

**REVISED AND RESTATED BYLAWS OF MOUNTAIN SAGE TOWNHOMES
ASSOCIATION, INC.**

TABLE OF CONTENTS

<u>Page</u>	<u>Topic</u>
1	INTRODUCTION AND DEFINITIONS
	ARTICLE 1 PURPOSE
2	1.1 <u>Purpose.</u>
2	1.2 <u>Owners Subject to Bylaws.</u>
	ARTICLE 2 MEMBERSHIP AND VOTING,
3	2.1 <u>Membership.</u>
3	2.2 <u>Voting.</u>
4	2.3 <u>Quorum.</u>
4	2.4 <u>Majority Vote.</u>
	ARTICLE 3 ASSOCIATION MEETINGS
4	3.1 <u>Open Meetings.</u>
5	3.2 <u>Time Restrictions on Speakers.</u>
5	3.3 <u>Secret Ballot.</u>
5	3.4 <u>Annual Meetings.</u>
5	3.5 <u>Special Meetings.</u>
5	3.6 <u>Notice of Meetings.</u>
5	3.7 <u>Waiver of Notice.</u>
5	3.8 <u>Order of Business.</u>
6	3.9 <u>Rules of Meetings.</u>
6	3.10 <u>Quorum.</u>
6	3.11 <u>Proxies.</u>
6	3.12 <u>Right to Revoke.</u>
6	3.13 <u>Majority Vote.</u>
	ARTICLE 4 EXECUTIVE BOARD
7	4.1 <u>Association Responsibilities.</u>
7	4.2 <u>Number and Qualification.</u>
7	4.3 <u>Powers and Duties .</u>
9	4.4 <u>Managing Agent.</u>
9	4.5 <u>Election and Term of Office.</u>
10	4.6 <u>Vacancies.</u>
10	4.7 <u>Removal of Directors.</u>

- 10 4.8 Regular Meetings.
- 10 4.9 Special Meetings.
- 10 4.10 Meetings by Telephone.
- 10 4.11 Action Taken Without a Meeting.
- 11 4.12 Quorum.
- 11 4.13 Waiver of Notice.
- 11 4.14 Executive/Closed Door Meetings.
- 11 4.15 Attorney-Client Privilege.
- 11 4.16 Compensation; Fidelity Bonds.
- 12 4.17 Adoption of Budget.

ARTICLE 5 OFFICERS

- 12 5.1 Designation.
- 12 5.2 Election of Officers.
- 12 5.3 Removal of Officers.
- 12 5.4 President.
- 12 5.5 Vice President.
- 13 5.6 Secretary.
- 13 5.7 Treasurer.

ARTICLE 6 INDEMNIFICATION

- 13 6.1 Definitions.
- 13 6.2 Indemnification.
- 14 6.3 Insurance.
- 15 6.4 Non-Liability of the Directors, Board, Officers and Declarant.

ARTICLE 7 AMENDMENTS

- 15 7.1 Bylaws.
- 15 7.2 Preparation of Amendments.

ARTICLE 8 MISCELLANEOUS

- 15 8.1 Notice to Association.
- 15 8.2 Proof of Ownership.
- 15 8.3 Compliance.
- 15 8.4 Character of Association.
- 16 8.5 Conveyances and Encumbrances.
- 16 8.6 Inspection of Records.

ARTICLE 9 REVISED RESPONSIBLE GOVERNANCE POLICIES

16

**REVISED AND RESTATED BYLAWS OF MOUNTAIN SAGE TOWNHOMES
ASSOCIATION, INC.**

29 July 2011

INTRODUCTION

These are the Revised and Restated Bylaws of the Mountain Sage Townhomes Association, Inc. ("Association") which shall operate under the Colorado Revised Nonprofit Corporation Act, as amended (C.R.S. 1973, §7-121-101, *et seq.*) ("Corporation Act"), and the Colorado Common Interest Ownership Act, as amended (C.R.S. 1973, sec. 38-33.3-101 *et seq.*) ("the Act").

Terms which are defined in the DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS OF THE MOUNTAIN SAGE TOWNHOMES dated December 17, 2007 and recorded at Reception No. 739563 on December 19, 2007 in the Garfield County, Colorado Records ("the Declaration") and in the Association's Articles of Incorporation, as the same shall be amended from time to time, ("the Articles") shall have the same meanings herein, unless otherwise defined herein. In the event any term in the Bylaws conflicts with usage found in the Articles, the terms used in the Declaration shall have controlling meaning. The word "member" or "members" as used in these Bylaws means and shall refer to Owner(s) in the Common Interest Community.

DEFINITIONS

"Association" shall mean The Mountain Sage Townhomes Homeowners Association, Inc. a Colorado nonprofit corporation, and its successors and assigns.

"Board of Directors" shall mean the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Property and all improvements on the Property. The Board of Directors is also referred to as the Executive Board.

"Declarant Control Period" - The period of Declarant control terminates no later than the earlier of sixty days after conveyance of seventy-five percent of the Lots that may be created to Owners other than a Declarant, or two years after the last conveyance of a Lot by the Declarant in the ordinary course of business.

"Lot" shall mean a Lot together with all improvements thereon, including the individual townhome, and all other rights and burdens hereunder.

"Member" shall mean every person or entity that holds membership in the Association as defined in Article 4.3 of the Declaration.

"Mountain Sage Townhomes" shall mean the townhome project created by this Declaration, consisting of seven buildings and a maximum of twenty-six (26) Lots upon the Property, the Lot, and any other improvements constructed on the Property and as shown on the Plat.

“Owner” shall mean the owner of record, whether one or more persons or entities, of fee simple title to any Lot, and “Owner” also includes the purchaser under a contract for deed covering a Lot with a current right of possession and interest in the Lot, but excludes those having such interest in a Lot merely as security for the performance of an obligation, including a Mortgagee, unless and until such person has acquired fee simple title to the Lot pursuant to foreclosure or other proceedings.

“Phase 1 Owners” – shall mean the Owners of Lots in Phase 1 as described in the Declaration and listed on Exhibit B of the Declaration who are entitled to cast a vote in the Association, and who are obligated to pay assessments pursuant to Article 10 of the Declaration pursuant to the Sharing Ratios on such Exhibit B.

“Phase 1 and 2 Owners” – shall mean all of the Owners of all 26 of the Lots in Phases 1 and 2 who are entitled to vote in the Association and who are obligated to pay assessments pursuant to Article 10 of the Declaration pursuant to the Sharing Ratios on such Exhibit B of the Declaration upon the issuance of a Certificate of Occupancy for improvements in Phase II of the Mountain Sage Townhomes.

ARTICLE 1 PURPOSE

1.1 Purpose. The purpose for which the Association is formed is to:

1.1.1 Govern and operate the townhome project known as the Mountain Sage Townhomes P.U.D. (“the Common Interest Community”) located on real property described on the attached Exhibit A in the Town of Carbondale, County of Garfield, State of Colorado, in accordance with the Corporation Act and the Act.

1.1.2 Promote the health, safety, welfare, and common benefit of the Owners and residents of the Common Interest Community; and

1.1.3 Be and constitute the Association to which reference is made in the Declaration and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, as specified therein.

1.2 Owners Subject to Bylaws. All present or future Owners, tenants, guests, invitees, future tenants or any other person that might use in any manner the facilities of the Common Interest Community are subject to the terms and provisions set forth in these Bylaws. The mere acquisition or rental of any of the Lots, or the mere act of occupancy of any of the Lots by any person or entity will signify that these Bylaws are accepted, ratified, and will be complied with by that person or entity, its agents, employees, guest and invitees.

ARTICLE 2
MEMBERSHIP, VOTING MAJORITY OF OWNERS, QUORUM PROXIES

2.1 Membership. Ownership of a Lot is required in order to qualify for membership in this Association. Any person or entity, on becoming an Owner of a Lot, shall automatically become a Member of this Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former owner from any liability or obligation to the Association or impair any rights or remedies which the Association may have against such former owner arising out of or in any connected with ownership of a Lot and membership in the Association. No certificates of stock shall be issued by the Association, but the Executive Board may, if it so elects, issue membership cards or certificates to the Owners. Such membership card or certificate shall be surrendered to the Secretary whenever ownership of the Lot designated thereon shall terminate or be transferred.

