

BYLAWS
OF
KINGSBRIDGE HOMEOWNERS ASSOCIATION
(A Colorado Nonprofit Corporation)

Effective as of October __, 2006

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**BYLAWS
OF
KINGSBRIDGE HOMEOWNERS ASSOCIATION**

(a Colorado Nonprofit Corporation)

The name of the Corporation shall be Kingsbridge Homeowners Association, a Colorado nonprofit corporation (the "Association"). Capitalized terms not otherwise defined herein shall have those meanings set forth in the Declaration of Covenants, Conditions, and Restrictions for Kingsbridge Townhomes to be recorded in the records of the Clerk and Recorder of the County of Boulder, Colorado (as amended, modified or supplemented from time to time, the "Declaration"). All capitalized terms not otherwise defined herein shall have the meanings provided in the Declaration.

ARTICLE I

PURPOSES AND ASSENT OF MEMBERS

1. Purposes. The specific purposes for which the Association is formed are (i) to provide for maintenance, preservation, and control of the Units and Common Areas within that certain tract of real property situated in the City of Longmont and County of Boulder, State of Colorado, as more fully described in Exhibit A of the Declaration; and (ii) to promote the health, safety, and welfare of the Owners, residents, and occupants of the property described above (the "Project").
2. Assent. All present or future Owners, tenants, future tenants, or any other person using the facilities of the Project in any manner are subject to these Bylaws and any rules adopted by the Board of Directors pursuant to these Bylaws. The mere acquisition or rental of any of the Units of the Project or the mere act of occupancy of one of those Units shall constitute an acceptance and ratification of these Bylaws and an agreement to comply with said rules.

ARTICLE II

OFFICES

1. Business Offices. The principal office of the Association in the State of Colorado shall be located at 9785 Maroon Circle, #410, Englewood, Colorado 80112. The Association may have such other offices, either within or without the State of Colorado, as the Board of Directors may determine or as the affairs of the Association may require from time to time.

2. Registered Office. The Association shall have and continuously maintain in the State of Colorado a registered office, and a registered agent whose office is identical with such registered office, as required by the Colorado Revised Nonprofit Corporation Act. The registered office may be, but need not be, identical with the principal office in the State of Colorado, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE III

MEMBERS

1. Membership. Ownership of a Unit is required in order to qualify for membership in the Association.

2. Representation on Board of Directors. If title to a Unit is held by a firm, corporation, partnership, association or other legal entity or any combination thereof, or if any individual or entity shall have title to more than one (1) Unit, then in either case that individual or entity may appoint, by a writing furnished to the Association, a delegate to represent each such Unit as a candidate for, and if elected, as a member of, the Board of Directors. Such delegate shall not vote as a Member of the Association unless such person shall be appointed by a proxy executed in conformance with Paragraph 6 of Article IV of these Bylaws to cast the voting interest of the Unit which he represents.

3. Responsibilities of Members. Any person, including Declarant, on becoming an owner of a Unit, shall automatically become a Member of the Association and shall be subject to these Bylaws. Such membership shall terminate without any formal action by the Association whenever such person ceases to own a Unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under, or in any way connected with, the Association during the period of such ownership, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former owner arising out of ownership of the Unit and membership in the Association and the covenants and obligations incident thereto.

4. Membership Certificates. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue membership cards to Owners of Units. Such membership cards shall be surrendered to the Secretary of the Association whenever ownership of the Unit designated on the card shall terminate.

5. Classes of Members. The corporation shall have one (1) class of Members.

6. Voting Rights. Each Unit shall be allocated one (1) vote on the affairs of the Association. The Association shall not have a vote with respect to any Unit which may

be owned by it. Declarant shall be entitled to vote with respect to any Units owned by it.

