

BYLAWS OF TIMBER TOWNHOMES ASSOCIATION, INC.

TIMBER TOWNHOMES ASSOCIATION, INC. (the "Association") is the nonprofit corporation organized to enforce the Declaration of Timber Townhomes, these Bylaws, and any Rules and Regulations applicable to the community (the "Governing Documents"). The Timber Townhomes community consists of eight (8) Townhome units (each of which includes the lot associated therewith), in Gunnison, Colorado, and is being developed by Harley and Company, LLC, a Colorado limited liability company (the "Developer"), as a small planned community, as defined by § 38-33.3-116(2), Colorado Revised Statutes. As a small planned community, the Association and the Timber Townhomes community is only subject to §§ 38-33.3-105 to 38-33.3-107 of the Colorado Common Interest Ownership Act (the "Act").

ARTICLE 1. OFFICES.

The principal office of the Association shall be in Colorado. The Association shall designate a registered office in accordance with Colorado law and shall maintain it continuously.

ARTICLE 2. MEMBERS.

Section 1. Membership Classes. There shall be two (2) classes of Membership:

(a) Voting Members. The Association shall have Voting Members who shall have all the rights and privileges of Members of the Association. A Voting Member may not be removed. The initial Voting Member shall consist of the Developer. The initial Voting Member has the right to admit other persons as Voting Members.

(b) Nonvoting Members. The Association shall have Nonvoting Members who shall consist of all of those persons who are, from time to time, "Owners." The term "Owners" shall mean record fee simple title holders of Townhome units in the Timber Townhomes community, which are constructed upon the real property described in the Declaration. Unless otherwise specifically stated in these Bylaws to the contrary, all references to "Members" relate to Voting Members and not to Nonvoting Members.

Section 2. Transfer of Control. The Developer shall transfer control of the Association to the Owners by admitting all of the Owners as Voting Members not later than sixty (60) days after the Developer has sold the last Townhome unit to its final retail purchaser; and each Owner shall thereafter be a Voting Member of the Association. The Developer may transfer control of the Association to the Owners at an earlier time in the sole discretion of the Developer.

Section 3. Transfer of Membership. The rights of each Owner shall be appurtenant to his or her ownership of a Townhome unit, may not be separated from said ownership, and shall automatically pass to the heirs, successors and assigns (including mortgagees) of an Owner upon the recordation of the change in ownership of the Townhome unit in the public records of Gunnison County, Colorado.

Section 4. Annual Meeting. The purpose of the annual meeting of Members is to elect members of the Association's Executive Board and to transact such other matters as may properly come before the Members. The annual meeting of the Members of the Association shall be held at the times and places designated by the Executive Board. The annual meeting of Members for any year shall be held no later than thirteen (13) months after the last annual meeting of Members. However, failure to hold an annual meeting timely shall in no way

affect the terms of office of the Executive Board or the validity of actions of the Association.

Section 5. Special Meetings. Special meetings of Members may be called by the Association's President, by a majority of the Executive Board then in office, or by Members owning one-fourth (¼) or more of the outstanding votes of the Association. The purpose of each special meeting shall be stated in the meeting notice and may only include purposes that are lawful and proper for Members to consider.

Section 6. Place of Meetings. The Executive Board may designate any place as the place of meeting for any meeting of Members. If no designation is made, then the place of meeting shall be at the offices of the Association's registered agent in Gunnison, Colorado.

Section 7. Notice of Meeting. Written or printed notice stating the place, day, and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally or by mail not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Notice shall be given by, or at the direction of, the Association's President or the Secretary, or the persons calling the meeting, to each Member of record entitled to vote at the meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States Mail addressed to the Member at his or her address as it appears on the records of the Association with postage thereon prepaid.

Section 8. Waiver of Notice. A written waiver of notice signed by a Member, whether before or after a meeting, shall be equivalent to the giving of such notice. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 9. Action Without Meeting. Any action of the Members may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken is signed by a majority of Members of the Association. Within ten (10) days after obtaining such authorization by written consent, notice must be given by the Association to all Owners that the action was approved by the Members. The notice shall fairly summarize the material features of the authorized action.

Section 10. Voting Record. If and when the Association has six (6) or more Voting Members of record, the officers having charge of the membership records of the Association shall make, at least three (3) days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof. The list shall be kept on file at the registered office of the Association or at the principal place of business of the Association and any Member shall be entitled to inspect the list at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member at any time during the meeting. If the requirements of this Section have not been substantially complied with, then upon demand of any Member in person or by proxy, the meeting shall be adjourned until the requirements are complied with. If no such demand is made, failure to comply with the requirements of this Section shall not affect the validity of any action taken at such meeting.

