

**Amended and Restated Bylaws
of
Village Cooperative of Loveland
March 1, 2019**

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**AMENDED AND RESTATED BYLAWS
OF
VILLAGE COOPERATIVE OF LOVELAND**

ARTICLE 1.

NAME AND LOCATION OF COOPERATIVE; PURPOSE

1.1) Name.

The name of the Cooperative is Village Cooperative of Loveland (the "Cooperative"). Until construction of the Project described in Section 1.2 is completed, the Cooperative's principal office shall be located at 1678 Topaz Drive, Loveland, CO 80537. After completion of the Project construction, the Cooperative's principal office shall be the address of the Project in Loveland, Colorado.

1.2) Purpose.

The purpose of this Cooperative is to provide its members with housing and common facilities, if any (the "Project"), in the City of Loveland, Larimer County, Colorado, on a cooperative basis, consistent with the provisions in its Articles of Incorporation.

ARTICLE 2.

DEFINITIONS

As used in these Bylaws, unless the context otherwise requires, the following terms will have the following meanings:

- (1) "Annual Share Increase" an amount equal to three percent (3%) of the Initial Share Price.
- (2) "Board of Directors": The Board of Directors of the Cooperative, whose election and functions are more particularly described in Article 6.
- (3) "Carrying Charges": The monthly charges payable by each Member to the Cooperative pursuant to the terms of the Occupancy Agreement, to cover the Cooperative's operating expenses, real estate taxes, deposits to reserves, and mortgage debt service.
- (4) "CCIOA": The Colorado Common Interest Ownership Act, C.R.S. §§ 38-33.3-101, et seq., as amended from time to time.

- (5) "Certificate of Occupancy": The certificate or other document issued by the municipality or other governmental authority certifying that the Project building is habitable.
- (6) "Cooperative": Village Cooperative of Loveland, a Colorado corporation.
- (7) "Declaration": The Declaration of Common Interest Community made by the Cooperative pursuant to the CCIOA, as amended from time to time.
- (8) "Dwelling Unit": A residential housing unit consisting of a group of rooms and hallways which are designed or intended for use as living quarters for an individual or other persons living together.
- (9) "Initial Closing": The date of closing of the construction loan obtained by the Cooperative for construction of the Project.
- (10) "Initial Board": The Board of Directors named in the original Articles of Incorporation filed with the Colorado Secretary of State.
- (11) "Initial Share Price": as defined in Section 3.10(d)(1).
- (12) "Initial Subscriber": Any person who executes a Subscription Agreement prior to the first annual meeting of the members.
- (13) "Member": Any person who is approved for Membership pursuant to the Membership eligibility provisions set forth in Section 3.1.
- (14) "Membership": Membership in the Cooperative, as more particularly described in Article 3, and "Membership" means the composite ownership of both a Membership Certificate issued by the Cooperative and an Occupancy Agreement. Where more than one (1) person is the holder of a Membership, reference herein to "Member" shall be deemed to refer to all such persons collectively.
- (15) "Occupancy Agreement": The instrument granting a leasehold interest in a Dwelling Unit, to which each Member of the Cooperative is entitled. The form and function of the Occupancy Agreement are more particularly described in Article 4.
- (16) "Occupant": A Member and the Member's spouse or domestic partner, and any other person over the age of 18 years who is approved for occupancy in the Member's Dwelling Unit; or an invitee or permitted guest of a Member; or a permitted sublessee of a Member.
- (17) "Project": The real property and improvements on the property owned by the Cooperative containing up to fifty-eight (58) Dwelling Units and appurtenant facilities.

- (18) "Security Interest": The lien on and security interest in a Membership and/or Occupancy Agreement, as described in Section 3.9.
- (19) "Subscription Agreement": The contract of purchase between a prospective Member and the Cooperative of a Membership in the Cooperative.
- (20) "Subsequent Subscribers": Any person who executes a Subscription Agreement after the first annual meeting of the Members.
- (21) "Transfer Value": The formula price at which the Cooperative, upon approval by the Board of Directors, can purchase the Membership of a deceased or departing Member, as more particularly defined in Section 3.10(d).

Any use of the word "his" with regard to Members of the Cooperative will include a reference to the word "her" in the event that the Member is female, and a reference to the word "their" in the event the Member is a couple.

ARTICLE 3.

MEMBERSHIP

3.1) Eligibility.

(a) The following persons shall be eligible for Membership in the Cooperative:

- (1) any natural person age 55 or older who is a head of household, except as to joint holders of a Membership, only one such person need be age 55 or over and whose occupancy in the Cooperative would not constitute a direct threat to the health or safety of other Occupants or would result in substantial physical damage to the property of others, and who (i) is approved by the Board of Directors; and (ii) executes a Subscription Agreement and an Occupancy Agreement for a specific Dwelling Unit of the Project; and
- (2) the Trustee of any Trust, a beneficiary of which satisfies the requirements of clause (a) of this Section 3.1 and exercises the right of occupancy appurtenant to such Membership. When a Membership Certificate is to be held in Trust for the beneficiary thereof, the Trustee of the Trust must agree, as a condition to Membership approval by the Board of Directors, to be bound by the provisions set forth in clauses (i) through (iv) of Section 3.3(b) hereof.

(b) The following persons shall be eligible for occupancy in the Cooperative:

- (1) a Member shall have the legal right to occupy the Dwelling Unit covered by the Occupancy Agreement that is appurtenant to his/her Membership, the occupancy thereof to be in accordance with the terms of such Occupancy Agreement; and
- (2) any other Occupant of the Member's Dwelling Unit whose occupancy would not constitute a direct threat to the health or safety of other Occupants or would result in substantial physical damage to the property of others, such occupancy to be in accordance with the terms of the Member's Occupancy Agreement.

3.2) Waiver of Eligibility Requirements in Certain Cases.

The eligibility requirements for Membership and occupancy in the Cooperative may, in a particular instance, be modified or waived by the Board of Directors in writing in its discretion. No modification or waiver, however, will be granted that will have the effect of (i) disqualifying the Cooperative as a cooperative housing corporation under Section 216 of the Internal Revenue Code of 1986, as amended, and any successor thereto and corresponding regulations; or (ii) violating any of the applicable provisions of the Fair Housing Act, as amended, or regulations thereunder.

3.3) Life Estates and Trusts.

- (a) Life Estates. Subject to the prior approval of the Board of Directors, an adult natural person ("Remainderman") may hold legal title to the Membership interest of a Member subject to a life estate retained by the Member. In each instance, the Remainderman shall enter into a Recognition Agreement with the Cooperative in a form approved by the Board of Directors, pursuant to which the Remainderman shall agree to pay all monthly carrying charges, assessments, and other costs and expenses arising under the Member's Occupancy Agreement attributable to the Membership interest held by him/her, and the Dwelling Unit appurtenant thereto, in the event of a monetary default by the Member. The Remainderman shall agree to abide by the Articles of Incorporation, these Bylaws, the Declaration, the Occupancy Agreement, and the rules, policies and regulations of the Cooperative, and shall not permit the occupancy or use of the Dwelling Unit without the prior written consent of the Board of Directors. In no event shall more than two (2) persons hold legal title as Remainderman to a Membership in the Cooperative subject to a life estate of a Member. Any costs incurred by the Cooperative in connection with the review and/or preparation of documentation with respect to the assignment and conveyance of a Member of his/her Membership to a Remainderman subject to the retention of a life estate, shall be paid by the Member and/or his/her Remainderman.
- (b) Trusts. Subject to the prior approval of the Board of Directors, the Trustees of Trusts may hold the Membership interests of Members where

a Member or the spouse of a Member is the grantor of the Trust. In each such case, the Member and the Trustee(s) shall enter into an assignment agreement in a form approved by the Board of Directors pursuant to which the Trustee(s) shall agree (i) to pay all monthly carrying charges under the Occupancy Agreement coupled to the Membership to be held by the Trust; (ii) cause all of the obligations of the Member to be performed in accordance with the terms of the Occupancy Agreement; (iii) to be bound by the terms of the Bylaws of the Cooperative and the rules and policies of the Cooperative; and (iv) to not permit the occupancy or use of the Dwelling Unit appurtenant to the Membership by any person other than the grantor or grantor's spouse without the prior written consent of the Board of Directors. Any costs incurred by the Board of Directors in connection with the review of documentation with respect to the transfer of a Membership interest to a Trust estate as herein provided for shall be paid by the Member/grantor.