ARTICLE IV

MEETINGS OF MEMBERS

1. Annual Meeting. The first annual meeting of the Members of the Association shall be held within one (1) year after the date of adoption of these Bylaws. Thereafter, the annual meetings of the Members shall be held on a date and at a time selected by the Board of Directors in May of each year (or other month as selected by the Board of Directors), for the purpose of electing Directors and for the transaction of any other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Colorado, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

2. Special Meetings. Special meetings of the Members of the Association may be called by the President, the Board of Directors, or by Members having an ownership interest in the Common Areas representing at least one-fourth of the total ownership interests in the Common Areas.

3. Place of Meeting. The Board of Directors of the Association may designate any place, either within or without the State of Colorado, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Association in the State of Colorado; but if all of the Members shall meet at any time and place, either within or without the State of Colorado, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

4. Notice of Meetings. Written notice stating the place, day and hour of any meeting of Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) or more than fifty (50) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

The notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable.

In accordance with Section 38-33.3-308(2)(b) of the Colorado Common Interest Ownership Act, the Board of Directors is encouraged to provide all required notices and agendas in electronic form, by posting on a web site or otherwise, in addition to printed form. If such electronic means are available, the Board of Directors shall provide notice of all regular and special meetings of Members by electronic mail to all Members who so request and who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible but at least twenty-four (24) hours before the meeting.

Notice of an annual or regular meeting shall include a description of any matter or matters to be considered at such meeting if such matter or matters must be approved by Members or if the Members' approval will be sought for the following: conflict of interest transactions, indemnification of a Director, amendment of Articles of Incorporation or Bylaws by the Board of Directors or Members, merger, sale of property other than in the regular course of business, or dissolution of the Association. In case of notice of a special meeting, the notice shall include the purpose or purposes for which the meeting is called. When giving notice of an annual, regular, or special meeting of Members, the Association shall give notice of a matter a Member intends to raise at the meeting if (i) the Association is requested in writing to do so by a person entitled to call a special meeting, and (ii) the request is received by the Secretary or President at least ten (10) days before the Association gives notice of the meeting. Written notice from the Association to its Members is effective at the earliest of: (i) the date received; (ii) five (5) days after its deposit in the United States mail, as evidenced by the postmark, if mailed correctly addressed and with first class postage affixed; or (iii) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

5. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of the Association Members possessing sufficient votes to constitute twenty-five percent (25%) of the votes of all Members shall constitute a quorum, and such Members present in person or by proxy shall constitute the Members entitled to vote upon any issue presented at a meeting at which a quorum is present. A majority of votes entitled to be cast by such Members present in person or by proxy shall be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles of Incorporation of the Association, or these Bylaws. If a quorum is not present at any meeting of the Members, a majority of the Members present may adjourn the meeting from time to time without further notice. Upon the request of twenty percent (20%) of the Members present at the meeting or represented by proxy, a vote on any matter affecting the Project on which all Members are entitled to vote shall be by secret ballot.

6. Proxies. At any meeting of the Members, a Member entitled to vote may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. An Owner may not revoke a proxy given pursuant to this provision except by actual 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 and shall not be valid if obtained through fraud or misrepresentation. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Proxies shall be filed with the Secretary of the Association at or before the appointed time of each meeting.

7. Action by Written Ballot. A vote on any action that may be taken at an annual, regular or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter which sets forth each proposed action and provides an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall indicate the number of responses needed to meet quorum requirements, state the percentage of approvals necessary to approve each matter other than election of Directors, specify the time by which the ballot must be received by the Association in order to be counted, and be accompanied by written information regarding the matter to be voted upon. Approval by written ballot shall be valid when the number of votes cast by ballot equals or exceeds the quorum required at a meeting authorizing the action and the number of approvals equals the number required to approve the matter at a meeting.

8. Acceptance or Rejection of Action of Member. 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 the signature on it or about the signatory's authority to sign for the Member. 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 Section 38-33.3-310 of the Colorado Common Interest Ownership Act are not liable in damages for the consequences of the acceptance or rejection. Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation under Section 38-33.3-310 of the Colorado Common Interest Ownership Act is valid unless a court of competent jurisdiction determines otherwise.