2.2 Voting.

2.2.1 Votes are allocated among the Owners or one vote per Lot as set forth in the Declaration on Exhibit B. Phase I Owners shall be the only Members eligible to vote until such time as the first certificate of occupancy is issued by the Town of Carbondale for any Lot listed as a Phase II Lot. After the first certificate of occupancy is issued by the Town of Carbondale for any Lot listed as a Phase II Lot, votes shall be allocated one vote per each of the 26 Lots in the Mountain Sage Townhomes. In all cases where these Bylaws allow or a vote or for approval of the Owners, it shall be presumed that such approval or vote shall be by Owners eligible to do so as described in this Section.

If title to any Lot shall be held by two (2) or more persons or entities, then each such person or entity shall be a Member of this Association, provided, however, that the voting rights of such Owners shall not be divided but shall be exercised as if the Owner consisted of only one (1) person in accordance with the proxy or other designation made by the persons constituting such Owner. If only one (1) of several Owners of a Lot is present at a meeting of the Association, the Owner present is entitled to cast all the votes allocated to the Lot, unless one or more of the other Owners of that Lot have provided written proxy to the Association, as provided herein, that the Owner present at the meeting is not authorized to vote on behalf of Owners not present at the meeting, unless said proxy has been revoked. In the event the Association has received such a proxy, and such proxy has not been revoked, the votes allocated to that Lot shall not be counted. If more than one (1) of the Owners is present, the votes allocated to the Lot may be cast only in accordance with the unanimous agreement of the Owners present. There is unanimous agreement if any one (1) of the Owners casts the votes allocated to the Lot without protest being made promptly to the person presiding over the meeting by another Owner of the Lot.

2.2.2 Votes allocated to a Lot may be cast under a proxy duly executed by an Owner. If a Lot is owned by more than one (1) person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An Owner may revoke a proxy given under this section only by actual written notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date, unless it provides otherwise. The Secretary of the Association must bring all proxies to each meeting where the Owners are entitled to vote and all proxies shall be available for inspection by the officers of the Association and by any Owner in attendance at such meeting. A proxy may be given to any person, whether or not that person is an Owner or Member of the Association. All proxies must be in writing and may be either general or for a particular meeting.

2.2.3 The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Board of Directors or bylaws of the owing corporation or business trust. The vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person by the partnership. The vote of a limited liability company may be cast by any manager of the limited liability company in the absence of express notice of the designation of a specific person by the limited liability company. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or business trust Owner is qualified to vote.

2.2.4 Votes allocated to a Lot owned by the Association may not be cast.

2.2.5 The Declarant, its successors or assigns, may exercise the voting rights allocated Lots owned by it.

2.3 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence at the beginning of any meeting of the Association in person or by proxy of twenty percent (20%) of the votes entitled to be cast shall constitute a quorum present throughout the meeting.

2.4 Majority Vote. The vote of a majority of the Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or by law.

ARTICLE 3 ASSOCIATION MEETINGS

3.1 Open Meetings. All meetings (regular and special) of the Association and Executive Board are open to every owner of the Association, or to any person designated by an owner in writing as the owner's representative. Before the Board votes on an issue under

Revised and Restated Bylaws of the Mountain Sage 4
Townhomes Association, Inc. 29 July 2011

discussion, owners or their designated representatives shall be permitted to speak regarding that issue.

3.2 Time Restrictions on Speakers. The Board may place the reasonable time restriction of five (5) minutes on those persons speaking during the meeting but shall permit an owner or an owner's designated representative to speak before the Board takes formal action on an item under discussion.

3.3 Secret Ballot. At the discretion of the Board or upon the request of twenty percent (20%) of the owners present at the meeting or represented by proxy, a vote on any matter affecting the Association on which all other owners are entitled to vote shall be by a secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be owners who are selected or appointed at an open meeting, in fair manner, by the chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates.

3.4 Annual Meetings. The Annual Meeting shall be held once every fiscal year on a date and time as specified by the Executive Board. The President shall preside over all meetings and is responsible for running the meeting according to agenda.

3.5 Special Meetings. Special Meetings of the Members may be called at any time by the President or by a majority of the Board or upon written request of Members who are entitled to vote twenty percent (20%) of all the votes of the Association.

3.6 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each Member entitled to vote, addressed to the Member's mailing address. Such notice shall specify the place, day and hour of the meeting and the items on the agenda. In the case of a special meeting, the purpose of the meeting shall be specified. For the purpose of issuing such notices, the Board may establish a record date for determination of membership in accordance with the laws of Colorado.

3.7 Waiver of Notice. Written waiver of notice signed by a Member or attendance at a meeting by a Member shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in the notice.

3.8 Order of Business. The order of business at all meetings of the Owners shall be as follows:

- Roll call or check-in procedure;
- Proof of notice of meeting or waiver of notice;
- Reading of minutes of preceding meeting;
- Reports of officers;

Reports of committees;
 Election of members of the Executive Board (when required);
 Unfinished business;
 New business; and

Adjournment.

3.9 Rules of Meetings. The Executive Board may prescribe reasonable rules for the conduct of all meetings of the Executive Board and Owners and in the absence of such rules, Robert' Rules of Order shall be used.

3.10 Quorum. The presence at the meeting of Members entitled to cast, or of Members holding proxies and entitled to cast, twenty percent (20%) of the votes of Members shall constitute a quorum for any action. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote shall have to adjourn the meeting, from time to time, without notice other than announcement at the meeting until a quorum shall be present or be represented.

3.11 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary at least twenty-four (24) hours prior to the commencement of the meeting of Members at which such proxy is sought to be utilized. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his lot or unit, and shall also cease upon attendance in person by the Member who previously gave a proxy. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise specifically provided in the proxy. A proxy shall not be valid if obtained through fraud or misrepresentation. If a lot or unit has multiple owners and more than one of the multiple owners are present to vote, the votes allocated to that lot or unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the multiple owners casts the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the lot or unit.

3.12 Right to Revoke. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of signature on it or about the signatory's authority to sign for the owner. The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this section are not liable in damages for the consequences of the acceptance or rejection.

3.13 Majority Vote. At any meeting of Members at which a quorum is present, the affirmative vote of Members representing one (1) vote more than fifty percent (50%) of the votes present in person or by proxy and entitled to be voted shall be the act of the Members.

ARTICLE 4 EXECUTIVE BOARD

4.1 Association Responsibilities. The Association has responsibility to manage the Common Elements and to administer the Common Interest Community, acting through an Executive Board. In the event of any dispute or disagreement between any Owners relating to the Common Interest Community or any questions of interpretation or application of the provisions of the Declaration or Bylaws, such dispute or disagreement shall be submitted to the Executive Board. The determination of such dispute or disagreement by the Executive Board shall be binding on each and all such Owners, subject to the right of Owners to seek other remedies provided by the Declaration or by law after such determination by the Executive Board.

4.2 Number and Qualification. The initial Executive Board shall be composed of three (3) persons appointed by the Declarant and after the Declarant Control Period, elected from among the Owners eligible to vote, as provided in the Articles. In the case of Declarant or other corporate or partnership, owners, the officers, directors, employees, partners or agents of such entities may be members of the Board. The number of directors may be increased or decreased by amendment of these Bylaws; provided, however, that the number of directors shall not be reduced to less than three (3) nor increased to more than five (5). Notwithstanding the foregoing, during the period of Declarant Control, as defined in the herein, there may be one (1) or more members of the Executive Board, who shall be appointed by the Declarant or otherwise elected as provided by the Act. Not later than sixty days after conveyance of twenty-five percent of the Lots that may be created to Owners other than a Declarant, at least one member and not less than twenty-five percent of the members of the Executive Board must be elected by Owners other than the Declarant. Not later than sixty days after conveyance of fifty percent of the Lots that may be created to Owners other than a Declarant, not less than thirty-three and one-third percent of the members of the Executive Board must be elected by Owners other than the Declarant. Except as otherwise provided in C.R.S. section 38-33.3-220 (5), not later than the termination of any period of Declarant control, the Owners shall elect an Executive Board of at least three members, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election. the Owners, by a vote of sixty-seven percent of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present, may remove any member of the Executive Board with or without cause, other than a member appointed by the Declarant or a member elected pursuant to a class vote under section C.R.S. 38-33.3-207.

