

BYLAWS
OF
VILLA MARGAUX HOME ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is VILLA MARGAUX HOME ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 2620 and 2630 South Federal Blvd., Denver, Colorado, 80219, but meetings of Members and Directors may be held at such places within the Denver Metropolitan area, State of Colorado, as may from time to time be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to the VILLA MARGAUX HOME ASSOCIATION, INC., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for Villa Margaux Townhomes and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any of the numbered plots of land together with the improvements shown upon any recorded plat of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Villa Margaux Townhomes applicable to the Properties as is recorded in the office of the Clerk and Recorder for the City and County of Denver, State of Colorado.

Section 7. "Members" shall mean and refer to those persons entitled to membership as provided for in the Declaration.

ARTICLE III
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held during the month of September on a date, place and time as may be set by the Board of Directors from time to time thereafter. All Owners and residents of the Association will receive notice of such annual meetings.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of one-fourth (1/4) of the Members who are entitled to vote.

Section 3. 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 fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purposes of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members, and/or proxies, entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Unless otherwise specifically provided by the Declaration, the Articles of Incorporation, these Bylaws or by statute, all matters coming before a meeting of Members at which a proper quorum is in attendance, in person or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting.

Section 5. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or upon the expiration of eleven (11) months from the date the proxy was issued.

ARTICLE IV
BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of three (3) Directors. Two (2) of the Directors shall be Members. One (1) of the Directors need not be a Member.

Section 2. Term of Office. The original term of office for the Directors shall be: one (1) for a term of three years and two (2) for a term of two years. At each annual meeting of the Association thereafter, the Members shall elect three Directors for a term of three years each.

Section 3. Removal. Any Directors may be removed from the Board, with or without cause, by a majority vote of the Members. In the event of death, resignation or removal of a Director, his successor shall be selected by a majority of the remaining Members of the Board, whether or not such remaining Members constitute a quorum, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Directors may be reimbursed for actual expenses incurred in the performance of his duties.

Section 5. 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.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities thereon and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and the right to use any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent

from three (3) regular meetings of the Board of Directors during any one year period;

(e) employ a manager, an independent contractor, or other employees as they deem necessary, and prescribe their duties; and

(f) grant permits, licenses and easements over the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Properties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote thereat;

(b) supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;

(c) comply with the provision of the Declaration in order to:

(1) determine the amount of the maximum annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and send written notice of such assessment to every owner at least thirty (30) days in advance of each annual assessment period;

(2) foreclose the lien against any Lot for which assessments are not paid within ninety (90) days after the due date, or bring an action at law against the Owner personally obligated to pay the same;

(d) issue, or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain insurance, as is readily available, as is set forth in the Declaration;

(f) cause the exteriors of the residences constructed upon the Lots and the Common Area to be maintained; and

(g) cause all officers and/or employees having fiscal responsibilities to be bonded as deemed appropriate.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time create by resolution. The President and Treasurer must at all times be Members of the Association.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. Except as provided in Article IV, Section 2, the officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless the officer shall sooner resign, or shall be removed, or shall otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office from such period, have such authority, and perform such duties as the Board may, from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors and Members; shall see that orders and

resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign or authorize a designated agent to co-sign promissory notes and checks of the Association.

Secretary

(b) The Secretary or a designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board; and shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act.

Treasurer

(c) The Treasurer or a designated agent 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; shall sign or authorize a designated agent to sign promissory notes and checks of the Association; shall keep proper books of account, shall cause an annual compilation report of the Association books to be made at the completion of each fiscal year or, at the option of the Board of Directors of the Association an annual review or audited financial statement; and shall prepare an annual budget to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Association shall appoint an Architectural Control Committee, subject to the provisions of the Declaration, and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE X BOOKS AND RECORDS

The Association shall make available to , First Mortgagees of Lots, and insurers or guarantors of any such First Mortgage, current copies of the Declaration, Articles of Incorporation, these Bylaws, the rules and regulations, books, records and financial statements of the Association. "Available" shall mean available

for inspection, upon request, during normal weekday hours or under other reasonable circumstances.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay the annual, special, extraordinary and supplementary assessments to the Association, which assessments are secured by a continuing lien upon the property against which the assessment is made. Any assessment or portion thereof which is not paid when due shall be delinquent. Any assessment or portion thereof which is not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot and interest, costs and reasonable attorney fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for in the Declaration by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIII CORPORATE SEAL

The Association shall have a seal in circular form and within its circumference the words: VILLA MARGAUX HOME ASSOCIATION, INC.

ARTICLE XIV AMENDMENTS

Subject to the provisions of the Declaration, these Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

ARTICLE XV CONFLICTS OF PROVISIONS

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

ARTICLE XVI INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every Directors, officer, agent and employee, and any former Directors, officer, agent and employee against all loss, costs and expenses, including attorney

fees reasonably incurred in connection with any action, suit or proceeding to which such person may be made party by reasons of being or having been a Directors, officer, agent or employee of the Association, except for matters in which such person shall be finally adjudged to be liable for gross negligence or fraud. Any such indemnification shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing Officers and Directors' errors and omissions insurance coverage and any other insurance protecting the Association from liability because of the negligent acts of its servants, including insurance covering motor vehicles or public liability, property damage, medical or other similar coverage, it being the intent and purpose of this provision to limit all payments or settlements in indemnification to the actual proceeds of insurance policies. No indemnification shall be provided for acts constituting gross negligence, nor for fraud, nor for more reprehensible conduct. In the event of a settlement, the settlement shall be approved by the insurance carrier, and paid for by the insurance carrier out of the insurance proceeds. The foregoing rights shall not be exclusive of other rights to which such Directors, officer, agent or employee may be entitled. The cost of such officers' and Directors' liability insurance shall be treated and handled by the Association as a common expense.

ARTICLE XVI
MISCELLANEOUS

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

IN WITNESS WHEREOF, we, being all of the Directors of VILLA MARGAUX HOME ASSOCIATION, INC., have hereunto set our hands this 29th day of October 1994, 1994.

Directors:

Frank Hengeman
Susan Shen

D. Walker

I, the undersigned do hereby certify that I am the duly elected and acting Secretary of the VILLA MARGAUX HOME ASSOCIATION, INC., a Colorado non-profit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 27 day of October, 1994.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 27th day of October, 1994.

(seal)


Dionne Guins

Dionne Guins.

My commission expires
September 8, 1998