- (c) Transfer on Death Beneficiaries. Members may designate one or more persons to be registered with the Cooperative as transfer on death ("TOD") beneficiaries on the Member's Membership Certificate in accordance with Colorado's Uniform Transfer on Death Security Registration Act, C.R.S. § 15-15-301, et seq. The Board of Directors shall establish the terms and conditions under which it will receive requests for registrations of TOD beneficiaries and for implementation of such registrations. The designation of a TOD beneficiary by a Member shall have no effect on ownership of the Membership interest until the Member's death. The registration of a TOD beneficiary shall require the execution and delivery to the Cooperative of a transfer on death agreement in such form as shall be approved by the Board of Directors, which shall obligate the TOD beneficiary to give written notice to the Cooperative of the death of the Member within sixty (60) days after the Member's death. Such transfer on death agreement shall further provide that the notice of death shall constitute notice of the intention of the TOD beneficiary to withdraw from Membership in the Cooperative and to tender the Membership interest to the Cooperative for purchase pursuant to Section 3.10(b) of these Bylaws. If the TOD beneficiary fails to give written notice of the Member's death within the sixty (60) day notice period, notice to the Cooperative of the death of the Member from any other source shall constitute constructive notice by the TOD beneficiary to the Cooperative thereby tendering the Membership interest of the deceased Member to the Cooperative for purchase pursuant to Section 3.10(b) of these Bylaws. If the Cooperative does not exercise its purchase option therein provided for, the TOD beneficiary, if eligible, shall have the right to apply for a Membership in the Cooperative and retain title to the Membership interest. If the Cooperative does not exercise its purchase option and if the TOD beneficiary is not eligible or otherwise elects not to apply for a Membership in the Cooperative, or if the TOD beneficiary applies but is not accepted for Membership by the Board of Directors, the

TOD beneficiary shall undertake a good faith effort to immediately sell the Membership to any qualified person pursuant to Section 3.10(c) of these Bylaws. The Board of Directors shall have the right to require that any TOD Beneficiary enter into a Transfer on Death Agreement with the Cooperative incorporating the provisions of this Section 3.3(c) and such other terms and conditions as the Board of Directors may deem appropriate under the circumstances. Any costs incurred by the Cooperative in connection with the preparation and/or review of such documentation with respect to TOD designation, shall be payable by the Member.

3.4) Application for Membership.

All applications for Membership must be presented in person on a form prescribed by the Board of Directors. The Board of Directors will promptly act upon applications for Membership.

3.5) Subscription Funds. The subscription payment required by the Cooperative to become a member, along with the conditions of membership, is set forth in Schedule A to the Information Bulletin distributed to each applicant, as updated from time to time, and the Subscription Agreement between the Cooperative and each Member, with such subscription payment to be based upon the type of dwelling unit selected by each applicant pursuant to the Occupancy Agreement by and between the Cooperative and subscriber. All subscription funds (except funds required for credit reports) received from applicants prior to the Initial Closing will be deposited promptly without deduction in a special account or accounts of the Cooperative as escrowee or trustee for the subscribers for Membership, which monies shall not be corporate funds, but shall be held solely for the benefit of the subscribers until transferred to the account of the Cooperative as hereinafter provided. Such special account will be established with a bank whose deposits are insured by an agency of the Federal Government. Such account may be interest-bearing, in which event interest earnings with respect to subscription funds returned to a subscriber pursuant to a terminated subscription will be disbursed to the withdrawing subscriber. Such funds will be subject to withdrawal or transfer to the account of the Cooperative only upon certification by the President or Vice President of the Cooperative to the above-named institution or institutions that:

- (a) The Subscription Agreement of a named applicant has been terminated pursuant to its terms and such withdrawal is required to repay the amount paid by him under such agreement; or
- (b) Subscribers in the number to satisfy the mortgage lender's presale requirement have not been procured, and such withdrawal is required to repay to the applicants the amount paid by them; or
- (c) Subscribers in the number to satisfy the mortgage lender's presale requirement have been timely procured, and have paid the subscription price in full. If these requirements have been met and the mortgage loan

has been scheduled for closing, the entire amount of the funds in the subscription escrow account may be transferred to the Cooperative.

3.6) Members, Authorized Memberships and Occupancy Agreements.

The authorized Membership of the Cooperative will consist of up to fifty-eight (58) Memberships of one class of Members. One Membership will be issued by the Cooperative for each Dwelling Unit in the Project, such that the number of Memberships outstanding at all times will be equal to the number of Dwelling Units in the Project. The Members of the Cooperative will consist of the following individuals:

- (a) The Initial Board of Directors identified in the Articles of Incorporation, or their successors. The Memberships of the Initial Board of Directors (or their successors elected by them) will terminate at the first annual Membership meeting, unless they have executed Subscription Agreements and Occupancy Agreements.
- (b) Initial Subscribers admitted as Members upon approval by the Board of Directors of the Initial Subscriber's application for Membership and determination that all eligibility requirements are satisfied.
- (c) Subsequent Subscribers admitted as Members upon approval by the Board of Directors of the Subsequent Subscriber's application for Membership and determination that all eligibility requirements are satisfied.

3.7) Membership Certificates.

A Membership Certificate will evidence the ownership interest of each Member of the Cooperative. Each Membership Certificate will: (i) state that the Cooperative is organized as a cooperative under the Colorado Cooperative Act, Colorado Revised Statutes § 7-56-101 et seq.; (ii) identify the name of the registered holder of the represented Membership; and (iii) bear a legend as follows:

- (a) The rights of any holder of the Membership evidenced by this Certificate are subject to the provisions of the Articles of Incorporation and Bylaws of Village Cooperative of Loveland, and to all the terms, covenants, conditions and provisions of a certain Occupancy Agreement between Village Cooperative of Loveland and the Member, which limit and restrict the title and rights of any transferee of such Membership and this Certificate.
- (b) The Membership represented by this Certificate is, except as between spouses, transferable only as an entirety and only to an approved assignee of the previously mentioned Occupancy Agreement. Any transfer of the Membership is also subject to an option in favor of the Cooperative, described in the Bylaws. Copies of the Articles of Incorporation, Bylaws, the Declaration and the Occupancy Agreement are

on file and available for inspection at the office of Village Cooperative of Loveland.

- (c) Pursuant to the Bylaws, Village Cooperative of Loveland has a lien on the Membership and Dwelling Unit represented by this Certificate for all sums due and to become due under the Occupancy Agreement. The Board of Directors of Village Cooperative of Loveland may refuse consent to the transfer of the Membership represented by the Member to the Cooperative until all outstanding sums due under the Occupancy Agreement are paid or for other reasonable cause described in the Bylaws.

Membership certificates will be consecutively numbered and issued to the Member immediately prior to the execution of an Occupancy Agreement and taking possession of the appurtenant Dwelling Unit and upon certification to full payment. Every Membership Certificate will be signed by the President or Vice President and by the Secretary or Treasurer. The Cooperative will not have a seal.

3.8) Lost Certificates.