4.3 Powers and Duties. The Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class commercial Community project. The Executive Board may do all such acts and things as are not by law, the Articles, these Bylaws or the Declaration either prohibited or directed to be exercised and done by the Owners directly. The Executive Board shall be empowered and shall have the duties as follows:

4.3.1 To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and in the Articles and these Bylaws;

4.3.2 To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Common Interest Community and the Common Elements with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof;

4.3.3 To keep in good order, condition and repair all of the Common Elements and all items of personal property, if any, used in the enjoyment of the entire Common Interest Community;

4.3.4 To obtain and maintain to the extent obtainable all policies of insurance required by the Declaration;

4.3.5 To periodically fix, determine, levy and collect the Assessments to be paid by each of the Owners towards the Common Expenses of the Association and to adjust, decrease or increase the amount of the Assessments, refund any excess Assessments to the Owners or credit any excess of Assessments over expenses and cash reserves to the Owners against the next succeeding assessment period; to levy and collect Special Assessments in accordance with the provisions of the Declaration, whenever in the opinion of the Executive Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies;

4.3.6 To impose penalties and collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and these Bylaws;

4.3.7 To protect and defend the Common Interest Community from loss and damage by suit or otherwise;

4.3.8 To borrow funds and to give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration or these Bylaws and to execute all such instruments evidencing such indebtedness as the Executive Board may deem necessary or desirable;

4.3.9 To enter into contracts within the scope of their duties and powers, provided, however, that any agreement entered into while a majority of the members of the Executive Board is appointed by the Declarant, must provide for termination by either party without payment of a termination fee on no less than ninety (90) days' notice to the other party;

4.3.10 To establish bank accounts that are interest bearing or non-interest bearing, as may be deemed advisable by the Executive Board;

4.3.11 To keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is provided in the Declaration, and, upon the request of any Agency or upon the vote of Owners representing an aggregate ownership percentage interest of at least fifty-one percent (51%) of the Association, to cause a complete audit to be made of the books and records by a competent certified public accountant;

4.1.12 To prepare and deliver annually to each Owner a statement showing all receipts, expenses or disbursements since the last such statement;

4.3.13 To designate and remove the personnel necessary for the operation, maintenance, repair and replacement of the Common Elements;

4.3.14 To suspend the voting rights of an Owner for failure to comply with these Bylaws or the rules and regulations of the Association or with any other obligations of the Owners pursuant to the Declaration; and

4.3.15 In general, to carry on the administration of the Association and to do all of those things necessary and/or desirable to govern and operate the Common Interest Community, except as expressly prohibited by the Act.

4.3.16 To adopt and administer the annual Association budget in accordance with the procedures outlined in Section 4.17 below.

4.4 Managing Agent. The Executive Board may employ for the Association a Managing Agent (at a compensation established by the Executive Board), to perform such duties and services as it shall authorize. The Executive Board may delegate any of the powers and duties granted to it but, notwithstanding such delegation, shall not be relieved of its responsibility under the Declaration, the Act, the Articles or these Bylaws. If the Executive Board delegates any powers relating to collection, deposit, transfer or disbursement of Association funds, (a) the Managing Agent or others to whom such powers are delegated (collectively, "Delegate") shall maintain all funds and accounts of the Association separate from the funds and accounts of the Delegate, (b) the Delegate shall maintain all reserve accounts of each association managed by it separate from the operational accounts of the Association, (c) fidelity bonds or insurance shall be maintained for or by the Delegate in the amounts set forth in Section 4.14 below, and (d) an annual accounting of Association funds shall be prepared and presented to the Association by the Delegate, a public accountant or a certified public accountant.

4.5 Election and Term of Office. Subject to the Declarant's right to appoint and remove officers and members of the Executive Board during the period of Declarant Control as set forth in the Articles, members of the Executive Board shall be elected by a majority of the Owners voting at the annual meeting of the members of the Association. The initial term of one

(1) director of the Executive Board shall be for one (1) year, the initial term of one (1) director of the Executive Board shall be for two (2) years and the initial term of one (1) director of the Executive Board shall be for three (3) years and thereafter until such director's successor is duly elected and qualified, unless such director is removed in the manner hereinafter provided. At each annual meeting the members shall elect the same number of directors whose terms are expiring at the time of each election for a three (3) year term.

4.6 Vacancies. Subject to the Declarant's right to appoint and remove officers and members of the Executive Board during the period of Declarant Control as set forth in the Articles, vacancies in the Executive Board caused by any reason other than the removal of a director by a vote of the Association shall be fulfilled by election by the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is duly elected and qualified at the next annual meeting of the Association.

4.7 Removal of Directors. At any annual or special meeting of the Association, duly called, any one (1) or more of the directors may be removed (except those appointed by the Declarant), with or without cause, by the vote of Owners representing an aggregate ownership interest of at least sixty-seven percent (67%) of the members present and entitled to vote at any such meeting and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Notwithstanding the foregoing, only the Declarant may remove a director appointed by the Declarant.

4.8 Regular Meetings. Regular meetings of the Executive Board shall be held from time to time, as the Executive Board, by vote, may determine with written notice to the general membership and at such place and hour as may be fixed, from time to time, by resolution of the Board.

4.9 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than seventy-two (72) hours notice to each Director.

4.10 Meetings by Telephone. The Directors may hold special meetings via a telephone conference call, and any action taken by the Board at such a telephone conference call meeting shall have the same force and effect as such action taken at a meeting at which a quorum of the Board was physically present. Any actions taken will be included in the minutes of the next meeting.

4.11 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. Any actions taken will be included in the minutes of the next meeting.

4.12 Quorum. The presence, in person or by proxy, at all meetings of the Board entitled to cast fifty percent (50%) of the votes shall constitute a quorum. No action may be passed by the Board without an affirmative vote of at least two Directors. If, however, such quorum shall not be present or represented at any meeting, the Director entitled to vote shall have to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

4.13 Waiver of Notice. Before, at, or after any meeting of the Executive Board, any Director may waive, in writing, notice of such meeting and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him, except when a Director attends the meeting for the express purpose of objecting to the transaction of business because the meeting was not lawfully called or convened.

4.14 Executive/Closed Door Meetings. The Board may hold an executive or closed door session and may restrict attendance to Board members and such other persons requested by the Board. The matters to be discussed at such an executive session shall include only matters enumerated below:

- (a) matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline or dismissal of an officer, agent or employee of the Association;
- (b) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential 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.

4.15 Attorney-Client Privilege. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate matter, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

4.16 Compensation: Fidelity Bonds. The members of the Executive Board shall serve without salary or compensation. The Executive Board shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds or insurance in amounts not less than ten thousand dollars (\$10,000.00) or such higher amount as the Executive Board may require. The premiums on such bonds shall be paid by the Association.

4.17 Adoption of Budget. Within ninety days after adoption of any proposed budget for the common interest Community, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners eligible to vote and shall set a date for a meeting of the Owners to consider the budget. The Executive Board shall give notice to the Owners of the meeting as allowed for in these Bylaws. The budget proposed by the Executive Board shall not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the noticed meeting by a majority of all Owners eligible to vote. In the event that the proposed budget is vetoed, the periodic budget last proposed by the Executive Board and not vetoed by the Owners must be continued until a subsequent budget proposed by the Executive Board is not vetoed by the Owners.

ARTICLE 5 OFFICERS

5.1 Designation. The officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Executive Board. Further, the Executive Board may, in its discretion, elect one (1) or more Vice Presidents, an Assistant Secretary and/or an Assistant Treasurer.

5.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. All officers, except officers appointed by Declarant, must be members of the Association and the President must be elected from among the Executive Board. One (1) person may hold concurrently more than one (1) office except that the President may not serve as both President and Secretary.

5.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Executive Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Executive Board, or at any special meeting of the Board called for such purpose; provided, however, that only the Declarant may remove an officer appointed by the Declarant.

5.4 President. The President shall be elected from among the Executive Board and shall be the chief executive officer of the Association. The President shall have all of the general powers and duties which are usually vested in the office of the president of a nonprofit corporation, including, but not limited to, the power to appoint committees from among the members from time to time as may be deemed appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the members of the Association at any regular or special meeting.

