

BYLAWS
OF
HIGHLANDS AT VALLEJO
HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Highlands at Vallejo Homeowner's Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 1873 South Bellaire Street, Suite 700, Denver, Colorado 80220, but meetings of Members and Directors may be held at such places and times 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 Highlands at Vallejo Condominiums Homeowner's 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 the Highlands at Vallejo Condominiums, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for the Highlands at Vallejo Condominiums, applicable to the Properties as is recorded in the office of the Clerk and Recorder for the County of Denver, State of Colorado.

Section 4. "Members" or "Unit Owners" shall mean and refer to those persons entitled to membership as provided for in the Declaration.

Section 5. All other Capitalized Terms herein shall have the same meaning as set forth in the Declaration, unless otherwise expressly provided for herein.

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 June 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. Budget Meetings. Meetings of the Unit Owners to consider proposed budgets shall be called in accordance with Sections 19.4 and 19.5 of the Declaration. The budget may be considered at Annual or Special Meetings called for other purposes as well.

Section 3. 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 of the Members who is entitled to vote.

Section 4. Notice of Meetings. Except for budget meetings, which will be noticed not less than 14 nor more than 60 days after the mailing of the summary, the Secretary or other Officer specified in the Bylaws shall cause notice to be hand delivered or mailed, postage prepaid, by United States mail to the mailing address of each Unit (or to the mailing address designated in writing by the Unit Owner) not less than 10 nor more than 50 days before such meeting. Such notice shall specify the place, day and hour of the meeting, and in the case of a budget meeting or special meeting, the purpose of the meeting.

Section 5. Quorum. The presence at the meeting of Members, and/or proxies, entitled to cast sixty-six and two-thirds (66 $\frac{2}{3}$ %) 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 6. 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 Unit or upon the expiration of eleven (11) months from the date the proxy was issued.

Section 7. Order of Business. The order of business at all meetings of Unit Owners shall be as follows:

- (a) Roll call or check-in procedure
- (b) Proof of notice of meeting
- (c) Reading of minutes of preceding meeting
- (d) Reports
- (e) Establish number and term of members of the Executive Board (if required and noticed)
- (f) Appointment of tellers if election being held
- (g) Election of Directors of the Executive Board (if applicable)
- (h) Ratification of budget (if required and noticed)
- (i) Unfinished business
- (j) New business

ARTICLE IV BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

Section 1. Number, qualifications. The affairs of this Association shall be managed by an Executive Board, which shall consist of three (3) members, the majority of whom, except during the period of Declarant control, shall be Unit Owners. Directors shall be elected by the Unit Owners, except those appointed by the Declarant. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve as a Director and shall be deemed to be a Unit Owner for the purpose of the preceding sentences.

Section 2. Term of Office. The original term of office for the Directors shall be one (1) year. The terms of at least one-third of the Directors not appointed by the Declarant shall expire annually, unless otherwise established by a resolution of the Unit Owners.

Section 3. Appointment during period of Declarant control. Section 8.6 of the Declaration shall govern appointment of the Executive Board during the period of Declarant Directors of control.

Section 4. Removal. Any Director, other than a Director appointed by Declarant, may be removed from the Board, with or without cause, by a two-thirds vote of the Members present and entitled to vote, at any meeting of the Members at which a quorum is present.

Section 5. Vacancies. Vacancies caused by any reason other than removal pursuant to the preceding section, may be filled at a Special Meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum, provided the appointments shall be made in the following manner:

(a) As to vacancies of Directors whom Unit Owners other than the Declarant elected, by a majority of the remaining elected Directors constituting the Executive Board;

(b) As to vacancies of Directors whom the Declarant has a right to appoint, by the Declarant.

Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 6. Compensation. No Directors shall receive compensation for any service he may render to the Association, unless set forth in a resolution adopted by the Unit Owners. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties.

Section 7. 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. Votes allocated to a Unit owned by the Association may not be cast.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly 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 Elements 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 two (2) regular meetings of the Board of Directors during anyone 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 Elements 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 forty percent (40%) 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 Unit 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 Unit for which assessments are not paid within thirty (30) 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 Common Elements 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 and Qualifications. The officers of this Association shall be a President and Secretary and Treasurer, and such other officers as the Board may from time to time create by resolution. The Officers 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. The offices of secretary and treasurer may be held by one person. 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. The President may prepare, execute, certify and record Amendments to the Declaration on behalf 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.

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 audit of the Association books to be made by a public accountant at the completion of each fiscal year; 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 Units 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 a per annum rate specified by the Board, but not greater than twenty-one percent (21%) 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 Unit 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 Elements or abandonment of his Unit.

ARTICLE XII CORPORATE SEAL

The Association may have a seal in circular form and within its circumference the words: Highlands at Vallejo Homeowner's Association, Inc.

ARTICLE XIII 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, except that the Federal Housing Authority or the Veterans Administration shall have the right to veto amendments while the Declarant is still in control of the Board.

ARTICLE XIV
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 XV
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every Director, officer, agent and employee, and any former Director, 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 Director, 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 Director, 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
ENFORCEMENT

The violation of any of the Rules adopted by the Executive Board or the breach of any provision of the Documents shall give the Executive Board the right, after Notice and Hearing, except in the case of emergency, in addition to any other rights set forth in the Bylaws:

(a) to enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, and structure, thing or condition that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Documents, and the Executive Board shall not be deemed liable for any manner of trespass by this action; or

(b) to enjoin, abate or remedy by appropriate legal action, either at law or in equity, the continuance of the breach.

(c) to fine for Violation. By resolution, following Notice and Hearing, the Executive Board may levy a fine of up to \$50 per day for each day that a violation of the Documents or Rules persists after Notice and Hearing, but this amount shall not exceed that amount necessary to insure compliance with the Rule or order of the Executive Board.

ARTICLE XVII
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 that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the Directors of Highlands at Vallejo Homeowner's Association, Inc., have hereunto set our hands this day of July, 1999.

DIRECTORS:

Peg Ingram

Julie Bee

Teresa Bee

Allan David Abelman

I, the undersigned do hereby certify that I am the duly elected and acting Secretary of Highlands at Vallejo Homeowner's 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 day of July, 1999.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this day of July, 1999.

(seal)