article 2, Board, is amended by the addition of the following sentence at the end thereof:

The Association's contract with its managing agent must be terminable for cause without penalty to the Association.

3. Article 2, Board, is amended by adding a new Section 2.13, titled Conflicts of Interest, as follows:

All Directors must disclose if they have a conflict of interest in any contract, decision or other action taken by or on behalf of the Board of Directors that would financially benefit any Director or any person who is a parent, grandparent, spouse, child, or sibling of a Director or a parent or spouse of any of those persons, in which case the Director shall declare a conflict of interest for that issue. The Director must declare this conflict in open meeting, prior to any discussion or action on the issue. After making this declaration, the Director may participate in the discussion but shall not vote on the issue. Any contract entered into in violation of this provision is unenforceable.

4. Article 2, Board, is amended by adding a new Section 2.14, titled Directors' Expenses, as follows:

The Board of Directors may authorize and account for as a common expense, reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on governance of unit owner's associations. The course content of these meetings and seminars must be specific to Colorado and make reference to applicable sections of the Colorado Common Interest Ownership Act.

5. Article 2, Board, is amended by adding a new Section 2.15, titled Executive Sessions, as follows:

The Board of Directors or any committee thereof may hold an executive or closed-door session and may restrict attendance to Directors and other persons requested by the Board. The matters to be discussed at an executive session, however, may only include the following:

- (a) Matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent or employee of the Association;
- (b) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential;
- (c) Investigative proceedings concerning possible or actual criminal misconduct;
- (d) Matters subject to specific constitutional, statutory, or judicially-imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) Any matter, the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (f) Review of or discussion relating to any written or oral communication from legal counsel.

Prior to the convening of an executive session, the Chairman of the Board of Directors must announce the general matter of discussion as enumerated in the above paragraphs. No rule or regulation of the Board of Directors or any committee thereof shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting, or after the body goes back into regular session following an executive session. The minutes of all meetings at which an executive session was held shall state that an executive session was held and the general subject matter of the executive session.

6. Section 3.5 of Article 3, Owners, is amended by deleting the provision that the secretary or other officer of the Association shall cause notice of meetings of the Owners to be provided not more than sixty (60) days in advance of a meeting and, instead, shall provide that the secretary or other officer of the Association shall cause notice of meetings of the Owners to be provided not more than fifty (50) days in advance of a meeting.

7. Article 3, Owners, is amended by adding a new Section 3.12, titled General Provisions Regarding Meetings, as follows:

All notices of meetings must 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 an officer or Director. In addition, the notice of a meeting shall be physically posted in a conspicuous place, to the extent posting is feasible and practicable. If electronic notice is available to the Association, notice of all regular and special

meetings shall be sent electronically to all Owners who so request and who furnish the Association with their electronic mail address as soon as possible, but at least twenty-four (24) hours before a meeting. All regular and special meetings of the Owners and the Board of Directors must be open to attendance by all Owners. Agendas for meetings of the Board of Directors must be reasonably available for examination by all Owners. All Owners or their designated representatives shall be permitted to speak at appropriate times during the deliberations and proceedings; except that Owners who are not Directors may not participate in any deliberation or discussion during a regular or special Board of Directors meeting unless expressly authorized by a vote of the majority of a quorum of the Directors. The Board of Directors may place reasonable time restrictions on persons speaking and shall provide for a reasonable number of persons to speak on each side of an issue.

8. Article 3, Owners, is amended by adding a new Section 3.13, titled Ballots, as follows:

Votes for positions on the Board of Directors shall be taken by secret ballot and, upon the request of one or more Owners, a vote on any other matter affecting the Common Interest Community on which all such Owners are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party or by an Owner who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more such Owners. The results of the vote shall be reported without reference to names, addresses or identifying information.

9. Article 3, Owners, is amended by adding a new Section 14, titled Owner Education, as follows:

The Association must provide for education of Owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of Owners, the Association, and its Board of Directors under Colorado law. The criteria for compliance with this obligation are to be determined by the Board of Directors.

10. Section 7.1 of Article 7, Records and Audits, is amended by adding at the end of this Section, the following:

All financial records of the Association shall be maintained according to generally accepted accounting principles.

11. Section 7.3 of Article 7, Records, regarding records to be maintained by the Association, is amended by adding at the end of Subsection (a) thereof, the following:

and the number of votes each Owner is entitled to vote;

12. Section 7.3 of Article 7, Records, regarding records to be maintained by the Association, is amended by adding at the end of Subsection (n) thereof, the following:

a record of all action taken by the Owners or Board of Directors by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors;

13. Section 7.3 of Article 7, Records, regarding records to be maintained by the Association, is amended by adding a new Subsections (p) through (u) as follows:

(p) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of the Owners;

(q) Minutes of all Owners' meetings and records of all action taken by Owners without a meeting for the past three (3) years;

(r) All written communication within the past three years to Owners of Units, generally as Unit Owners;

(s) A list of the names and business or home addresses of its current Directors and officers;

(t) The Association's most recent annual report, if any; and

(u) All financial audits or reviews conducted pursuant to § 38-33.3-303(4)(b) Colorado Revised Statutes, if any, during the immediately preceding three (3) years.

14. Section 7.3 of Article 7, Records, is amended by adding a new Section 7.4 titled Disclosures, as follows:

Once a year, the Association must provide the following to all Owners:

(a) Written notice stating the name of the Association;

(b) The name of the Association's designated agent or management company, if any;

(c) A valid physical address and telephone number for the Association and its designated agent or management company.

This notice must include the name of the Common Interest Community, the initial date of recording of the Declaration, and the reception number or book and page for the main document that constitutes the Declaration. If the Association's address, designated agent, or management company changes, the Association must provide all Owners with an amended notice within ninety (90) days of the change.

Within ninety (90) days after assuming control from the Declarant or within ninety (90) days after the end of each fiscal year thereafter, the Association must make the following information available to Owners upon reasonable notice:

(a) The date on which the fiscal year commences;

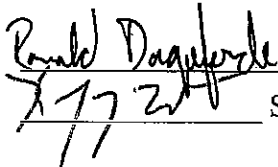
- (b) The Association's operating budget for the current fiscal year;
- (c) A list, by unit type, of the Association's current assessments, including both regular and special assessments;
- (d) Annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (e) Results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure;
- (f) A list of all Association insurance policies including, but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies. The list must include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies;
- (g) The Association's bylaws, articles, and rules and regulations;
- (h) Minutes of the Board of Directors and Owner meetings for the fiscal year immediately preceding;
- (i) The Association's responsible governance policies adopted as described below under Section 38-33.3-209.5 of Colorado Revised Statutes.

These disclosures may be accomplished by posting on an internet web page with accompanying notice of the web address by first class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or by mail or personal delivery. The cost of this distribution is to be accounted for as a common expense liability.

15. Article 7, Records, is amended by adding the following at the end thereof:

All of these records must be maintained at the principal office of the Association in written form or another form capable of conversion into written form within a reasonable time.

ATTEST: The foregoing is hereby certified to be the First Amendment to the Bylaws of Rinn Valley Ranch Homeowners Association, Inc. adopted by the Board of Directors of Rinn Valley Ranch Homeowners Association, Inc., on _____, 2006.



Secretary