5.5 Vice President. The Vice President shall have all of the powers and authority and perform all the functions and duties of the President, in the absence of the President or in the President's inability for any reason to exercise such powers and functions or perform such duties.

5.6 Secretary. The Secretary shall keep the minutes of all the meetings of the Executive Board and the minutes of all meetings of the Association; the Secretary shall have charge of such books and papers as the Executive Board may direct; and shall, in general perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up-to-date at the principal office of the Association a complete list of members and their last-known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the Lot owned by such member, the percentage interests in the Association attributable thereto. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

5.7 Treasurer. The Treasurer shall have responsibility for association funds, shall keep the financial records and books of the Association and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Executive Board. Assistant Treasurers, if any, shall have the same duties and powers, subject to supervision by the Treasurer.

ARTICLE 6 INDEMNIFICATION

6.1 Definitions. For the purposes of this Article 6, the following terms shall have the meanings set forth below:

6.1.1 Proceeding. Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

6.1.2 Indemnified Party. Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a director or officer of the Association or a member of a committee formed by the Association or, while a director or officer of the Association or a member of a committee, is or was serving at the request of the Association as a director, officer, member, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, committee or other enterprise including, without limitation, any employee benefit plan of the Association for which any such person is or was serving as a trustee, plan administrator or other fiduciary.

6.2 Indemnification.

6.2.1 Except as provided in paragraph 6.2.4 of this Section 6.2, the Association shall indemnify against liability incurred in any Proceeding an Indemnified Party if:

- (1) He conducted himself in good faith;
- (2) He reasonably believed:

- (a) In the case of conduct in his official capacity with the Association, that his conduct was in the Association's best interest; or
- (b) In all other cases, that his conduct was at least not opposed to the Association's best interests; and
- (3) In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

6.2.2 An Indemnified Party's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirements of sub-subparagraph (b) of subparagraph (2) of paragraph 6.2.1. An Indemnified Party's conduct with respect to an employee benefit plan for a purpose that he did not reasonable believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirements of subparagraph (1) of paragraph 6.2.1.

6.2.3 The termination of any Proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the individual did not meet the standard of conduct set forth in paragraph 6.2.1.

6.2.4 The Association may not indemnify an Indemnified Party (1) in connection with a Proceeding by or on behalf of the Association or its members in which the Indemnified Party was adjudged liable to the Association or its members, or (2) in connection with any Proceeding charging improper personal benefit to the Indemnified Party, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

6.3 Insurance. By action of the Executive Board, notwithstanding any interest of the directors in such action, the Association must purchase and maintain insurance, in such amounts as the Executive Board may deem appropriate on behalf of any Indemnified Party against any liability asserted against him and incurred by him in his capacity of, or arising out of, his status as an Indemnified Party, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of laws.

6.3.1 Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article 6, such reasonable requirements and conditions as to the Executive Board may determine to be appropriate, including, without limitation, any one (1) or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding shall be counsel mutually agreeable to the person to be indemnified and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person

to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

6.4 Non-Liability of the Directors, Board, Officers and Declarant. Neither the Executive Board nor officers of the Association, nor Declarant shall be personally liable to the Owners for any mistake or judgment or for any acts or omissions of any nature whatsoever as directors, Executive Board, officers, or Declarant, except for any acts or omissions found by a court to constitute gross negligence or fraud.

ARTICLE 7 AMENDMENTS

7.1 Bylaws. These Bylaws may be amended by action or approval of Owners representing an aggregate ownership interest of at least sixty seven percent (67%) of the Association and any notice of any meeting therefor shall specify the nature and text of any proposed amendment or amendments, provided that these Bylaws shall at all times comply with the provisions of the Act and the Corporation Act.

7.2 Preparation of Amendments. The President and Secretary of the Association may prepare, execute, certify and record amendments to the Declaration.

ARTICLE 8 MISCELLANEOUS

8.1 Notice to Association. Every Owner shall timely notify the Association of the name and address of any Mortgagee, purchaser, transferee or lessee of his Lot. The Association shall maintain such information at the office of the Association.

8.2 Proof of Ownership. Except for those Owners who initially purchase a Lot from Declarant, every person becoming an Owner shall immediately furnish to the Executive Board a photocopy or a certified copy of the recorded instrument vesting in that person such ownership, which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of members unless this requirement is first met.

8.3 Compliance. These Bylaws are intended to comply with the requirements of the Act and the Corporation Act. If any provisions of these Bylaws conflict with the provisions of any of such Acts, as the Acts may be amended from time to time, it is hereby agreed that the provisions of the appropriate Acts will prevail.

8.4 Character of Association. This Association is not organized for profit. No member, member of the Executive Board, officer or person for whom the Association may receive any property or funds shall receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of, any of the Executive Board, officers

or members except upon a dissolution of the Association, provided, however, (1) that reasonable compensation may be paid to any member, manager, director, or officer while acting as an agent or employee of the Association for service rendered in effecting one (1) or more of the purposes of the Association, and (2) that any member, manager, director, or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

8.5 Conveyances and Encumbrances. Corporate property may be purchased, conveyed or encumbered for security of monies borrowed by authority of the Association and/or the Executive Board. Conveyance or encumbrances shall be evidenced by such documents deemed necessary by the Board which documents shall be executed by the President or Vice President and by the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer, or by such other person or persons to whom such authority may be delegated by the Board.

8.6 Inspection of Records. Any Owner or First Mortgagee may inspect the Association's records of receipts and expenditures at any reasonable time during convenient weekday business hours, and, upon ten (10) days' notice to the Executive Board or Managing Agent, if any, and upon payment of a reasonable fee, not to exceed fifty dollars (\$50.00), any Owner or First Mortgagee of such Owner shall be furnished a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner. Further, the Association shall make available for inspection during normal business hours, to any Owner, Mortgagee, Agency, insurer or guarantor of any Mortgage and to any prospective purchaser of a Lot, current copies of the Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, and most recent financial statements of the Association.

ARTICLE 9 ADOPTION OF REVISED RESPONSIBLE GOVERNANCE POLICIES

The Executive Board has adopted Revised Responsible Governance Policies which are attached as Exhibit A and by this reference are made a part thereof.

Secretary Certification of Adoption:

These Revised and Restated Bylaws are certified as adopted by more than 67% of the Members of the Association on July 29, 2011.

ATTEST:

Secretary

DISTRIBUTION OF ASSETS UPON DISSOLUTION

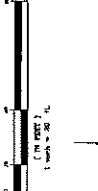
RE: MOUNTAIN SAGE TOWNHOME ASSOCIATION, INC.

After all debts and liabilities of the Association are paid, all remaining assets shall be distributed to the members in proportionate shares according to their ownership interests in the entirety of the Association.

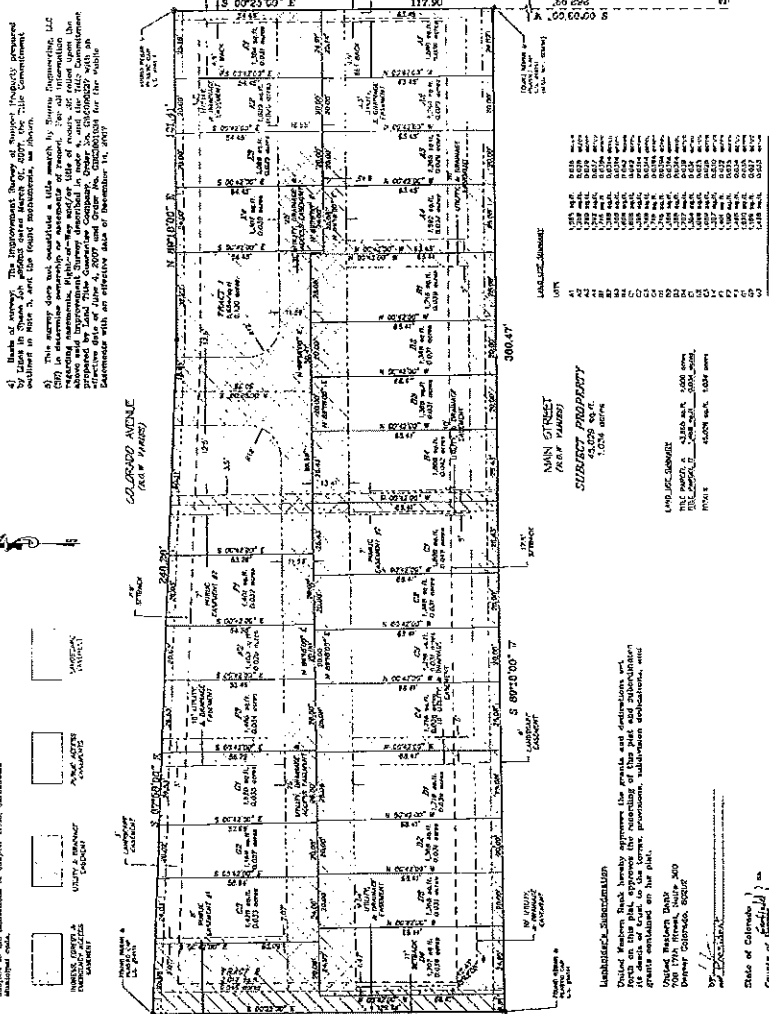
MOUNTAIN SAGE TOWNHOMES P.U.D.