9. Conduct of Meetings of Members and of Board of Directors. All meetings of the Members, and of the Board of Directors, shall be open to every Member, or to any person designated by a Member in writing as the Member's representative, and all Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board of Directors, Members who are not Board

of Directors members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board of Directors. The Board of Directors may place reasonable time restrictions on those persons speaking during the meeting, but shall permit a Member or a Member's designated representative to speak before the Board of Directors votes on an item under discussion, in addition to any other opportunities to speak. If more than one (1) person desires to address an issue and there are opposing views, the Board of Directors shall provide for a reasonable number of persons to speak on each side of the issue.

10. Election of Directors. Cumulative voting for Directors shall not be permitted. When any vote is taken by the Members for the contested election of a Director, such election shall be held by secret ballot.

11. Secret Ballot Procedure. At the discretion of the Board of Directors, or upon the request of 20% of the Owners who are present at the meeting or are represented by proxy, if a quorum has been achieved, a vote on any matter affecting the Association on which all Owners are entitled to vote shall be by secret ballot. If secret ballots are used for any vote, ballots shall be counted by a neutral third party or by a committee of volunteers, where such volunteers shall be Members who are selected by the Chairman of the Board of Directors or another person providing over that portion of the meeting; provided, however, that no such volunteer shall be a Director, or, in the case of a contested election of a Director, shall not be a candidate for such position. The results of a vote taken by secret ballot shall be reported without reference to the names, addresses or other identifying information of Members participating in such vote.

ARTICLE V

BOARD OF DIRECTORS

1. General Powers. The affairs of the corporation shall be managed by its Board of Directors. Directors need not be residents of the State of Colorado but must be either Owners or an agent of Declarant.

2. Number. The number of Directors shall be no less than three (3) and no more than seven (7).

3. Tenure. The terms of office of the initial Board of Directors as set forth in the Articles of Incorporation of the Association shall be set as they among themselves decide, subject to the requirement that the terms of at least one-third of the Members of the Board shall expire annually. Every Director elected to replace the Members of the initial Board of Directors shall serve a term of three (3) years, so that the term of one-third of the Board of Directors shall expire each year. The Directors shall hold office until their successors have been elected and qualified.

4. Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than these Bylaws, immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide by resolution the time and place, either within or without the State of Colorado, for the holding of additional regular meetings of the Board without other notice than such resolution. The Board may also hold meetings by telephone conference call.

5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Colorado, as the place for holding any special meeting of the Board called by them.

6. Notice of Meetings. Notice of each meeting of Directors, whether annual, regular or special, shall be given to each Director. If such notice is given either (a) by personally delivering written notice to a Director; or (b) by personally telephoning such Director, it shall be so given at least two (2) days prior to the meeting. If such notice is given either (x) by depositing a written notice in the United States mail, postage prepaid; or (y) by transmitting a cable or telegram, in all cases directed to such Director at his residence or place of business, it shall be so given at least four (4) days prior to the meeting. The notice of all meetings shall state the place, date and hour thereof, but need not, unless otherwise required by statute, state the purpose or purposes thereof.

7. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

8. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

9. Other Powers and Duties. Without limiting the generality of the powers and duties set forth in Paragraph 1 of this Article, the Board of Directors shall be empowered and shall have the following powers and duties:

(a) to administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all of the provisions set forth in the Declaration;

(b) to adopt and amend from time to time administrative rules and regulations governing the use and operation of the Common Areas, as provided in the Declaration;

(c) to keep in good order, condition, and repair, all the Common Areas and all items of personal property, if any, used in the enjoyment of the Project. No approval of the Owners is required for expenditures for these purposes;

(d) to designate and remove personnel necessary for the operation, maintenance, repair, and replacement of the Common Areas;

(e) in accordance with the terms of the Declaration to obtain and maintain in effect the insurance coverage specified in the Declaration to the extent that insurance is available from reputable carriers at costs which are not demonstrably unreasonable;