The Board of Directors may issue a new certificate or certificates in place of any previously issued certificate or certificates alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. The Board of Directors may, in its discretion, and as a condition precedent to issuing a new certificate, require the registered owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in the manner it requires and to give the Cooperative a bond in such sum it requires as indemnity against any claim that may be made against the Cooperative.

3.9) Lien for Assessments.

Subject to the terms and conditions of C.R.S. § 38-33.3-316, the Cooperative will have a lien on and security interest in each outstanding Membership to secure payment of any sums which will be due or become due from the holder for any reason whatsoever, including, but not limited to, any sums due under any appurtenant Occupancy Agreement. Such lien and security interest shall be subordinate to the lien of any mortgage which encumbers the Project. Said lien shall also be subordinate to any lien for real estate taxes charged against the appurtenant Dwelling Unit. The Member holding a Membership shall be personally liable to the Cooperative for payment of all charges and assessments levied against such Membership. If more than one Member holds an interest in a Membership, each person shall be jointly and severally liable for the payment of all such charges and assessments. Nothing herein contained shall prohibit the Cooperative from recovering directly from a Member, or a Member's successors in interest, all sums which are also a lien on the Membership. Nothing herein contained prohibits the Cooperative from taking a transfer to the Cooperative of a Membership in lieu of a foreclosure. The lien of the Cooperative in any Membership may be foreclosed, in the sole discretion of the Cooperative, in the manner set forth in Section 3.11 hereof (without limiting any other right or remedy the Cooperative may have at law, in equity, or by statute).

3.10) Transfer of Membership.

Transfer of a Membership shall be made upon the books of the Cooperative only by the holder in person, or by such person's legal representative, or by power of attorney duly executed and filed with the Secretary of the Cooperative, and upon the surrender of the Membership Certificate. Memberships held by trusts shall be transferred by the trustee of each such trust in which a Membership is held. A Membership may be sold by the Cooperative to satisfy the lien and security interest of the Cooperative thereon without the surrender of the Membership Certificate. If the Member is required to surrender the Membership Certificate pursuant to any of the provisions of these Bylaws, and does not do so, the Membership Certificate shall be deemed to be cancelled ten (10) days after demand therefore has been made by the Cooperative, and a new Membership Certificate may thereafter be issued by the Cooperative with respect to such Membership. No transfer of Membership shall be valid as against the Cooperative or its Members for any purpose until the Board of Directors shall have approved the transfer as herein provided for, and such transfer shall have been entered in the books of the Cooperative stating from whom and to whom such Membership was transferred. As used herein, the term "transfer" means any proposed disposition of a Membership including, without limitation, disposition by will, gift, sale, exchange, distribution by personal representative or trustee, or passage or distribution under judicial order by legal process. A transfer shall not include succession to an interest by reason of death of a joint tenant, or the termination of a Life Estate. In the event of any proposed transfer of a Membership, the Board of Directors shall, within sixty (60) days after its receipt of written application for transfer, approve or disapprove the proposed transfer in writing. Failure of the Board of Directors to approve or disapprove such transfer in writing within such sixty (60) day period, shall be deemed

to constitute approval thereof. In reviewing the proposed transfer, the Board of Directors shall apply the criteria for Membership and occupancy eligibility set forth in these Bylaws. In all transfers of Memberships, the Cooperative shall be entitled to such fees as the Board of Directors deems appropriate to compensate the Cooperative for the processing of such transfers.

(a) Death of Member.

If, upon death of a Member, the Membership has not transferred to a joint tenant, to a spouse of a Member or to a transfer on death beneficiary pursuant to an agreement executed by the Cooperative, then the Cooperative will have an option to purchase the Membership from the deceased Member's estate in the manner provided in Section 3.10(b). Written notice of the death from the decedent's legal representative will be equivalent to notice of intention to withdraw. If the Cooperative does not exercise such option, the provisions of Section 3.10(c) will be applicable.

(b) Option of Cooperative to Purchase.

If the Member desires to leave the Project, he must notify the Cooperative in writing of such intention. The Cooperative will have an option for a period of sixty (60) days commencing the first day of the calendar month following its receipt of such notice, but not the obligation, to purchase the Membership, together with all of the Member's rights with respect to the Dwelling Unit, at an amount equal to the Transfer Value. The purchase by the Cooperative of the Membership will immediately terminate the Member's rights, and upon such termination, the Member will immediately vacate her/her Dwelling Unit.

(c) Procedure When the Cooperative Does Not Exercise Option.

If the Cooperative waives in writing its right to purchase the Membership under its option, or if the Cooperative fails to exercise its option within the sixty (60) day period, the Member may sell his Membership to any qualified person duly approved by the Cooperative as a Member and occupant. If the Member requests and the Cooperative agrees to assist the Member in finding a purchaser, the Cooperative will be entitled to charge the Member an administrative service charge it deems reasonable for this service. When the transferee has been approved for Membership and has executed the prescribed Occupancy Agreement, the retiring Member will be released of his obligations under his Occupancy Agreement, provided he has paid all amounts due the Cooperative to the date of release.

(d) Transfer Value.

Prior to the completion of construction of the Project and the execution of an Occupancy Agreement by a Member, the term "Transfer Value" means

the Share Price paid by a Member for the Membership being transferred (without regard to any higher prices at which the same or similar types of Dwelling Units were subsequently offered or sold by the Cooperative). Following the completion of construction of the Project and the execution of an Occupancy Agreement by a Member, the term "Transfer Value", is the amount calculated as follows:

- (1) The highest initial Share Price established at the time of completion of Project construction applicable to the Membership being transferred and to the Occupancy Agreement appurtenant to such Membership (such amount referred to herein as the "Initial Share Price");
- (2) Plus, thereafter, effective annually on the anniversary date of completion of Project construction, an amount equal to the Annual Share Increase.
- (3) Less, the sum of the following deductions:
 - (i) Such expenses and costs incurred by the Cooperative in processing the transfer, as such costs and expenses are provided for in the then applicable policies of the Cooperative; plus
 - (ii) The cost or estimated cost for such refurbishing, repairs and replacements as are deemed necessary by the Cooperative to place the Dwelling Unit in suitable condition for occupancy by another Member; plus
 - (iii) Any liens or encumbrances on the Membership and Dwelling Unit which are not satisfied by the departing Member prior to closing the transfer; plus
 - (iv) Any amounts owed to the Cooperative by the departing Member pursuant to the Member's Occupancy Agreement, or otherwise; plus
 - (v) Any costs incurred by the Cooperative in connection with the marketing and resale.

If the determination of Transfer Value occurs other than on an anniversary date of completion of Project construction, then the Transfer Value determined shall be equal to the amount calculated pursuant to subsections (1) through (2) above as of the most recent anniversary date, less the deductions set forth in subsection (3) above as of the date of determination.

With respect to subsection (3)(iii) above, any such unsatisfied lien or encumbrance shall be satisfied if the amount thereof does not exceed the

Transfer Value calculation prior to deduction of that line item. The balance of the Transfer Value proceeds then remaining, if any, shall be paid to the departing Member. If the amount of the lien or encumbrance exceeds the Transfer Value calculation prior to such deduction, the Cooperative shall withhold payment of the Transfer Value until the Cooperative has received joint written instructions from the Member and the secured party or creditor as to the disposition of the Transfer Value proceeds, or until the Cooperative is served with a court order directing the Cooperative to dispose of such proceeds and the time to appeal from such order has expired.

(e) Waiting List.

The Cooperative may maintain a wait list of persons interested in becoming Members of the Cooperative for the purpose of facilitating purchases of Memberships pursuant to paragraphs (b) and (c) of this Section 3.10. The Cooperative may charge such fees or require such deposits as it deems necessary and appropriate to maintain persons on the wait list.