A PARCEL OF LAND SITUATED IN LOT 9 OF SECTION 33, AND IN LOT 12 OF SECTION 34, ALL IN TOWNSHIP 7 SOUTH, RANGE 88, WEST OF THE 6TH P.M. COUNTY OF GARFIELD, STATE OF COLORADO SHEET 1 OF 1

- 1) Date of survey, March, 2007.
- 2) Date of preparation June - October, 2007.
- 3) Made of bearings, all bearings shown herein, unless otherwise noted, are bearings in true north as determined by an astronomical observation of the Polaris star at the time of observation. The monument is in the form of a steel pipe with a diameter of 1.5 inches and a length of 12 inches. The monument is marked with a white enamel cap and a white enamel paint.
- 4) This survey does not include a utility survey. It is intended that the monument be used for the purpose of identifying the boundaries of the property. The monument is to be used as a permanent monument. The monument is to be used as a permanent monument. The monument is to be used as a permanent monument.
- 5) This survey does not include a utility survey. It is intended that the monument be used for the purpose of identifying the boundaries of the property. The monument is to be used as a permanent monument. The monument is to be used as a permanent monument. The monument is to be used as a permanent monument.
- 6) This survey does not include a utility survey. It is intended that the monument be used for the purpose of identifying the boundaries of the property. The monument is to be used as a permanent monument. The monument is to be used as a permanent monument. The monument is to be used as a permanent monument.



- 1) All lines shown on this plan are true lines, as shown by the survey.
- 2) All bearings shown on this plan are true bearings, as shown by the survey.
- 3) All distances shown on this plan are true distances, as shown by the survey.
- 4) All corners shown on this plan are true corners, as shown by the survey.
- 5) All monuments shown on this plan are true monuments, as shown by the survey.
- 6) All areas shown on this plan are true areas, as shown by the survey.



RECORDING NOTICE

This plat is submitted to the County Clerk for recording in the Public Records of Garfield County, Colorado, under the name of Mountain Sage Townhomes P.U.D., and the same shall be subject to the provisions of the Colorado Uniform Gifts to Minors Act, C.R.S. 15-11-101, and the Colorado Uniform Transfers to Minors Act, C.R.S. 15-11-102, and the Colorado Uniform Gifts to Minors Act, C.R.S. 15-11-103, and the Colorado Uniform Transfers to Minors Act, C.R.S. 15-11-104.

GENERAL CONTRACTOR'S CERTIFICATE

This plat is approved by the Board of County Commissioners, Garfield County, Colorado, on this 1st day of March, 2007.

PLANNING COMMISSION CERTIFICATE

This plat is approved by the Planning Commission, Garfield County, Colorado, on this 1st day of March, 2007.

SEAL

GENERAL CONTRACTOR'S CERTIFICATE

This plat is approved by the Board of County Commissioners, Garfield County, Colorado, on this 1st day of March, 2007.

PLANNING COMMISSION CERTIFICATE

This plat is approved by the Planning Commission, Garfield County, Colorado, on this 1st day of March, 2007.

CADASTRAL CERTIFICATE

This plat is approved by the Cadastral Commission, Garfield County, Colorado, on this 1st day of March, 2007.

CHIEF AND RECORDING OFFICER'S CERTIFICATE

This plat is approved by the Chief and Recording Officer, Garfield County, Colorado, on this 1st day of March, 2007.

STATE OF COLORADO

COUNTY OF GARFIELD

SORRIS ENGINEERING, LLC

252 MAIN STREET, SUITE 101
CARBONDALE, COLORADO 81625
(970) 337-1010

State of Colorado

County of Garfield

SORRIS ENGINEERING, LLC

252 MAIN STREET, SUITE 101
CARBONDALE, COLORADO 81625
(970) 337-1010

PLANNING COMMISSION CERTIFICATE

This plat is approved by the Planning Commission, Garfield County, Colorado, on this 1st day of March, 2007.

GENERAL CONTRACTOR'S CERTIFICATE

This plat is approved by the Board of County Commissioners, Garfield County, Colorado, on this 1st day of March, 2007.

CHIEF AND RECORDING OFFICER'S CERTIFICATE

This plat is approved by the Chief and Recording Officer, Garfield County, Colorado, on this 1st day of March, 2007.

RECORDING NOTICE

This plat is submitted to the County Clerk for recording in the Public Records of Garfield County, Colorado, under the name of Mountain Sage Townhomes P.U.D., and the same shall be subject to the provisions of the Colorado Uniform Gifts to Minors Act, C.R.S. 15-11-101, and the Colorado Uniform Transfers to Minors Act, C.R.S. 15-11-102, and the Colorado Uniform Gifts to Minors Act, C.R.S. 15-11-103, and the Colorado Uniform Transfers to Minors Act, C.R.S. 15-11-104.

GENERAL CONTRACTOR'S CERTIFICATE

This plat is approved by the Board of County Commissioners, Garfield County, Colorado, on this 1st day of March, 2007.

PLANNING COMMISSION CERTIFICATE

This plat is approved by the Planning Commission, Garfield County, Colorado, on this 1st day of March, 2007.

CADASTRAL CERTIFICATE

This plat is approved by the Cadastral Commission, Garfield County, Colorado, on this 1st day of March, 2007.

CHIEF AND RECORDING OFFICER'S CERTIFICATE

This plat is approved by the Chief and Recording Officer, Garfield County, Colorado, on this 1st day of March, 2007.

STATE OF COLORADO

COUNTY OF GARFIELD

SORRIS ENGINEERING, LLC

252 MAIN STREET, SUITE 101
CARBONDALE, COLORADO 81625
(970) 337-1010

State of Colorado

County of Garfield

SORRIS ENGINEERING, LLC

252 MAIN STREET, SUITE 101
CARBONDALE, COLORADO 81625
(970) 337-1010

PLANNING COMMISSION CERTIFICATE

This plat is approved by the Planning Commission, Garfield County, Colorado, on this 1st day of March, 2007.

GENERAL CONTRACTOR'S CERTIFICATE

This plat is approved by the Board of County Commissioners, Garfield County, Colorado, on this 1st day of March, 2007.

CHIEF AND RECORDING OFFICER'S CERTIFICATE

This plat is approved by the Chief and Recording Officer, Garfield County, Colorado, on this 1st day of March, 2007.