Section 11. Member Quorum and Voting. A majority of the Members appearing in person or by proxy shall constitute a quorum at a meeting of Members. If a quorum is present, and unless otherwise provided by law, the affirmative vote of a majority of the Members at the meeting entitled to vote on the subject matter shall be the act of the Members. After a quorum has been established at a Members' meeting, the subsequent withdrawal of a Member or Members, so as to reduce the number of Members entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof. If a quorum is not present when a meeting starts, then a majority of the Members at the

meeting may adjourn the meeting from time to time without further notice until a quorum is present.

Section 12. Votes. Each Voting Member shall be entitled to one (1) vote on each matter submitted to the Members; provided, however, that there shall only be one (1) vote per Townhome unit. If a Townhome unit is owned by two (2) or more Voting Members, then the Owners of that Townhome unit shall designate in writing one (1) Owner as its proxy to cast its vote and represent the Townhome unit. If a Townhome unit is owned by a corporation, trust, or other non-natural person who is a Voting Member, then it shall designate in writing a natural person as its proxy to cast its vote and represent the home.

Section 13. Proxies. Every Member entitled to vote at a meeting of Members or to express consent or dissent without a meeting may authorize another person or persons to act for him or her by proxy. Every proxy shall be in writing and shall be signed by the Member or his or her otherwise duly authorized attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it, except as otherwise provided by law.

ARTICLE 3. EXECUTIVE BOARD.

Section 1. General Powers. Subject to the limitations of Colorado law concerning corporate action that must be authorized or approved by the Members of the Association, all corporate powers shall be exercised by or under the authority of the Executive Board, and the management and affairs of the Association shall be controlled by the Executive Board.

Section 2. Number, Qualification, Election, and Tenure. The number of Executive Board members shall be three (3). The Board members shall be Members of the Association or residents of the Timber Townhomes community. The Board members shall be elected by the Voting Members at the annual meeting of Members and shall serve until the next succeeding annual meeting and until their successors have been elected and qualified.

Section 3. Annual Meeting. The Executive Board shall hold its annual meeting at the same place as and immediately following each annual meeting of Members. If a majority of the Executive Board members are present at the annual meeting of Members, no prior notice of the annual meeting of the Executive Board shall be required. However, another place and time for such meeting may be fixed by written consent of all of the Executive Board members.

Section 4. Regular Meetings. Regular meetings of the Executive Board may be held at such time and at such place as shall be determined from time to time by the Executive Board.

Section 5. Special Meetings. Special meetings of the Executive Board may be called by any member of the Executive Board. The person or persons authorized to call special meetings of the Executive Board may fix a reasonable time and place for holding them.

Section 6. Telephone Meetings. Executive Board members may participate in meetings of the Executive Board by means of a conference telephone or similar communications equipment by which all persons participating can hear each other at the same time, and participation by such means shall constitute presence in person at such a meeting.

Section 7. Action Without Meeting. Any action of the Executive Board may be taken without a meeting if a consent in writing setting forth the action so taken is signed or otherwise consented to by all of the Executive

Board members. Such consent shall have the same effect as a unanimous vote.

Section 8. Notice and Waiver. Notice of any meeting of the Executive Board shall be given at least three (3) days prior thereto by written notice delivered personally, by mail, or by email to each Board member at his or her address on file with the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail with postage prepaid. If notice is given by email, such notice shall be deemed to be delivered once the message is sent. Any Board member may waive notice of any meeting, either before, at, or after such meeting by signing a waiver of notice. The attendance of a Board member at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of such meeting or the manner in which it has been called or convened, except when a Board member states at the beginning of the meeting any objection to the transaction of business because the meeting was not lawfully called or convened.

Section 9. Quorum and Voting. A majority of Executive Board members in office shall constitute a quorum for the transaction of business. The vote of a majority of Board members present at a meeting at which a quorum is present shall constitute the action of the Executive Board. If less than a quorum is present, then a majority of those Board members present may adjourn the meeting from time to time without notice until a quorum is present.

Section 10. Vacancies. Any vacancy occurring in the Executive Board may be filled by the affirmative vote of a majority of the remaining Board members. A Board member elected to fill a vacancy shall hold office only until the next election of Board members by the Members.

Section 11. Removal. At any meeting of Members called expressly for that purpose, any Board member or Board members may be removed from office, with or without cause, by majority vote of the Voting Members. New Board members may be elected by the Members for the unexpired terms of Board members removed from office at the same meetings at which such removals are voted upon. If the Members fail to elect persons to fill the unexpired terms of removed Board members, then the vacancies unfilled shall be filled in accordance with provisions in these Bylaws for vacancies.

Section 12. Presumption of Assent. A Board member of the Association who is present at a meeting of the Executive Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless he or she votes against such action or abstains from voting because of an asserted conflict of interest.

ARTICLE 4. OFFICERS.

Section 1. Officers. The Officers of the Association shall be a President, Vice President, and Secretary/Treasurer, each of whom shall be elected by the Executive Board. A failure to elect a President, Vice President, or Secretary/Treasurer shall not affect the existence of the Association.