3.11) Termination of Membership for Cause.

- (a) The Cooperative shall have the right to terminate a Member's Membership in the Cooperative for "cause" (as defined below in Section 3.11(d)). In the event the Cooperative terminates the rights of a Member for cause, the Member shall promptly deliver to the Cooperative his/her Membership Certificate and Occupancy Agreement, both endorsed in such manner as prescribed by the Cooperative.
- (b) If the terminated Member for any reason should fail for a period of ten (10) days after demand to deliver to the Cooperative his/her endorsed Membership Certificate and Occupancy Agreement, the Cooperative shall thereupon, at its election, exercise its remedies under and pursuant to the Occupancy Agreement, or proceed as follows:
 - (1) The Cooperative may purchase the Membership for its Transfer Value, in which event, there shall also be deducted from the calculated Transfer Value, the legal and other expenses incurred by the Cooperative in connection with the Member's default; or
 - (2) The Cooperative may, in its sole discretion, foreclose its lien on the Member's Membership in the Cooperative by serving written notice of foreclosure and sale of the Membership upon the Member as provided for under Article 9 of the Uniform Commercial Code, set forth in Title 4 of Colorado Revised Statutes (and Article 8 of the UCC, to the extent applicable) with respect to the foreclosure of liens upon the interests of a Member. Thereafter, the Cooperative may proceed with reasonable diligence to effect a public or private sale of the Membership as provided under Colorado law; or

- (3) If the Cooperative elects not to purchase the Membership pursuant to Section 3.11(b)(1)), and if the cause for Membership termination is not a monetary default, the Cooperative may proceed with reasonable diligence through its marketing agent to effect a private sale of the Membership to a person who satisfies the eligibility requirements for Membership in the Cooperative for a purchase price to be negotiated by and between the Cooperative and the purchasing Member.
- (c) Upon the disposition of the terminated Membership, after a lien foreclosure pursuant to Colorado law, or pursuant to the other provisions of this Section 3.11, the terminated Member shall thereafter be entitled to receive the sale proceeds less the sum of the following amounts:
 - (1) Any amounts due to the Cooperative from the Member under his/her Occupancy Agreement to the date of release;
 - (2) The cost or estimated cost of all deferred maintenance in excess of items of cost covered by the Cooperative's reserve fund for replacements with respect to scheduled maintenance, including painting, redecorating, floor finishing, and such repairs and replacements as the Cooperative determines appropriate to place the Dwelling Unit in its original design condition; and
 - (3) Legal and other expenses incurred by the Cooperative in connection with the default of such Member and the resale of his/her Membership.
- (d) Any of the following events or circumstances shall constitute "cause" for termination of a Member's interest in a Cooperative:
 - (1) The Member or other Occupant of the Member's Dwelling Unit is convicted of, or pleads guilty to, any felony;
 - (2) The Member or other Occupant of the Member's Dwelling Unit shall be convicted of, or plead guilty to, any crime involving bodily injury or harm, or any crime involving damage to, or destruction of, or theft of, property;
 - (3) The Member or other Occupant of the Member's Dwelling Unit shall engage in any illegal or dangerous activities in or upon the premises of the Cooperative;
 - (4) The Member or other Occupant of the Member's Dwelling Unit shall engage in conduct or otherwise cause an incident or series of incidents to occur that would constitute a direct threat to the health or safety of other individuals or would result in substantial physical

damage to the property of others, including the Member's Dwelling Unit or the Cooperative's building or common areas;

- (5) The Member or other Occupant of the Member's Dwelling Unit shall engage in conduct constituting sexual harassment, physical harassment, the making of threats or of knowingly false accusations of misconduct, assaults or other similar inappropriate acts toward another Member of the Cooperative or its employees, representatives, or invitees;
 - (6) An uncured event of default under the Occupancy Agreement;
 - (7) The Member or other Occupant of the Member's Dwelling Unit continues to engage in conduct or activities on the premises of the Cooperative which violate the governing documents, rules or policies of the Cooperative, or which are disruptive of or otherwise interfere with the right of other Members or Occupants to the peaceful enjoyment of their Dwelling Unit and common areas of the Cooperative's property, after being specifically admonished by a resolution of the Board of Directors to cease and desist from engaging in such conduct or activities; or
 - (8) Any other repetitive occurrences or events which the Board of Directors deems to be adverse to the best interests of the Cooperative with respect to the safety and well-being and quiet enjoyment of its Members and Occupants.
- (e) If the departing Member fails for any reason for a period of ten (10) days after demand to deliver to the Cooperative his endorsed Membership Certificate, said Membership Certificate will immediately be canceled and the Cooperative may reissue the Certificate to a new purchaser.

3.12) Termination of Membership Under Occupancy Agreement.

If a Member fully and timely satisfies all conditions precedent in the Occupancy Agreement to cause the term granted in such Occupancy Agreement to expire without automatic extension and renewal, then (i) the Member's Membership in the Cooperative shall be terminated at the time of the expiration of such term of the Occupancy Agreement, (ii) the Cooperative shall be deemed to have acquired such Member's Membership for good and valuable consideration with the right to resell such Membership and retain all proceeds for the sole benefit of the Cooperative, (iii) the Member will not have any further liability under the Occupancy Agreement and (iv) the Member will not be entitled to any further payment from the Cooperative with respect to such Membership in the Cooperative or otherwise.

3.13) Non-Speculation on Sales of Memberships.

- (a) The Cooperative will observe the basic cooperative principle that purchase and sales of Memberships and rights under Occupancy Agreements are not for speculative purposes and that investments in the Cooperative by Members are for the purpose of securing homes for their primary/secondary use and benefit. To this end, the policies established by the Cooperative will be designed to discourage and avoid speculation either in the sale and resale of Memberships and rights under Occupancy Agreements by Members or by the Cooperative.
- (b) The Board of Directors may establish from time to time the amount which it deems necessary as a service fee for resale of Memberships and transfer of Occupancy Agreements in Dwelling Units, whether or not such service fee is payable to the Cooperative or to a third party service provider such as the entity then serving as property manager for the Cooperative, or a remarketing company engaged by the Board to facilitate Membership transfers. Such service fee will be uniformly applied to all withdrawing Members, except that varying price and types of Dwelling Units may be taken into account. Such service fee will be computed on a basis calculated to reimburse the Cooperative for its costs in handling resale generally, without realizing profits from its operations. The Cooperative's determination of the service fee shall be final and binding upon all Members.

ARTICLE 4.

OCCUPANCY AGREEMENTS

4.1) Form of Occupancy Agreement.

The Board of Directors will adopt the Occupancy Agreement form the Cooperative will use for the occupancy of all Dwelling Units by Members. The Occupancy Agreement will be for such terms, with or without provisions for renewals, and will contain such restrictions, limitations and provisions with respect to the assignment and leasing of the Dwelling Unit, and such other terms, provisions, conditions and covenants, as the Board of Directors may from time to time determine. After an Occupancy Agreement in the then-current form adopted by the Board of Directors has been executed and delivered by the Cooperative, subsequent Occupancy Agreements may be executed and delivered in substantially the same form, except with respect to the date the term commences and the monthly charges payable.

4.2) Assignment of Occupancy Agreement.

Occupancy Agreements may be assigned or transferred only in compliance with terms, conditions and provisions of these Bylaws and such Occupancy Agreements. Without limiting the foregoing, no Occupancy Agreement will be assigned except in conjunction with the sale or transfer of a Membership in the Cooperative. No

assignment will be effective unless and until: (i) the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the Occupancy Agreement; (ii) the Membership to which the Occupancy Agreement is appurtenant has been transferred to the assignee; (iii) the assignor has paid all required sums to the Cooperative; and (iv) all necessary consents have been obtained.