STATE OF COLORADO
 COUNTY OF GARFIELD
 SORRIS ENGINEERING, LLC
 252 MAIN STREET, SUITE 101
 CARBONDALE, COLORADO 81625
 (970) 337-1010

7395B

EXHIBIT B - RECONCILIATION OF WORKING CAPITAL REQUIREMENTS

MOUNTAIN SAGE TOWNHOMES
 JAMES M. DEFRANCIA - RECEIVER
 Reconciliation of Working Capital Requirements Apr 1 To Jun 30 2012
 Prepared with comments as of May 10, 2012

PROJECTED USES	A.	B.	C.	B. - C.	A. - C.
	Budgeted Total to Jun 30	Budgeted Total to Apr 30	Actual Results To Apr 30	Variance to To Apr 30 Budget	Budget Remaining To Jun 30 Budget
ENTITY					
Mountain Sage Townhomes Association, Inc.					
Unsold Units	8	8	8	-	-
Dues on Unsold Inventory ⁽¹⁾	5,124	5,124	5,124	-	-
Subtotal:	5,124	5,124	5,124	-	-
Rental Expenses					
Property Maintenance ⁽²⁾	3,000	1,000	431	569	2,569
Other Rental Costs ⁽³⁾	2,400	1,400	30	1,370	2,370
Property Taxes ⁽⁴⁾	-	-	-	-	-
Subtotal:	5,400	2,400	461	1,939	4,939
Phase I Completion Costs					
Unit G3 - 1032 Colorado Ave ⁽⁵⁾	24	8	8	0	16
Subtotal:	24	8	8	0	16
Phase II Expenses					
Property Clean-up and Monitoring ⁽⁶⁾	-	-	-	-	-
Insurance on Developer Property ⁽⁷⁾	809	3,236	-	3,236	809
Property Taxes ⁽⁸⁾	-	-	-	-	-
Site Improvements ⁽⁶⁾	-	-	-	-	-
Town of Carbondale Commitments ⁽⁹⁾	-	-	-	-	-
Subtotal:	809	3,236	-	3,236	809
Receiver Budget					
Receiver Fee	24,000	8,000	6,336	1,664	17,664
Legal ⁽¹⁰⁾	6,000	2,000	-	2,000	6,000
Misc (Phone, Postage, FedEx, etc.)	1,500	500	147	353	1,353
Subtotal:	31,500	10,500	6,483	4,017	25,017
Contingency - 5% Projected Uses	2,143	1,063	-	1,063	2,143
TOTAL ANTICIPATED USES FOR PERIOD:	\$ 45,000	\$ 22,331	\$ 12,075	\$ 10,256	\$ 32,925
PROJECTED SOURCES					
Tenant Lease Payments ⁽¹¹⁾	32,000	11,675	11,675	-	20,325
Other receipts/Rent prepayments/AP	-	-	-	-	-
Operating Cash Balance Apr 1	8,063	8,063	8,063	-	-
Subtotal:	\$ 40,063	\$ 19,738	\$ 19,738	\$ -	\$ 20,325
EXCESS OF PROJECTED USES OVER SOURCES/(SURPLUS)	\$ 4,937	\$ 2,593	(7,663)	\$ 10,256	\$ 12,600

FOOTNOTES

- (1) 2012 MSTA Annual Budget prepared. Invoices are sent on a quarterly basis and payments due upon receipt.
- (2) Routine tenant repairs including appliance, plumbing, and thermostat issues.
- (3) Non-routine tenant maintenance expenses and rental broker compensation upon successful placement.
- (4) 2010 and 2011 Real estate taxes on unsold units. No payment budgeted per advice from FCB.
- (5) No work expected at this time; expense shown relate to utility for basic electrical service.
- (6) Material site improvements not anticipated at this time.
- (7) Premises liability insurance. Additional endorsements added to provide adequate coverage.
Due to foreclosure, the policy will be cancelled and re-written in the new Owner's name. Existing policy will be refunded pro-rata.
- (8) 2009 real estate property taxes on Phase II parcels sold at tax auction - total outstanding with accrued interest \$19,990.
2010 real estate property taxes on phase I and phase II parcels with accrued interest \$39,872 ; No foreclosure proceedings have been initiated on the tax liens. 2011 real property taxes owing of \$29,930. No payment budgeted per advice from FCB.
- (9) No current payments to Town of Carbondale required.
- (10) Legal fees related to the Receivership.
- (11) Tenant security deposits are maintained in a separate account and are not reflected herein.

Mountain Sage Townhomes - Receiver
EXHIBIT C - Transaction Detail by Account
April 2012

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
1000 - CASH								
1000.1 - MST - Receiver								
Check	04/02/2012	237	Harmonious Homes, LLC		✓	-SPLIT-	-431.35	-431.35
Deposit	04/02/2012			Deposit	✓	b - Personnel	100.00	-331.35
Deposit	04/04/2012			Deposit	✓	-SPLIT-	3,800.00	3,468.65
Check	04/06/2012	238	Mountain Sage Townhomes Association, Inc.		✓	5000.1 - MSTA Dues on Unsold Inventory	-5,123.50	-1,654.85
Deposit	04/06/2012			Deposit	✓	-SPLIT-	3,100.00	1,445.15
Check	04/06/2012	239	Rhonda J Bazil	VOID: Invoice #19902	✓	c - Legal	0.00	1,445.15
Deposit	04/06/2012			Deposit	✓	1200 - Undeposited Funds	1,675.00	3,120.15
Check	04/06/2012	243	Town of Carbondale	Account 2.0040.1	✓	b - Utilities	-29.67	3,090.48
Deposit	04/09/2012			Deposit	✓	1200 - Undeposited Funds	1,575.00	4,665.48
Check	04/20/2012	244	Xcel Energy	Account 53-8992603-5	✓	5000.3 - Phase 1 - Unit G3 Completion	-7.69	4,657.79
Deposit	04/30/2012			Deposit	✓	1200 - Undeposited Funds	1,525.00	6,182.79
Check	04/30/2012	245	Western Capital Corporation	Invoice 2-2140	✓	-SPLIT-	-5,316.53	866.26
Check	04/30/2012	246	Corporate Security Initiatives	Invoice 04-2012	✓	-SPLIT-	-1,266.25	-399.99
Total 1000.1 - MST - Receiver							-399.99	-399.99
1000.2 - MST - Tenant Escrow								
Deposit	04/30/2012			Interest	✓	4000.5 - Interest Income	0.87	0.87
Total 1000.2 - MST - Tenant Escrow							0.87	0.87
Total 1000 - CASH								
1100 - ACCOUNTS RECEIVABLE							-399.12	-399.12
1100.1 - Rents Receivable								
Invoice	04/01/2012	93	Unit C-3 Bledsoe		✓	4000.1 - Tenant Rents	1,525.00	1,525.00
Invoice	04/01/2012	94	Unit C-4 Ingalls/Nichols		✓	4000.1 - Tenant Rents	1,600.00	3,125.00
Invoice	04/01/2012	95	Unit D-2 Swersky		✓	4000.1 - Tenant Rents	1,550.00	4,675.00
Invoice	04/01/2012	96	Unit D-4 Hoffmaster 1053		✓	4000.1 - Tenant Rents	1,675.00	6,350.00
Invoice	04/01/2012	97	Unit F-3 Mercer/Nedlin		✓	4000.1 - Tenant Rents	1,575.00	7,925.00
Invoice	04/01/2012	98	Unit G-1 Murray		✓	4000.1 - Tenant Rents	1,500.00	9,425.00
Invoice	04/01/2012	99	Unit G2 Weyer/Christoff		✓	-SPLIT-	2,250.00	11,675.00
Payment	04/04/2012		Unit D-2 Swersky		✓	1200 - Undeposited Funds	-1,550.00	10,125.00
Payment	04/04/2012	163	Unit G2 Weyer/Christoff		✓	1200 - Undeposited Funds	-2,250.00	7,875.00
Payment	04/04/2012	427	Unit C-4 Ingalls/Nichols		✓	1200 - Undeposited Funds	-1,600.00	6,275.00
Payment	04/04/2012	487906	Unit G-1 Murray		✓	1200 - Undeposited Funds	-1,500.00	4,775.00
Payment	04/06/2012	3826	Unit D-4 Hoffmaster 1053		✓	1200 - Undeposited Funds	-1,675.00	3,100.00
Payment	04/06/2012	3344	Unit F-3 Mercer/Nedlin		✓	1200 - Undeposited Funds	-1,575.00	1,525.00
Payment	04/30/2012	8266	Unit C-3 Bledsoe		✓	1200 - Undeposited Funds	-1,525.00	0.00
Total 1100.1 - Rents Receivable							0.00	0.00
Total 1100 - ACCOUNTS RECEIVABLE								
Total 1100 - ACCOUNTS RECEIVABLE							0.00	0.00

Mountain Sage Townhomes - Receiver
EXHIBIT C - Transaction Detail by Account
April 2012