(f) to fix, determine, levy, and collect the pro-rated annual assessment to be paid by each of the Members toward the gross expenses of the Project, and to adjust, decrease, or increase, the amount of the assessments, and to credit any excess of assessments over expenses and cash reserves to the Members against the next succeeding assessment period;

(g) to levy and collect special assessments whenever, in the opinion of the 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, subject to any limitations imposed by the Declaration, and further subject to the requirement that all special assessments shall be in statement form and shall set forth the detail of the various expenses for which the assessments are being made;

(h) to collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and by these Bylaws; to enforce a late charge of \$25.00 or such other charge as the Board may fix by rule from time to time in connection with assessments remaining unpaid more than fifteen days from due date for the payment thereof; and to collect interest on unpaid assessments in accordance with Section 8.10 of the Declaration at the maximum rate in effect on the date the obligation to pay such interest arises;

(i) to protect and defend the Project from loss and damage by suit or otherwise;

(j) to borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary, and such indebtedness shall be the several obligations of all the Owners in the same proportions as they share the common expenses; provided, however, that the Board shall not borrow more than \$10,000.00 or cause the Association to be indebted for more than \$10,000.00 at any one (1) time without the prior approval of a majority vote of the Members;

(k) to dedicate, sell, or transfer all or any part of the Common Areas to any public, governmental, or quasi-governmental agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members; and subject to such additional limitations as may be set forth in the Declaration;

(l) to enter into contracts within the scope of their duties and powers, including, without limitation, contracts with other homeowners associations or entities to provide services for the benefit of Members and their families, guests, tenants and invitees;

(m) to establish a bank account for the treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors;

(n) to keep and maintain full and accurate books and records showing all the receipts, expenses, or disbursements of the Board and to permit examination thereof by Owners and their mortgagees at convenient weekday business hours;

(o) to prepare and delivery annually to each Member a statement showing all receipts, expenses, or disbursements since the last such statement, including depreciation and other tax information;

(p) to collect an initial contribution to working capital from each Owner who purchases a Unit and from any successor owner of a Unit equal to two (2) months' installments of annual assessments, which shall be used by the Association as a working capital fund;

(q) to maintain and remove snow from any and all driveways, roadways, and parking areas of the Project and to maintain the lawn, trees, shrubs, and other vegetation located on the Project for the benefit of the Owners;

(r) in general, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the communal aspects of the Project ownership, all in accordance with the Declaration.

10. Managing Agent. The Board of Directors may employ for the Association a managing agent at a compensation established by the Board, to perform such duties and services specified in Paragraph 9 of this Article as the Board shall authorize; provided, however, that the Board in delegating such duties shall not be relieved of its responsibility under the Declaration, and provided further, that if the Board of Directors delegates powers relating to collection, deposit, transfer or disbursement of Association funds to any person(s) other than an officer of the Association, including without limitation, a managing agent, then:

(a) the other person(s) or managing agent shall maintain fidelity insurance coverage or a bond in an amount not less than \$50,000.00 or such higher amount as the Board of Directors may require;

(b) the other person(s) or managing agent shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other person(s) or managing agent and shall maintain all reserve accounts of the Association separate from all operational accounts of the Association; and

(c) an annual accounting for Association funds and a financial statement shall be prepared and presented to the Association by the managing agent, a public accountant or a certified public accountant.

11. Vacancies. Subject to Declarant's rights set forth in Section 10.2 of the Declaration, any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

12. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any Director from serving the corporation in some other capacity and receiving compensation therefor.

13. Informal Action by Directors. Any action required by law to be taken at a meeting of directors, or any action which may be taken at a meeting of directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

14. Meetings by Telephone. Members of the Board of Directors or any committee designated thereby may hold or participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment provided that all such persons so participating in such meeting can hear each other at the same time.

ARTICLE VI

OFFICERS

1. Officers. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. The President must be a member of the Board of Directors.