4.3) Lost Occupancy Agreements.

If any Occupancy Agreement is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the execution of a new Occupancy Agreement in substantially the same form and upon substantially the same terms and provisions. The Board of Directors, in its discretion, and as a condition precedent to executing a new Occupancy Agreement, may require the owner thereof, or the legal representative of the owner, to make an affidavit or an affirmation, as it deems necessary stating the facts as to the loss, destruction or mutilation, and to give the Cooperative a bond in such sum it requires as indemnity against any claim that may be made against the Cooperative arising from or as a result of such loss, destruction or mutilation.

ARTICLE 5.

MEETINGS OF MEMBERS

5.1) Place of Meetings.

Meetings of the Members will be held at the principal office or place of business of the Cooperative or at such other suitable place convenient to the Members designated by the Board of Directors from time to time.

5.2) Annual Meetings; Annual Report.

The first annual meeting of the Cooperative will be held within sixty (60) days after the Project is seventy-five percent (75%) occupied. Thereafter, in each succeeding year, the annual meeting of the Cooperative will be held on a date, and at a reasonable time, designated by the Board of Directors. The exact time of each annual meeting of the Cooperative will be determined by the Board of Directors. The Cooperative will prepare an annual report and will provide a copy of the report to each Member at or before the annual meeting. At such meeting there will be: (i) an election by ballot of the Members (which shall be a secret ballot if positions are contested) of a Board of Directors in accordance with the requirements of Section 3.6 of these Bylaws; (ii) a report of activities and financial condition of the Cooperative, including instruction to Members as to the general operations of the Cooperative and the rights and responsibilities of Members, the Cooperative and the Board of Directors under Colorado law, as required by C.R.S. § 38-33.3-209.7(1); and (iii) consideration of and action on any other matters included in the notice of meeting. The Members may also transact any other Cooperative business properly before them.

The annual report to be provided to each Member at or before the annual meeting shall contain at a minimum:

- (a) A statement of any capital expenditures in excess of two percent (2%) of the current budget or Five Thousand Dollars (\$5,000.00), whichever is greater, approved by the Cooperative for the current fiscal year or succeeding two (2) fiscal years;
- (b) A statement of the balance of any reserve or replacement fund or any portion of the fund designated for any specific project by the Board of Directors;
- (c) A copy of the statement of revenues and expenses for the Cooperative's last fiscal year, and a balance sheet as of the end of said fiscal year;
- (d) A statement of the status of any pending litigation or judgments to which the Cooperative is a party;
- (e) A description of the insurance coverage purchased by the Cooperative, which shall include all insurance coverage required by C.R.S. § 38-33.3-313;
- (f) A statement of the total past due carrying charges on all Dwelling Units, current as of not more than sixty (60) days prior to the date of the annual meeting; and
- (g) Any other items required from time to time by the CCIOA.

5.3) Special Meetings.

The President may call a special meeting of the Members and the Secretary will call a special meeting of the Members as directed by resolution of the Board of Directors, upon presentation to the Secretary of a petition signed by not less than twenty percent (20%) of the Members or as provided by applicable state law. If the Cooperative does not notify Members of a special meeting within thirty (30) days after the requisite percentage of Members request the Secretary to do so, the requesting Members may directly notify all the Members of the meeting. No business except that stated in the notice will be transacted at a special meeting. Members cannot call special meetings until after the date of the first annual meeting except as directed by resolution of the Board of Directors.

5.4) Notice of Meetings.

The President or Secretary will give each Member written notice of each annual or special meeting. The notice will state the purpose, date, time, and place of each meeting, and the items on the agenda, including: (i) a statement of the general nature of any proposed amendment to the declaration or bylaws; (ii) any budget proposals or changes; and (iii) any proposal to remove an officer or member of the board of directors. If proxies are permitted, the notices will also state the procedures for appointing proxies. Not less than ten (10) or more than thirty (30) days in advance of each annual or special meeting, the Secretary shall cause notice to be hand delivered or sent prepaid by

United States mail to the mailing address of Member or to any other mailing address designated in writing by the Member. The notice of any meeting of the Members shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable. The Cooperative may provide all notices and agendas required by these Bylaws in electronic form, by posting on a website or otherwise, in addition to printed form. If such electronic means are available, the Cooperative shall provide notice of all regular and special meetings of Members by electronic mail to all Members who so request and who furnish the Cooperative with their electronic mail addresses. The minimum time to give notice required by this section may be reduced or waived for a meeting called to deal with an emergency.

5.5) Quorum. The presence, whether in person, by proxy (to the extent permitted by the Bylaws), or by mailed ballot if and to the extent provided by applicable state law, of at least fifty-one percent (51%) of the Members of record of the Cooperative will constitute a quorum for transacting business at all meetings of the Members. If the number of Members at a meeting drops below the quorum and the question of a lack of quorum is raised; no business may thereafter be transacted. Votes allocated to a Dwelling Unit owned by the Cooperative will not be counted when determining if a quorum exists.

5.6) Adjourned Meetings. If any meeting of Members cannot be held because a quorum has not attended, or a meeting has been ended because the number of Members at said meeting has dropped below quorum, the Members present may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. The quorum requirement for the subsequent meeting will remain fifty-one percent (51%) of the Members of record of the Cooperative.

5.7) Voting; Right to Participate.

At every meeting of the Members, each Member present, whether in person or, to the extent permitted by Section 5.9 of these Bylaws, by proxy, or in the case of absent Members, by mailed ballot, will have the right to cast one vote on each question and never more than one vote, regardless of Memberships owned. In the event more than one person has an interest in a Membership, such vote will be cast as determined by all such persons, between themselves, but in no event will more than one vote be cast per Membership. If the persons having an interest in a Membership fail to agree as to who will cast the vote, the vote will not be cast. The spouse of a Member may vote on behalf of the Member, unless the Member has indicated otherwise in writing to the Secretary of the Cooperative before the meeting. The vote of the majority of those present, either in person or by mailed ballot will decide any question brought before such meeting, unless a different vote is required by express provision of a statute, the Articles of Incorporation, the Declaration or these Bylaws, in which case such express provision will control. The form of ballots that will be accepted for voting by mail shall be delivered to Members at least three (3) days in advance of the meeting. The Cooperative shall establish reasonable procedures for verifying that mailed ballots are cast by Members having the right to do so. The Board of Directors will set a voting

period within which the ballots must be returned, which period will be not less than ten (10) days nor more than thirty (30) days after the date of mailing or delivery of the ballots to the Members. The Board of Directors will provide written notice of the results of the vote to the Members within thirty (30) days after the expiration of the voting period. Any Member shown on the books or management accounts of the Cooperative to be more than thirty (30) days delinquent in payments due the Cooperative under his or her Occupancy Agreement will not be eligible to vote or to be elected to the Board of Directors. Notwithstanding any provision hereof to the contrary, all Membership voting procedures shall be in accordance with C.R.S. § 38-33.3-310(1).

5.8) Action Without a Meeting.

Any action required or allowed to be taken at a meeting of the Membership may be taken without a meeting by written ballots voted in favor of the proposed action by two-thirds (2/3) of the Members. If a vote is to be taken without a meeting, then the following requirements apply:

- (a) The Cooperative shall notify the Members that the vote will be taken by ballot.
- (b) The Cooperative shall deliver a paper or electronic ballot to every Member entitled to vote on the matter.
- (c) The ballot must set forth each proposed action and provide an opportunity to vote for or against the action.
- (d) When the Cooperative delivers the ballots, it shall also: (i) Indicate the number of responses needed to meet the quorum requirements; (ii) state the percent of votes necessary to approve each matter other than election of directors; (iii) specify the time and date by which a ballot must be delivered to the Cooperative to be counted, which time and date may not be fewer than three (3) days nor later than sixty (60) days after the date the Cooperative delivers the ballot; and (iv) describe the time, date, and manner by which Members wishing to deliver information to all Members regarding the subject of the vote may do so.