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
1200 - Undeposited Funds								
Payment	04/04/2012		Unit D-2 Swersky		√	1100.1 - Rents Receivable	1,550.00	1,550.00
Payment	04/04/2012	163	Unit G2 Weyer/Cristoff		√	1100.1 - Rents Receivable	2,250.00	3,800.00
Deposit	04/04/2012		Unit D-2 Swersky	Deposit	√	1000.1 - MST - Receiver	-1,550.00	2,250.00
Deposit	04/04/2012	163	Unit G2 Weyer/Cristoff	Deposit	√	1000.1 - MST - Receiver	-2,250.00	0.00
Payment	04/04/2012	427	Unit C-4 Ingalls/Nichols		√	1100.1 - Rents Receivable	1,600.00	1,600.00
Payment	04/04/2012	487906	Unit G-1 Murray		√	1100.1 - Rents Receivable	1,500.00	3,100.00
Deposit	04/06/2012	427	Unit C-4 Ingalls/Nichols	Deposit	√	1000.1 - MST - Receiver	-1,600.00	1,500.00
Deposit	04/06/2012	487906	Unit G-1 Murray	Deposit	√	1000.1 - MST - Receiver	-1,500.00	0.00
Payment	04/06/2012	3326	Unit D-4 Hoffmaster 1053		√	1100.1 - Rents Receivable	1,675.00	1,675.00
Deposit	04/06/2012	3326	Unit D-4 Hoffmaster 1053	Deposit	√	1000.1 - MST - Receiver	-1,675.00	0.00
Payment	04/06/2012	3344	Unit F-3 Mercer/Nedlin		√	1100.1 - Rents Receivable	1,575.00	1,575.00
Deposit	04/09/2012	3344	Unit F-3 Mercer/Nedlin	Deposit	√	1000.1 - MST - Receiver	-1,575.00	0.00
Payment	04/30/2012	8266	Unit C-3 Bledsoe		√	1100.1 - Rents Receivable	1,525.00	1,525.00
Deposit	04/30/2012	8266	Unit C-3 Bledsoe	Deposit	√	1000.1 - MST - Receiver	-1,525.00	0.00
Total 1200 - Undeposited Funds							0.00	0.00
4000 - RECEIVER'S ESTATE RECEIPTS								
4000.1 - Tenant Rents								
Invoice	04/01/2012	93	Unit C-3 Bledsoe	Lease June 1, 2011 - May 31, 2012		1100.1 - Rents Receivable	-1,525.00	-1,525.00
Invoice	04/01/2012	94	Unit C-4 Ingalls/Nichols			1100.1 - Rents Receivable	-1,600.00	-3,125.00
Invoice	04/01/2012	95	Unit D-2 Swersky			1100.1 - Rents Receivable	-1,550.00	-4,675.00
Invoice	04/01/2012	96	Unit D-4 Hoffmaster 1053			1100.1 - Rents Receivable	-1,675.00	-6,350.00
Invoice	04/01/2012	97	Unit F-3 Mercer/Nedlin			1100.1 - Rents Receivable	-1,575.00	-7,925.00
Invoice	04/01/2012	98	Unit G-1 Murray			1100.1 - Rents Receivable	-1,500.00	-9,425.00
Invoice	04/01/2012	99	Unit G2 Weyer/Cristoff			1100.1 - Rents Receivable	-1,500.00	-10,925.00
Invoice	04/01/2012	99	Unit G2 Weyer/Cristoff	1/2 Last Month's Rent (both payments have been rece		1100.1 - Rents Receivable	-750.00	-11,675.00
Total 4000.1 - Tenant Rents							-11,675.00	-11,675.00
4000.5 - Interest Income								
Deposit	04/30/2012			Interest		1000.2 - MST - Tenant Escrow	-0.87	-0.87
Total 4000.5 - Interest Income							-0.87	-0.87
Total 4000 - RECEIVER'S ESTATE RECEIPTS							-11,675.87	-11,675.87
5000 - RECEIVER'S ESTATE DISBURSEMENTS								
5000.1 - MSTA Dues on Unsold Inventory								
Check	04/04/2012	238	Mountain Sage Townhomes Association, Inc.	Q. 2, 2012 Assessments		1000.1 - MST - Receiver	5,123.50	5,123.50
Total 5000.1 - MSTA Dues on Unsold Inventory							5,123.50	5,123.50
5000.2 - Rental Expenses								
a. - Property Management								

Mountain Sage Townhomes - Receiver
EXHIBIT C - Transaction Detail by Account
April 2012

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Check	04/02/2012	237	Harmonious Homes, LLC	Invoice 2259: Unit 1014 Colorado Ave. -Replace Refrig	1000.1	MST - Receiver	55.00	55.00
Check	04/02/2012	237	Harmonious Homes, LLC	Invoice 2291: Unit 1053 - Replaced Dryer Vent, Fix Po	1000.1	MST - Receiver	281.91	336.91
Check	04/02/2012	237	Harmonious Homes, LLC	Invoice 2290: Unit 1023 - Replaced Light Bulbs in Bath	1000.1	MST - Receiver	94.44	431.35
Total a. - Property Management							431.35	431.35
b. - Utilities								
Check	04/06/2012	243	Town of Carbondale	1032 Colorado Ave		1000.1 - MST - Receiver	29.67	29.67
Total b. - Utilities							29.67	29.67
Total 5000.2 - Rental Expenses							461.02	461.02
5000.3 - Phase 1 - Unit G3 Completion								
Check	04/20/2012	244	Xcel Energy	Account 63-8392603-6		1000.1 - MST - Receiver	7.69	7.69
Total 5000.3 - Phase 1 - Unit G3 Completion							7.69	7.69
5000.6 - Receiver Expenses								
a. - Receiver Fee								
Check	04/30/2012	245	Weston Capital Corporation	26.25 hours @ \$200.00		1000.1 - MST - Receiver	5,250.00	5,250.00
Total a. - Receiver Fee							5,250.00	5,250.00
b. - Personnel								
Deposit	04/02/2012		Mountain Sage Townhomes Association, Inc.	To reimburse MSTR for accounting services provided		1000.1 - MST - Receiver	-100.00	-100.00
Check	04/30/2012	246	Corporate Security Initiatives	April Clerical and Administrative Services		1000.1 - MST - Receiver	1,186.25	1,086.25
Total b. - Personnel							1,086.25	1,086.25
c. - Legal								
Check	04/06/2012	239	Rhonda J. Bazil	VOID: Invoice #19902	✓	1000.1 - MST - Receiver	0.00	0.00
Total c. - Legal							0.00	0.00
d. - Misc (Phone, Supplies, Travel)								
Check	04/30/2012	245	Weston Capital Corporation	Phone Usage		1000.1 - MST - Receiver	66.53	66.53
Check	04/30/2012	246	Corporate Security Initiatives	Stamps & Parking		1000.1 - MST - Receiver	80.00	146.53
Total d. - Misc (Phone, Supplies, Travel)							146.53	146.53
Total 5000.6 - Receiver Expenses							6,482.78	6,482.78
Total 5000 - RECEIVERS ESTATE DISBURSEMENTS							12,074.99	12,074.99
TOTAL							0.00	0.00

EXHIBIT A TO THE BYLAWS
OF THE MOUNTAIN SAGE TOWNHOMES ASSOCIATION, INC

RESPONSIBLE GOVERNANCE POLICIES
OF MOUNTAIN SAGE TOWNHOMES ASSOCIATION, INC.

These Responsible Governance Policies of the Mountain Sage Townhomes Association, Inc. ("Association") are adopted along with the Revised and Restated Bylaws dated July 29, 2011.

I. ACCOUNTING RECORDS

The homeowners association ("Association") shall maintain accurate and complete accounting records in accordance with generally accepted accounting principles.

II. COLLECTION OF UNPAID ASSESSMENTS

The following policy is adopted pursuant to the authority vested the Executive Board by Colorado law and the terms of Article 10 of the Declaration of Covenants, Conditions, Restrictions and Easements of the Mountain Sage Townhomes ("Declaration").

All homeowners are obligated to pay Assessments as established by the Executive Board ("Board") in accordance with Article 10 of the Declaration.

Assessments Defined. "Assessment" means a Regular Assessment, Special Assessment, or Reimbursement Assessment.