2. Election and Term of Office. The officers of the Association shall be elected at the first meeting of the Board of Directors and thereafter at the next regular meeting of the Board of Directors following each annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

5. President. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. He shall insure that the orders and the resolutions of the Board of Directors are carried out. He shall preside at all meetings of the Members and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the Association, certify, and where applicable record, leases, mortgages, deeds, contracts, amendments to the Declaration and other instruments which the Board of Directors has authorized to be executed, except in the cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Association; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

6. Vice President. In the absence of the President or in event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

7. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; sign all promissory notes of the Association; sign all checks of the Association unless the Board specifically directs otherwise; keep proper books of account; at the direction of the Board of Directors, cause of annual audit of the Association books to be made by a public accountant at least once in every three (3) fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

8. Secretary. The Secretary shall keep the minutes of the meetings of the Members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these bylaws; keep a register of the post-office address of each Member which shall be furnished to the Secretary by such Member; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

9. Assistant Treasurers and Assistant Secretaries. If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President or the Board of Directors.

ARTICLE VII

COMMITTEES

1. Committees of Directors. The Board of Directors of the Association may appoint such committees as deemed appropriate in carrying out its purposes.

ARTICLE VIII

STANDARDS OF CONDUCT FOR OFFICERS AND DIRECTORS

Each Director shall discharge the Director's duties as a Director, including the Director's duties as a member of a committee of the Board of Directors, and each officer with discretionary authority shall discharge the officer's duties under that authority: (a) in good faith; (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (c) in a manner the Director or officer reasonably believes to be in the best interests of the Association. A Director or officer may rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by (a) one (1) or more officers or employees of the Association whom the Director or officer reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, a public accountant, or other persona as to matters the Director or officer reasonably believes are within such person's professional or expert competence; or (c) in the case of a Director, a committee of the Board of Directors of which the Director is not a member if the Director reasonably believes the committee merits confidence. A Director or officer is not acting in good faith if the Director or officer has knowledge concerning the matter in question that makes reliance otherwise permitted by the above unwarranted. A Director or officer is not liable as such to the Association or its Members for any action taken or omitted as a Director or officer, if, in connection with such action or omission, the Director or officer performed the duties of the position in compliance with this Article. Notwithstanding the forgoing, Directors and officers that are appointed by the Declarant are required in the performance of their duties to exercise the care required of fiduciaries of the Owners. With respect to the investment of reserve funds of the Association, the Directors and officers shall be subject to the standards set forth in Section 7-128-401 of the Act, as defined below.

ARTICLE IX

CONFLICTING INTEREST TRANSACTIONS

1. Conflicting Interest Transactions. As used in this Article, "conflicting interest transaction" means: A contract, transaction, or other financial relationship between the Association and a Director of the Association, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a Director or officer or has a financial interest.
2. Prohibition Against Loans to Directors or Officers. No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

3. Voidability of Conflicting Interest Transactions. No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the conflicting interest transaction involves a Director of the Association or a party related to a Director or an entity in which a Director of the Association is a Director or officer or has a financial interest or solely because the Director is present at or participates in the meeting of the Association's Board of Directors or of the committee of the Board of Directors that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Director's vote is counted for such purpose if:

(a) The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes, approves or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; or

(b) The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon; or

(c) The conflicting interest transaction is fair to the Association.

4. Approval of Conflicting Interest Transactions. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes, approves or ratifies the conflicting interest transaction.

5. Party Related to Director. For purposes of this Article, a "party related to a Director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director, officer, or has a financial interest.

ARTICLE X

INDEMNIFICATION

1. Indemnification. To the extent permitted or required by the act (as defined below) and any other applicable law, if any Director or officer (as defined below) of the Association is made a party to or is involved in (for example, as a witness) any proceeding (as defined below) because such person is or was a Director or officer of the

Association, the Association shall (a) indemnify such person from and against any judgments, penalties, fines, amounts paid in settlement and reasonable expenses (including but not limited to expenses of investigation and preparation, and fees and disbursements of counsel, accountants or other experts) incurred by such person in such proceeding; and (b) advance to such person expenses incurred in such proceeding.