Section 2. Election and Term of Office. The Officers of the Association shall be elected annually by the Executive Board at its meeting immediately after each annual meeting of the Members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently possible. Each Officer shall hold office until his or her successor shall have been duly elected and shall have qualified, or until his or her death, or until he or she shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Vacancies. Vacancies in offices, however occasioned, may be filled at any time by election by the

Executive Board for the unexpired terms of such offices.

Section 4. Duties. The President of the Board shall preside at all meetings of the Executive Board and of the Members. The President shall be the chief executive officer of the Association. Subject to the foregoing, the Officers of the Association shall have such powers and duties as usually pertain to their respective offices and such additional powers and duties specifically conferred by law, by these Bylaws, or as may be assigned to them from time to time by the Executive Board.

Section 5. Delegation of Duties. In the absence or disability of any Officer of the Association or for any other reason deemed sufficient by the Executive Board, the Board may delegate his or her powers or duties to any other Officer.

ARTICLE 5. EXECUTIVE COMMITTEES.

Section 1. Creation of Committees. The Executive Board may, by resolution passed by a majority of the Board, designate Executive Committees of the Board.

Section 2. Executive Committees. An Executive Committee(s) (if there is one) shall consult with and advise the Officers of the Association in the management of its affairs and shall have and may exercise, to the extent provided in the resolution of the Executive Board creating such Executive Committee, such powers of the Executive Board as can be lawfully delegated by the Board.

Section 3. Meetings. Regular meetings of an Executive Committee may be held without notice at such time and at such place as shall from time to time be determined by the Executive Committee, and special meetings of an Executive Committee may be called by any member thereof upon two (2) days' notice to the other members of such committee, or on such shorter notice as may be agreed to in writing by each of the other members of such committee, given either personally or in the manner provided in these Bylaws pertaining to notice for Board members' meetings.

Section 4. Vacancies. Vacancies on an Executive Committee shall be filled by the Executive Board then in office at any regular or special meeting of the Executive Board.

Section 5. Quorum. At all meetings of an Executive Committee, a majority of the committee's members then in office shall constitute a quorum for the transaction of business.

Section 6. Manner of Acting. The acts of a majority of the members of an Executive Committee present at any meeting at which there is a quorum shall be the act of such committee.

Section 7. Minutes. An Executive Committee (if there is one) shall keep regular minutes of their proceedings and report the same to the Executive Board when required.

ARTICLE 6. BOOKS, RECORDS, AND REPORTS.

Section 1. Report to Members. The Association shall send an annual report to the Members of the Association not later than four (4) months after the close of each fiscal year of the Association. Such report shall include a balance sheet as of the close of the fiscal year of the Association and a revenue and disbursement statement for the year ending on such closing date. Such financial statements shall be prepared from and in accordance with the books of the Association.

Section 2. Inspection of Corporate Records. Any person who is a Voting Member of the Association shall have the right, for any proper purpose and at any reasonable time, on written demand stating the purpose thereof, to examine and make copies from the relevant books and records of accounts, minutes, and records of Members of the Association. Upon the written request of any Voting Member, the Association shall mail to such Member a copy of the most recent balance sheet and revenue and disbursement statement. If such request is received by the Association before such financial statements are available for its last fiscal year, the Association shall mail such financial statements as soon as they become available. In any event, the financial statements must be mailed within four (4) months after the close of the last fiscal year. Additionally, balance sheets and revenue and disbursement statements shall be filed in the registered office of the Association, shall be kept for at least five (5) years, and shall be subject to inspection during business hours by any Voting Member, in person or by agent.

ARTICLE 7. NONPROFIT OPERATION.

The Association will not have or issue shares of stock. No dividends will be paid. No part of the income or assets of the Association will be distributed to its Members, Board members, or Officers without full consideration. The Association may contract in due course with its Members, Board members, and Officers without violating this provision.

ARTICLE 8. FISCAL YEAR.

The fiscal year of the Association shall be the period selected by the Executive Board as the taxable year of the Association for federal income tax purposes.

ARTICLE 9. INDEMNIFICATION.

The Association shall indemnify each Officer and Board member, including former Officers and Board members, to the extent decided upon by the Executive Board.

ARTICLE 10. AMENDMENTS.

These Bylaws may be altered, amended, or replaced and new Bylaws may be adopted by the Executive Board; provided that any Bylaws or amendments thereto as adopted by the Executive Board may be altered, amended, or repealed by vote of the Members, or a new Bylaw in lieu thereof may be adopted by the Members. No Bylaw that has been altered, amended, repealed, or adopted by such a vote of the Members may be altered, amended, or repealed by a vote of the Executive Board for a period of two (2) years after the action of the Members.

Adopted this 3 day of April, 2018.


DEVELOPER:

HARLEY AND COMPANY, LLC,
a Colorado limited liability company

By:


Taylor Ross Hefftner, Member

By:


Emily Anne Hefftner, Member