A ballot is not revoked after delivery to the Cooperative by death or disability or attempted revocation by the person that cast that vote.

The action is authorized when ballots cast in favor of the proposed action are received by the required number of Members, unless the resolution subject to the vote provided for a later effective date. Every ballot shall bear the date of signature of each Member who signs it. When written action is taken by less than all of the Members, the Cooperative will notify all Members within a reasonable period of the text of the written action and its effective date.

5.9) Proxies.

A Member may vote at any meeting by proxy duly executed by such Member in accordance with the terms and conditions of subject to C.R.S. § 38-33.3-310(2). There is no limitation on the number of votes that any person who is duly appointed as proxy may cast on behalf of Members.

5.10) Order of Business.

The order of business at all regularly scheduled meetings of the Members will be as follows:

- i. Determination of quorum.
- ii. Proof of notice of meeting or waiver of notice.
- iii. Reading of minutes of preceding meeting.
- iv. Reports of officers.
- v. Reports of committees.
- vi. Report of manager or managing agent.
- vii. Election of inspectors of election.
- viii. Election of directors.
- ix. Unfinished business.
- x. New business.

In the case of special meetings, items (i) through (iv) will be applicable and the rest of the agenda will consist of the items specified in the notice of meeting. Unless otherwise provided in these Bylaws, meetings of the Cooperative must be conducted in accordance with the most recent edition of Roberts' Rules of Order Newly Revised.

5.11) Members' List for Meeting.

After fixing a record date for a meeting of the membership, the Cooperative shall prepare a list of the names and addresses of all its Members who are entitled to be given notice of the meeting. The members' list shall be available for inspection by any Member or member's agent or attorney, for a proper corporate purpose, beginning the earlier of ten (10) days before the meeting for which the list was prepared or two (2) business days after notice of the meeting is given and continuing through the meeting, and any adjournment thereof. The Cooperative shall make the members' list available at the meeting, and any member or member's agent or attorney is entitled to inspect the list at any time and for a proper corporate purpose during the meeting or any adjournment.

ARTICLE 6.

DIRECTORS

6.1) Number and Qualification.

Prior to the first annual meeting of Members, the affairs of the Cooperative will be governed by the Initial Board. After the first annual meeting of Members, or after any earlier special meeting called for the purpose of electing directors, the affairs of the Cooperative will be governed by a Board of Directors composed of five (5) persons. Only Members of the Cooperative shall be eligible for election to the Board of Directors. The Board of Directors may not determine the qualifications, powers, duties, or terms of office of directors.

6.2) Powers and Duties.

Subject to the CCIOA, the Board of Directors will have all the powers and duties necessary for the administration of the affairs of the Cooperative and may do all acts and things except those required by law or these Bylaws be done by the Members. The powers of the Board of Directors will include, but not be limited to:

- (a) Accepting or rejecting all applications for Memberships and admission to occupancy of a Dwelling Unit in the Project, either directly or through an authorized representative;
- (b) Establishing monthly housing charges as provided for in the Occupancy Agreement, based on the operating budget formally adopted by such a Board;
- (c) Engaging an agent for the management of the Project under such terms as the Board may determine, which agent shall have at least five years' experience in managing and marketing membership re-sales of senior housing cooperatives; provided that, if such agent shall have duties relating to collection, deposit, transfer, or disbursement of Cooperative then (i) the managing agent shall maintain fidelity insurance coverage or a bond in an amount not less than \$50,000; (ii) the managing agent shall maintain all funds and accounts of the Cooperative separate from the funds and accounts of other associations managed by it and maintain all reserve accounts of each association so managed separate from operational accounts of the Cooperative; and (iii) an annual accounting for Cooperative funds and a financial statement shall be prepared and presented to the Cooperative by the managing agent, a public accountant or certified public accountant. The managing agent shall comply with all applicable CCIOA and Colorado Division of Real Estate requirements.
- (d) Terminating Membership and occupancy rights for cause; and

- (e) Promulgating reasonable rules and regulations pertaining to the use and occupancy of the Project that are appropriate and which are consistent with these Bylaws, the Declaration and the Articles of Incorporation, provided that such rules and procedures for their adoption and amendment shall be subject to C.R.S. § 38-33.3-308, including the following:
 - (1) Before adopting, amending, or repealing any rule, the Board of Directors shall give all Members notice of:
 - (i) Its intention to adopt, amend, or repeal a rule and provide the text of the rule or the proposed change; and
 - (ii) a date on which the Board of Directors will act on the proposed rule or amendment after considering comments from Members;
 - (2) Following adoption, amendment, or repeal of a rule, the Cooperative shall notify the Members of its action and provide a copy of any new or revised rule; and
 - (3) Rules and regulations that affect the use of or behavior in Dwelling Units shall be adopted only to: (1) implement a provision of the Articles of Incorporation; or (2) regulate any behavior in or occupancy of a Dwelling Unit which violates the Articles of Incorporation or the Declaration or adversely affects the use and enjoyment of other Dwelling Units or the common elements by other Members.

6.3) Election and Term of Office.

The term of the Initial Board will expire when their successors have been elected and qualified. At the first annual meeting of the Members, directors will be elected for staggered terms as follows: (i) the term of office of two (2) directors will be fixed at one (1) year; (ii) the term of office of two directors will be fixed at two (2) years; and (iii) the term of office of one director will be fixed at three (3) years. At the expiration of the initial term of office of each respective director, his/her successor will be elected to serve a term of three (3) years. The directors will hold office until their successors have been duly elected or until the earlier of their death, resignation or removal from office.

6.4) Vacancies.

Vacancies in the Board of Directors caused by any reason, other than the expiration of a term or the removal of a director by a vote of the Members, will be filled by vote of the majority of the remaining directors even though they may constitute less than a quorum. Each person so elected will be a director until the Members elect a successor at the next annual or special meeting to serve out the unexpired portion of the term. The Board of Directors may not elect directors other than to fill vacancies as provided in this section.

6.5) Removal of Directors.

At any duly called annual meeting, or at any special meeting called for the purpose of removing or electing directors, any director elected by the Members may be removed with or without cause by the affirmative vote of sixty-seven percent (67%) of the Membership present at the meeting and a successor may then and there be elected to fill the vacancy thus created, provided that the Members may not consider whether to remove a member of the Board of Directors elected by the Members at a meeting of the Members unless that subject was listed in the notice of the meeting. Any director whose removal has been proposed by the Members will be given an opportunity to be heard at the meeting. The term of any director who becomes more than thirty (30) days delinquent in payment of any amount due under his Occupancy Agreement will be automatically terminated and the remaining directors will appoint his successor as provided in Section 6.4 above.

6.6) Compensation.

No compensation will be paid to directors or officers for their services as directors or officers. Remuneration will not be paid to a director or officer for services performed by him for the Cooperative in any other capacity, unless a resolution authorizing such remuneration is unanimously adopted by the Board of Directors before the services are undertaken. A director or officer cannot be an employee of the Cooperative.

6.7) Organization Meeting.

The first meeting of a newly elected Board of Directors will be held within ten (10) days of election at such place fixed by the directors at the meeting at which such directors were elected. No notice of such meetings will be necessary to the newly elected directors, if a majority of the whole Board is present.

6.8) Regular Meetings.

Regular meetings of the Board of Directors may be called by the President on five (5) days' notice to each director. The notice will state the time, place (as provided above) and purpose of the meeting. After the term of the Initial Board, the Board of Directors shall meet at least once a year and such meetings must be held at the location of the Cooperative or at a place convenient to the Members.