The Association may in its discretion (but is not obligated in any way to) indemnify and advance expenses to an employee or agent of the Association to the same extent as to a Director or officer.

The foregoing provisions for indemnification and advancement of expenses are not exclusive, and the Association may at its discretion provide for indemnification or advancement of expenses in a resolution of its Members or Directors, in a contract or in its Articles of Incorporation.

Any repeal or modification of the foregoing provisions of this Article for indemnification or advancement of expenses shall not affect adversely any right or protection stated in such provisions with respect to any act or omission occurring prior to the time of such repeal or modification. If any provision of this Article or any part thereof shall be held to be prohibited by or invalid under applicable law, such provision or part thereof shall be deemed amended to accomplish the objectives of the provision or part thereof as originally written to the fullest extent permitted by law, and all other provisions or parts shall remain in full force and effect.

As used in this Article, the following terms have the following meanings:

(a) Act. The term “Act” means the Colorado Revised Nonprofit Corporation Act as it exists on date these Bylaws are adopted, and as the Colorado Revised Nonprofit Corporation Act may be thereafter amended from time to time. In the case of any amendment of the Colorado Revised Nonprofit Corporation Act after the date of adoption of these Bylaws, when used with reference to an act or omission occurring prior to effectiveness of such amendment, the term “act” shall include such amendment only to the extent that the amendment permits the Association to provide broader indemnification rights than the Colorado Revised Nonprofit Corporation Act permitted prior to the amendment.

(b) Director or Officer. The term “Director” or “officer” means (i) a Director or officer of the Association; and (ii) while an individual is a Director or officer of the Association, the individuals serving at the Association’s request as a Director, officer, partner, trustee, employee or agent of any association, partnership, joint venture, trust, other enterprise or employee benefit plan; and (iii) any other position (not with the Association itself) in which a Director or officer of the Association is serving at the

request of the Association and for which indemnification by the Association is permitted by the act.

(c) Proceeding. The term “proceeding” means any threatened, pending or completed action, suit, or proceeding whether civil, criminal, administrative or investigative, and whether formal or informal.

ARTICLE XI

AMENDMENTS AND COMPLIANCE

1. Amendments. These Bylaws may be amended by a vote of a majority of a quorum of the Board of Directors at a regular or special meeting of the Board. No amendment shall serve to shorten the term of any Director, or conflict with the Colorado Common Interest Ownership Act or delete any provision which must be contained in these Bylaws under the terms of the Colorado Common Interest Ownership Act, or conflict with the Articles of Incorporation of the Association or the Declaration.
2. Compliance with the Colorado Common Interest Ownership Act. These Bylaws are intended to comply with the requirements of the Colorado Common Interest Ownership Act. If any of these Bylaws conflict with the provisions of the Colorado Common Interest Ownership Act, the provisions of the Colorado Common Interest Ownership Act will govern the Association.
3. Conflict Between Documents. In the case of any conflict between the Articles of Incorporation of the Association and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws or the Articles of the Association, the Declaration shall control.

ARTICLE XII

SERVICES

The Association shall initially provide for the following services, among others, funded through the related payments outlined below from regular, annual assessments, which services may be amended or supplemented from time to time by the vote of the Board of Directors:

- (a) Administrative payroll;
- (b) Accounting services;
- (c) Provision of office supplies;

(d) Maintenance of Common Areas, including all exterior maintenance of the buildings; grounds maintenance (including irrigation water, parking area, roadway, and driveway maintenance); and snow removal on sidewalks and private driveways, roadways, and parking areas;

(e) Provision of maintenance supply;

(f) Legal services;

(g) Electricity service for the Common Areas, including area lighting;

(h) Trash removal;

(i) Payment of reimbursable expenses of the Board of Directors;

(j) Maintenance of insurance for Common Areas and other insurance specified in the Declaration; and

(k) Establishment of a reserve fund for the maintenance, repair, and replacement of the Common Areas, as required by the Declaration.