Regular Assessment Defined. "Regular Assessment" means a charge against each owner and the owner's lot for purposes of covering the annual costs of operating and administering the Association and all other common expenses.

Due Date. Regular Assessments shall be due and payable on the first day of each calendar quarter.

Notice/Invoice. The Board shall mail to each owner at least ten (10) days prior to the due date a written notice/invoice of the amount of the next quarterly Regular Assessment that is due from each owner.

Delinquent Assessments. Any Assessment is deemed delinquent if not paid within fifteen (15) days of the due date.

Interest. Any Assessment deemed delinquent shall bear interest from and after the due date at the rate of interest set by the Board in accordance with Section 10.8 of the Declaration.

Late Fee. Any Assessment deemed delinquent shall also incur a late fee of \$25.00.

Statement of Unpaid Assessments. Upon written request, the Association shall furnish a Statement of Unpaid Assessments in accordance with Section 10.12 of the Declaration.

Collection. The following section is restated from Section 10.8 of the Declaration. Any Assessment installment, whether pertaining to any Annual, Special, or Default Assessment, which is not paid on or before its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

(a) assess a late charge for each delinquency in such amount as the Association deems appropriate;

(b) assess an interest charge from the date of delinquency at the yearly rate of two (2) points above the prime rate charged by the Association's bank, or such other rate as the Executive Board may establish, not to exceed twenty-one percent (21%) per annum;

(c) suspend the voting rights of the Owner during any period of delinquency;

(d) accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

(e) bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

(f) proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Lot shall constitute a lien on such Lot. The Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

III. BOARD MEMBER CONFLICTS OF INTEREST

Conflict of Interest. If any contract, decision, or other action taken by or on behalf of the Executive Board would financially benefit any member of the Executive Board or any person who is a parent, grandparent, spouse, child or sibling of a member of the Executive Board or a

parent or spouse of any of those persons, that member of the Executive Board shall declare a conflict of interest for that issue.

Duty to Disclose. The Director has a duty to disclose the existence of any actual or potential conflict of interest and all material facts relating to the actual or potential conflict in an open meeting prior to any discussion or action on that issue. After making such disclosure, the Director may participate in the discussion but shall not vote on that issue.

IV. ENFORCEMENT OF COVENANTS AND RULES

The following policy supplements Section 18 of the Declaration.

Complaints. The Board will investigate all violations of covenants and rules that are reported to the Board in writing or by phone within thirty (30) days. Complaints that, in the opinion of the Board, lack sufficient information or detail may be deemed to not warrant further investigation.

Notification of Owners. If the investigation shows the reported violation to be accurate, the Board shall give written notice of the violation to the owner by mail, setting forth the nature of the violation or breach and the specific action or actions which shall be taken by the owner to remedy such violation or breach. The notice shall give the owner fifteen (15) days to cure the violation, submit a plan to remedy the violation, or request a hearing with the Board. Alternatively, the owner may request an appeals hearing with the Board at the next regularly scheduled Board meeting to appeal the notice of the violation. The Board's decision on the appeal is final.

Fines. If the owner does not cure the violation, submit a plan to remedy the violation, request an appeals hearing, or if the Board determines that a violation or breach exists after a hearing, the Board may levy a fine of \$50 per occurrence per day against the property owner who has violated or breached the covenant or rule. Once fines have started, owners must request a hearing with the Board in writing for the fines to cease. If the violation or breach is not cured within thirty (30) days after the initial fine is assessed, the Board may take legal action against the owner.

Collection Provisions. All fines, costs and expenses, including attorney's fees, necessary to enforce this policy shall be an Assessment against the owner's property and subject to all lien and collection powers of the Association.

Unresolved Violations. After the expiration of sixty (60) days following notice of a violation in which no hearing is requested or alternatively after an appeals meeting, the Board may:

- (a) suspend the rights or privileges of the owner relating to use of any common area and/or common elements within the Association and suspend the voting rights of the owner;
- (b) pursue all rights of action available at law or in equity including, but not limited to, the remedy of injunctive relief and obtaining a monetary judgment for all costs, expenses, including attorney's fees, and damages;
- (c) reserve the right to waive or increase fines or penalties based on the severity of the violation and circumstances;
- (d) enter at all reasonable times upon any lot or unit to which a violation, breach, or other condition to be remedied exists, and take the actions specified in the notice to the owner to abate, extinguish, remove or repair such violation, breach or other condition which may exist. Such entry or action, or both, shall not be deemed to be a trespass or wrongful act. All costs and expenses, including attorney's fees, incurred by the Association or on its behalf in enforcing such violation, shall be a binding personal obligation of such owner enforceable at law, as well as a lien, on such owner's lot or unit.

V. INSPECTION AND COPYING OF RECORDS

The following policy supplements Section 4.6 of the Declaration.

Association Records to be Kept. The Association shall keep a copy of the following records at its principal office:

- (a) Articles of Incorporation;
- (b) Bylaws;
- (c) Declaration;
- (d) resolutions adopted by the Board;
- (e) minutes of all Member and Director meetings for the past three (3) years;
- (f) all written communications within the past three (3) years to owners;
- (g) name and address of each owner;
- (h) name and address of each director and/or officer;
- (i) annual financial statements;
- (j) current insurance policies;
- (k) all financial audits and reviews conducted within the past three (3) years;
- (l) current annual budget;
- (m) a list, by lot or unit owner, of the Association's current and delinquent Assessments.

Inspection and Copying of Association Records. Owners are entitled to inspect and copy, at the owner's expense, any records listed above during regular business hours to the extent that:

- (a) the request is made in good faith and for a proper purpose;
- (b) the request describes with reasonable particularity the records sought and the purpose of the request; and
- (c) the records are relevant to the request.

The owner must make a written request to the Association Secretary at least five (5) days before the date on which the owner wishes to inspect and copy such records.

VI. INVESTMENT OF RESERVE FUNDS

Reserve funds shall be invested in such amounts as may be determined and authorized by the Board. The Board may delegate its investment authority.

Standard of Conduct. Investment of reserve funds shall be done in good faith, within the best interests of the Association and with the care an ordinarily prudent person in a like position would exercise under similar circumstances

Authorized Investments. Authorized investments are U.S. Treasury Bills and Notes, Money Market Funds and Certificates of Deposits. Derivative securities and mortgage backed securities are not authorized investments.

Investment Objectives.

- (a) Safety of Principal: The long-term goal is safety of the reserve funds and to promote and ensure the preservation of the reserve fund's principal.
- (b) Liquidity: Funds shall be sufficiently liquid to meet anticipated or unanticipated expenditures. Liquidity can be achieved by structuring maturities to ensure the availability of assets when needed.
- (c) Minimal Costs: Investment costs should be minimized.
- (d) Professional Management: The Board may delegate its investment authority to professional managers.
- (e) Return: Funds should be invested to seek the highest level of return consistent with the preservation of principal.

VII. ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES

The following policy supplements Section 3.6 of the Declaration.

Board Determination of Need for Rules. The Board may determine the need to adopt or amend certain rules, regulations, policies and/or procedures ("Rule") as it deems necessary, desirable or appropriate with respect to the interpretation and implementation of the governing documents of the Association, the operation of the Association, the use and enjoyment of common areas and/or common elements or for any other purpose.

Notice and Opportunity to Comment. The Board shall place the proposed Rule on its meeting agenda prior to the next open meeting. Written notice of the agenda and the proposed rule shall be mailed to the Members of the Association at least ten (10) days prior to the open

meeting. The Board shall allow an opportunity for the Members to comment on the proposed Rule.

Adoption of Rule. Rules shall be effective only upon adoption by resolution at an open meeting of the Board following Board discussion and Member comment. The Board shall then provide written notice of the Rule adoption to its Members within fifteen (15) days after adoption.

Emergency. The Board may waive notice and opportunity to comment in the event the Board determines, in its sole discretion, an emergency Rule needs to be immediately adopted.

VIII. RESOLVING DISPUTES BETWEEN ASSOCIATION AND OWNERS

In the event of any dispute between the Association and an owner, for which a method, policy or procedure to address such dispute is not provided by the Declaration or Bylaws of the Association, the owner and Association shall first submit the matter to mediation. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved within sixty (60) calendar days of the date written notice requesting mediation is sent by one party to the other party.