6.9) Special Meetings.

The President or Secretary will call special meetings of the Board of Directors in like manner and on like notice on the written request of at least three (3) directors. To the extent practical, the Board of Directors will give reasonable notice to the Members of the date, time and place of a Board meeting.

6.10) Waiver of Notice.

Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting, and such waiver will be equivalent to the giving of such notice. Attendance by a director at any meeting of the Board will be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice will be required and any business may be transacted at such meeting.

6.11) Notice to Members of Board of Directors Meetings.

Unless a meeting of the Board of Directors is included in a schedule given to the Members or the meeting is called to deal with an emergency, the secretary shall give notice of each board of directors meeting to the Members. The notice must state the time, date, place, and agenda of the meeting and, except as provided in Section 10.2 of these Bylaws, be given at least five (5) days prior to the meeting date. If any materials are distributed to the Board of Directors before the meeting, the board at the same time shall make copies of those materials reasonably available to Members, except that the board need not make available copies of unapproved minutes or materials that are to be considered in executive session.

6.12) Open Meetings.

All Meetings of the Board of Directors, regular and special, must be open to Members except during executive sessions. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Members or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue.

The Board of Directors and committees authorized to act for the Cooperative may hold an executive session and restrict attendance to only board members and such other persons requested by the Board of Directors, provided that, in accordance with C.R.S. § 38-33.3-308(4), matters for discussion by an executive or closed session are limited to:

- (a) Matters pertaining to employees of the Cooperative or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Cooperative;

(b) 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;

(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.

A gathering of Board of Directors at which the board members do not conduct Cooperative business is not a meeting of the Board of Directors. The Board of Directors and its members may not use incidental or social gatherings of board members or any other method to evade the open meeting requirements of the CCIOA.

6.13) Quorum.

At all meetings of the Board of Directors, a majority of the directors will constitute a quorum for transacting business. If there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that may have been transacted at the meeting as originally called may be transacted without further notice.

6.14) Voting.

The vote of the majority of the directors present at a meeting at which a quorum is present will decide any question brought before such meeting, unless the question requires a different vote by statute, the Articles of Incorporation, the Declaration or these Bylaws.

6.15) Action by Unanimous Consent.

During the term of the Initial Board, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting by written action signed by all Members of the Board of Directors and will be effective when signed, unless a different date is stated in the written action. The Secretary promptly shall give notice to all Members of any action taken by unanimous consent. After the term of the Initial Board, the Board of Directors may act by unanimous consent only to undertake ministerial actions or to implement actions previously taken at a meeting of the board.

6.16) Fidelity Bonds.

The Board of Directors will require all persons handling or responsible for corporate or trust funds to furnish adequate fidelity bonds. Section 6.2(c) of these Bylaws shall govern the amount such fidelity bond if applicable. The Cooperative will pay the premiums on such bonds.

6.17) Safeguarding Subscription Funds.

The Board of Directors has the duty to ensure that all sums received in connection with the Membership subscriptions prior to the closing of the Project mortgage are deposited and withdrawn only in the manner provided for in Section 3.5 of these Bylaws.

6.18) Indemnification Agreements.

The liability of the Cooperative under any indemnification agreements the Board of Directors may at any time authorize the Cooperative to enter shall be with insurance proceeds or surplus cash of the Cooperative but never with any assets of the Cooperative.

ARTICLE 7.

OFFICERS

7.1) Designation.

The principal officers of the Cooperative will be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom will be (i) elected by the Board of Directors, and (ii) a Member of the Cooperative or a member of the Initial Board. The Board of Directors may appoint assistant treasurers, assistant secretaries, and such other officers as may be necessary, in its judgment.

7.2) Election of Officers.

Officers of the Cooperative will be elected annually by the Board of Directors at the annual meeting of each new Board and will hold office at the pleasure of the Board.

7.3) Removal of Officers.

Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed with or without cause, and his successor selected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. Members present in person, by proxy, or by absentee ballot at any meeting of the Members at which a quorum is present, may remove any officer elected by the Members, with or without cause, if the number of votes cast in favor of removal exceeds the number of votes cast in opposition to removal, provided that the Members may not consider whether to remove an officer elected by the Members at a meeting of the

Members unless that subject was listed in the notice of the meeting. Any officer whose removal has been proposed will be given an opportunity to be heard at the meeting.

7.4) Vacancies.

Appointment to a vacancy in any office, because of death, resignation, disqualification, or otherwise, shall be made by the Board of Directors for a term ending at the next Annual Meeting.

7.5) President.

The President will be the chief executive officer of the Cooperative. He will preside at all meetings of the Members and of the Board of Directors. He will have all the general powers and duties which are usually vested in the office of President of a corporation, including, but not limited to, the power to appoint committees from among the Membership from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Cooperative.

7.6) Vice President.

The Vice President will take the place of the President and perform his duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors will appoint some other Member of the Board to do so on an interim basis. The Vice President will also perform such other duties imposed upon him from time to time by the Board of Directors.

7.7) Secretary.

The Secretary will keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Cooperative. He will have charge of the Membership transfer books and of such other books and papers as the Board of Directors may direct; and he will, in general, perform all the duties incident to the office of Secretary. Any amendments to the Articles of Incorporation of the Cooperative or to the Declaration that are approved from time to time shall be prepared, executed, certified and recorded on behalf of the Cooperative by the Secretary.

7.8) Treasurer.

The Treasurer will have responsibility for monitoring corporate funds and securities and will be responsible for oversight of all receipts and disbursements in books belonging to the Cooperative. He will be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Cooperative in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE 8.

FAIR HOUSING REQUIREMENTS

Notwithstanding any other provision of these Bylaws, Village Cooperative of Loveland does business in accordance with the Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended) and the exemption from discrimination based on familial status applicable with respect to housing for persons who are fifty-five (55) years of age or older, set forth in the Fair Housing Amendments Act of 1988, and (b), to the extent required by law, Section 504 of the Rehabilitation Act of 1973. Therefore, the Cooperative will not discriminate against any person because of race, color, religion, sex, actual or perceived sexual orientation, gender identity, marital status, familial status, disability, or national origin in the sale or rental of housing or in the terms, conditions, or privileges relating to the sale or rental of housing. It is illegal to make an inquiry about disabilities to determine whether any applicant for housing, any person intending to reside in that housing, or any person associated with such persons, has a disability or to make inquiry as to the nature or severity of a disability of any such persons (except in very limited circumstances as provided in the regulations implementing the Fair Housing Act). It is illegal to impose any independent living requirements or restrictions on any applicant for housing, any person intending to reside in that housing or any person associated with such persons.

ARTICLE 9.

AMENDMENTS

Until the Cooperative has one or more Members with voting rights, the Initial Board shall have the right and power to amend these Bylaws. Any Bylaws adopted by the Initial Board shall be subject to amendment or repeal by the Members at the first annual meeting or any special meeting called for that purpose. After the Cooperative has at least one Member with voting rights, these Bylaws and the Articles of Incorporation may only be amended by the affirmative vote of a majority of the votes cast at any annual or special meeting of the Members at which a quorum is present. Amendments may be proposed by the Board of Directors or by petition signed by at least twenty percent (20%) of the Members. A description of any proposed amendment will accompany the notice of any annual or special meeting at which such proposed amendment is to be voted upon. Amendments to the Bylaws may not conflict with the Articles of Incorporation or the Declaration.

ARTICLE 10.

FISCAL MANAGEMENT

10.1) Fiscal Year.

The fiscal year of the Cooperative will be determined by the Board of Directors. The commencement date of the fiscal year will be subject to change by the Board of Directors should corporate practice subsequently dictate.