ARTICLE XIII

NONPROFIT CORPORATION

The Association is not organized for profit. No Member of the Association, member of the Board of Directors, or a person from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event shall any part of the funds or assets of the Association be paid as a dividend, or be distributed to, or inure to the benefit of, any member of the Board of Directors. The foregoing, however, shall neither prevent nor restrict the following:

1. Reasonable compensation may be paid to any Member or Director acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; and

2. Any Member or Director 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.

ARTICLE XIV

OBLIGATIONS OF THE OWNERS

1. Assessments. Except as otherwise provided in the Declaration, all Owners shall be obligated to pay the annual assessments imposed by the Association to meet the Common Expenses. Unless otherwise determined by the Association, the annual assessments, and any special assessments which are to be paid in periodic installments, shall be paid periodically in advance and shall be due and payable to the Association at its principal office, or as the Association may otherwise direct in any management agreement, without notice (except as otherwise required by the Declaration), on the first day of the payment period. A Member shall be deemed to be in good standing and entitled to vote at any Annual Meeting or Special Meeting of the Members, within the meanings of these Bylaws, if, and only if, he shall have fully paid all assessments made or levied against him and the Unit owned by him.
2. Registration of Mailing Address. All Owners of each Unit shall have one and the same registered mailing address to be used by the Association for mailing of notices, demands, and all other communications. Such registered address shall be the only mailing address of a person or persons, firm, association, partnership, association, or other legal entity or such combination thereof to be used by the Association. Such registered address of an Owner or Owners shall be furnished by such Owners by the Secretary of the Association within five (5) days after transfer of title. Such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interest of all Owners thereof. If no such address is registered or if all the Owners cannot agree, then the address of the Unit shall be deemed the registered address for the purposes of this Article until another registered address is furnished as required under this Article. If the Unit is the registered address of the Owners, then any notice shall have been deemed to be duly given if it is delivered to any person occupying that Unit, or, if such Unit is unoccupied, if the notice is held and available for the Owners at the principal office of the Association. The registered address may be changed from time to time by designation in accordance with this Article.
3. Use of the Common Areas and Limited Common Elements. Each Owner shall use the Common Areas and Limited Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners.
4. Assessments, Debts, and Other Obligations by Unit Owner. The assessments, debts, and other obligations assumed by the Owner include the following:

(a) The duties and obligations with respect to the maintenance of Unit interiors, Limited Common Elements, and certain portions of the Common Areas servicing a particular Unit as set forth more fully in Articles 6 and 7 in the Declaration;

(b) The duty of Owners as set forth in the Declaration to reimburse the Association for repair or replacement of Common Areas, when such repair or replacement is occasioned by the negligent or willful act or omission of said Owner, his family members, employees, guests, or invitees;

(c) The duty to pay all annual, special, and default assessments provided for and governed by Article 8 of the Declaration and levied for any purpose authorized by the Declaration;

(d) The duty to pay any separately metered or assessed utility costs and ad valorem taxes and Special Assessments levied by the State of Colorado or any political subdivision thereof on an Owner's Unit;

(e) The duty to indemnify and hold harmless each of the other Owners and the Association, pursuant to Article 11 of the Declaration, from any liability arising from the claim of any mechanic's liens against an Owner's Unit or against the Common Areas;

(f) The burdens imposed by easements set forth in Article 3 of the Declaration;

(g) The duty to adhere to and comply with all use restrictions of Article 3 of the Declaration;

(h) The obligation to submit to the appointment of the Association as attorney in fact for purposes of dealing with the Project upon its damage, destruction, or obsolescence as provided in the Declaration;

(i) The restrictions, limitations, and prohibitions relative to partitioning, severing ownership interest in the Common Areas, and leasing Units as set forth in the Declaration; and

(j) Such other duties and obligations as may be imposed under the Declaration or these Bylaws and other Association documents.

ARTICLE XV

BOOKS AND RECORDS; STATEMENT OF ACCOUNT

1. Inspection. The records of receipts and expenditures of the Board of Directors, including records or receipts and expenditures affecting Common Areas, and other books, records and papers of the Association, including (a) minutes of all Board of Directors and Members meetings; (b) records of all actions taken by the Board of Directors or Members by written ballot instead of holding a meeting; (c) records of all actions taken by a committee on behalf of the Board of Directors in place of the Board of Directors acting on behalf of the Association; (d) a record of all waivers of notices of meetings of Members and the Board of Directors or any committee of the Board of Directors; (e) the Declaration, the Articles of Incorporation of the Association, and these Bylaws as well as any management agreement and any rules and regulations of the Association; (f) resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of the Owners or any class or category of Owners; (g) all written communications within the past three (3) years to Owners generally as Owners; (h) a list of the names and business or home addresses of the Association's current Directors and officers; (i) the most recent annual report, if any; and (j) all financial audits or reviews conducted during the immediately preceding three (3) years, shall be available for inspection during convenient week day business hours by the Owners, their agents, their attorneys, their lenders, and to holders, insurers or guarantors of first mortgages at the principal office of the Association upon five (5) business days notice if: (x) the request is made in good faith for a proper purpose, (y) the request describes with reasonable particularity the records sought and purpose of the request, and (z) the records are relevant for purposes of the request. Copies of such records may be purchased at reasonable costs (not to exceed the actual cost per page to the Association). Notwithstanding the foregoing, no membership list or any part thereof may be obtained or used by any Person for any purpose unrelated to an Owner's interest as an Owner, without the written consent of the Board of Directors; provided, further, that, without the written consent of the Board of Directors, a membership list or any part thereof may not be: (a) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owner in an election to be held by the Association; (b) used for any commercial purpose, or (c) sold to or purchased by any Person. The Association shall maintain its records in written form or in form capable of conversion into written form. The Association or its agent shall maintain a record of Owners that permits preparation of a list of names and addresses of Owners, showing the number of votes for each Owner entitled to vote.

2. Statement of Account. Upon ten (10) days notice to the managing agent, if any, or to the Board of Directors, and payment of a reasonable fee, any Owner shall be furnished a statement of the Owner's account setting forth the amount of any unpaid

assessments or other charges due and owing from such Owner, together with such other information available pursuant to Section 8.16 of the Declaration.

3. Audit of Books. The books and records of the Association shall be subject to (a) an audit, using generally accepted auditing standards, or (b) a review using statements on standards for accounting and review services, in either case, by an independent and qualified person selected by the Board of Directors, such person having at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study (except that for an audit, such person shall be a certified public accountant). Such audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting. An audit shall be required only if at such time, the Association has annual revenue or expenditures of at least \$250,000; and such audit is requested by at least one-third (1/3) of the Owners. A review shall be required only if requested by at least one-third (1/3) of the Owners. Notwithstanding the foregoing, nothing shall preclude the Board of Directors from requesting an audit or review of the Association's books and records from time to time on conditions established by the Board of Directors. Copies of the results of an audit or review prepared pursuant to this subsection shall be made available upon request of any Owner beginning no later than thirty (30) days after its completion.

4. Owner Education. At least once per calendar year, the Association shall provide at no cost, or cause to be provided at no cost, education to Owners as to the general operations of the Association and the legal responsibilities of Owners, the Association and the Board of Directors.

ARTICLE XVI

CORPORATE SEAL

The corporate seal shall be in such form as shall be approved by resolution of the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The impression of the seal may be made and attested by either the Secretary or an Assistant Secretary for the authentication of contracts or other papers requiring the seal.

ARTICLE XVII

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Colorado Revised Nonprofit Corporation Act or under the provisions of the Articles of Incorporation of the Association or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XVIII

FISCAL YEAR

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

ARTICLE XIX

LIMITED LIABILITY

As provided in the Declaration, neither the Association, the Board of Directors, nor any officer, employee, Member or agent of the same, shall be liable to any Owner, occupant or other person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

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