10.2) Budget.

Prior to the commencement of each fiscal year, the Board of Directors shall propose and adopt a budget for such fiscal year which shall include all anticipated monthly carrying charges, assessments, and other costs and expenses arising under Member's Occupancy Agreements for the ensuing fiscal year. In accordance with subsection (4)(a) of C.R.S. § 38-33.3-303 and amendments thereto, within ninety (90) days after the adoption of any proposed budget, the Board of Directors will mail or otherwise deliver a summary of the budget to all the Members and will set a date for a meeting of the Members to consider the budget. Notice of any meeting at which a budget will be considered must be given to Members at least ten (10) days prior to the meeting date. The budget proposed by the Board does not require approval from the Members and it will be deemed approved by the Members in the absence of a veto at the noticed meeting by a majority of all Members, whether or not a quorum is present. In the event that 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 is not vetoed by the Members.

10.3) Books and Accounts.

Books and accounts of the Cooperative will be kept under the direction of the Treasurer and in accordance with a uniform system of accounts and if none is so prescribed, as may be adopted and approved by the Board of Directors and agreed upon by the management agent engaged by the Cooperative. That amount of the monthly carrying charges required for payment on the principal of the mortgage of the Cooperative or any other capital expenditures will be credited upon the books of the Cooperative to the "Paid-in Surplus" account as a capital contribution by the Members.

10.4) Auditing.

At the closing of each fiscal year, the books and records of the Cooperative will be audited by a licensed independent certified public accountant whose report will be prepared and certified in accordance with generally accepted accounting principles. Based on such reports, the Cooperative will furnish its Members with an annual financial statement including the income and disbursements of the Cooperative. The Cooperative will also make available to the Members: (i) as soon as practicable after the end each calendar year, with a statement showing each Member's pro rata share of the real estate taxes and mortgage interest paid by the Cooperative during the preceding calendar year; (ii) within 120 days after the end of the fiscal year with a copy of the audited financial statements.

10.5) Records of the Cooperative.

The Cooperative shall maintain the following records in accordance with subsection (1) of C.R.S. § 38-33.3-317, which shall be available for examination and copying by a Member or its authorized agent only in accordance with subsections (2), (3), (3.5) and (4) of C.R.S. § 38-33.3-317:

(a) Detailed records of receipts and expenditures affecting the operation and administration of the Cooperative;

(b) Records of claims for construction defects and amounts received pursuant to settlement of those claims;

(c) Minutes of all meetings of Members and Board of Directors, a record of all actions taken by the Members or Board of Directors without a meeting, and a record of all actions taken by any committee of the Board of Directors;

(d) Written communications among, and the votes cast by, Board of Directors members that are directly related to an action taken by the board without a meeting pursuant to C.R.S. § 7-128-202 or section 6.15 of these Bylaws;

(e) The names of Members in a form that permits preparation of a list of the names of all Members and the physical mailing addresses at which the Cooperative communicates with them, showing the number of votes each Member is entitled to vote;

(f) The Cooperative's current declaration, covenants, bylaws, articles of incorporation, rules and regulations, responsible governance policies adopted pursuant to section C.R.S. § 38-33.3-209.5, and other policies adopted by the Board of Directors;

(g) Financial statements as described in C.R.S. § 7-136-106 for the past three years and tax returns of the Cooperative for the past seven years, to the extent available;

(h) A list of the names, electronic mail addresses, and physical mailing addresses of its current Board of Directors members and officers;

(i) Its most recent annual report delivered to the secretary of state, if any;

(j) Financial records sufficiently detailed to enable the Cooperative to comply with C.R.S. § 38-33.3-316(8) concerning statements of unpaid assessments;

(k) The Cooperative's most recent reserve study, if any;

(l) Current written contracts to which the Cooperative is a party and contracts for work performed for the Cooperative within the immediately preceding two years;

(m) Records of Board of Directors or committee actions to approve or deny any requests for design or architectural approval from Members;

(n) Ballots, proxies, and other records related to voting by Members for one year after the election, action, or vote to which they relate;

(o) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and

(p) All written communications within the past three years to all Members generally as Members.

10.6) Execution of Cooperative Documents.

With the prior authorization of the Board of Directors, all notes and contracts, including Occupancy Agreements, will be executed on behalf of the Cooperative by any officer of the Cooperative.

10.7) Reserves.

The annual budget of the Cooperative will provide from year to year, on a cumulative basis, for contributions to a repair and replacement fund, a general operating reserve fund, a refinancing reserve fund and such other reserves, and in such amounts, as shall be determined by the Board of Directors from time to time in accordance with its loan agreements.

10.8) Real Estate Taxes.

The Cooperative's real estate shall be taxed in the name of the Cooperative, and the Cooperative shall allocate to each Member of the Cooperative that Member's proportionate share of the tax based on a fraction, the numerator of which is the value of the Member's membership shares as shown on the books of the Cooperative, and the denominator of which is the total value of all of the Cooperative's membership shares as shown on the books of the Cooperative. In addition to the foregoing, any other means of allocating real estate taxes that the Board of Directors believes to be fair to the Members may be utilized provided the allocation to all Members must equal one (1) if stated as a fraction or one hundred percent (100%) if stated as a percentage.

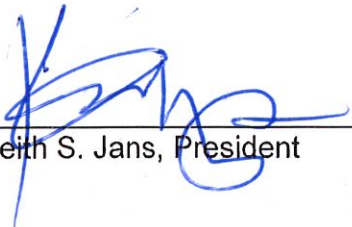
10.9) Legal Proceedings.

The Board of Directors shall not institute any legal proceeding, including by arbitration, on behalf of the Cooperative or on behalf of one or more Members on any matter that seeks equitable remedies or involves a claim of damages in excess of \$100,000 or more unless such action shall have been authorized by the affirmative vote of sixty-seven percent of the voting power of all Members entitled to vote. Notwithstanding Section 5.4 hereof, the notice of any meeting of the Members to

consider such action shall be given not less than twenty-five (25) days in advance of the meeting. The notice shall state a general description of (i) the nature of the action and the relief sought; (ii) the expenses and fees that the Board of Directors anticipates will be incurred in prosecuting such legal proceeding and the manner in which it proposes to fund such expenses, (iii) a copy of any contract or proposed contract for legal services related thereto; (iv) a detailed description of all communications and negotiations by the Cooperative with adverse parties in such proposed legal proceeding and efforts to settle the dispute, including by mediation before a neutral third party, without commencing a legal proceeding; (v) the impact, if any, on the value of the Cooperative's property and the marketability of dwelling units during the pendency of the legal proceeding and after its resolution; (vi) the anticipated duration of the proposed legal proceeding; and (vii) a statement as to whether or not any aspect of the proposed legal proceeding, including the contracting for legal services, involves a "conflicting interest transaction" pursuant to C.R.S. § 38-33.3-310.5, and if so, a disclosure of the material facts as to such director's relationship or interest as to the conflicting interest transaction. No amendment to these Bylaws to modify or repeal this Section 10.9 shall be effective unless approved by the affirmative vote of sixty-seven percent of the voting power of all Members entitled to vote. Any amendment to this Section 10.9 shall be applicable only to disputes, issues, controversies, circumstances, events, claims or causes of action that arose out of acts, omissions, events or other circumstances that occurred after the effective date of such amendment, and no such amendment shall be applied retroactively to any disputes, issues, controversies, circumstances, events, claims or causes of action that arose out of acts, omissions, events or other circumstances that occurred before the effective date of such amendment.

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The undersigned hereby certify that the foregoing Bylaws were adopted as the complete Bylaws of the Cooperative by the Board of Directors effective as of the 1st day of March, 2019.



Keith S. Jans, President



Andrew R. Schaefer, Secretary