

BYLAWS

OF

PROSPECT HEIGHTS HOMEOWNERS ASSOCIATION, INC.
(A Colorado Nonprofit Corporation)

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ARTICLE 1.00 INTRODUCTION

These are the Bylaws of Prospect Heights Homeowners Association, Inc. ("Association") which shall operate under the Colorado Revised Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended ("Act").

ARTICLE 2.00 - BOARD OF DIRECTORS

Section 2.1 - Number and Qualification - Termination of Declarant Control.

(a) The affairs of the Common Interest Community known as "Prospect Heights" and the Association shall be governed by a Board of Directors which, until the termination of the period of Declarant control, shall consist of three persons, and following such date shall consist of three persons, the majority of whom, excepting the Directors appointed by the Declarant, shall be Members. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Member shall be eligible to serve as a Director and shall be deemed to be a Member for the purposes of the preceding sentence. Directors shall be elected by the Members, except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Members may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Revised Nonprofit Corporation Act for conducting the elections.

(b) The terms of at least one-third of the Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Members.

(c) The Declaration for Prospect Heights ("Declaration") and Articles of Incorporation for the Association shall govern appointment of Directors of the Board during the period of Declarant control.

(d) The Board shall elect the officers. The Directors and officers shall take office upon election.

(e) At any time after Members other than the Declarant are entitled to elect a Director, the Association shall call a meeting and give not less than 10 nor more than 60 days' notice to the Members for this purpose. This meeting may be called and the notice given by any Member if the Association fails to do so.

Section 2.2 - Powers and Duties. The Board of Directors may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Board shall have, subject to the limitations contained in the Declaration, these Bylaws and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

- (a) Adopt and amend Bylaws and Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Members;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief in the Association's name, for violations of the Declaration, Bylaws or Rules, on behalf of the Association or two or more Members on matters affecting the Common Interest Community.
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act;
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Members and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act.
- (m) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, and Rules and Regulations of the Association;

- (n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;
- (o) Provide for the indemnification of the Association's officers and the Board of Directors, and maintain Directors' and officers' liability insurance;
- (p) Exercise any other power conferred by the Declaration or Bylaws;
- (q) Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association;
- (r) Exercise any other power necessary and proper for the governance and operation of the Association; and
- (s) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Members and the Board. Actions taken by a committee may be appealed to the Board by any Member within 45 days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Board at its next regular meeting.

Section 2.3 - Manager. The Board of Directors may employ a Manager for the Common Interest Community, at a compensation established by the Board, to perform duties and services authorized by the Board. The Board may delegate to the Manager only the powers granted to the Board by these Bylaws under Section 2.2, subsections (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Board and to fulfill the requirements of the budget.

Section 2.4 - Removal of Directors. The Members, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Members at which a quorum is present, may remove any Director of the Board, other than a Director appointed by the Declarant, with or without cause.

Section 2.5 - Vacancies. Vacancies in the Board, caused by any reason other than the removal of a Director by a vote of the Members, may be filled at a special meeting of the 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. These appointments shall be made in the following manner:

- (a) As to vacancies of Directors whom Members other than the Declarant elected, by a majority of the remaining elected Directors constituting the Board; and
- (b) As to vacancies of Directors whom the Declarant has the 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 2.6 - Regular Meetings. The first regular meeting of the Board following each annual meeting of the Members shall be held within 10 days after such annual meeting at which the Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7 - Special Meetings. Special meetings of the Board may be called by the President or by a majority of the Directors on at least three business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.8 - Location of Meetings. All meetings of the Board shall be held within the State of Colorado unless all Directors consent in writing to another location.

Section 2.9 - Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10 - Quorum of Directors. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11 - Consent to Corporate Action. If all the Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Board or the committee, as the case may be. The Secretary shall file these consents with the minutes of the meetings of the Board.

Section 2.12 - Electronic Communication in Lieu of Attendance. Any Director may attend a meeting of the Board by using an electronic or telephonic communication method whereby the Director may be heard by other members and may hear the deliberations of the other members on any matter properly brought before the Board. The Director's vote shall be counted and the presence noted as if the Director were present in person on that particular meeting.

ARTICLE 3.00 - MEMBERS

Section 3.1 - Annual Meeting. The annual meeting of the Members shall be held at such time on such day as shall be fixed by the Board of Directors, commencing with the year 2002 for the purpose of electing Directors and for the transaction of such 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 of the Members, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the Members as soon thereafter as may be convenient.

Section 3.2 - Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board and shall be called by the President at the request of not less than one-tenth of all Members of the Association entitled to vote at the meeting.

Section 3.3 - Budget Meeting. Meetings of Members to consider proposed budgets shall be called in accordance with the Act. The budget may be considered at Annual or Special Meetings called for other purposes as well.

Section 3.4 - Meeting of All Members. If all of the Members shall meet at any time and place, either within or outside of the State of Colorado, and consent to the holding of such meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 3.5 - Place of Meetings. Meetings of the Members shall be held at such suitable place convenient to the Members, as may be designated by the Board.

Section 3.6 - Notice of Meetings. The Secretary or other officer specified in the Bylaws shall cause notice of meetings of the Members to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Member, not less than 10 nor more than 60 days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

Section 3.7 - Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.8 - Adjournment of Meeting. At any meeting of Members, a majority of the Members who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.9 - Voting. The voting of Members shall be as provided in the Association's Articles of Incorporation.

Section 3.10 - Quorum. One-third of the Members entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of Members, except as otherwise provided by the Colorado Revised Nonprofit Corporation Act as amended and the Articles of Incorporation. In the absence of a quorum at any such meeting, a majority of the Members so represented may adjourn the meeting from time to time for a period not to exceed sixty days without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Members whose absence would cause there to be less than a quorum.

Section 3.11 - Majority Vote. The vote of a majority of the Members present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Members for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws, the Articles of Incorporation, or by law.

Section 3.12 - Informal Action by Members. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

ARTICLE 4.00- OFFICERS

Section 4.1 - Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board may appoint a vice-president, an assistant treasurer, an assistant secretary and other officers as it finds necessary. The President shall be a Director. Any two offices may be held by the same person, except the offices of President and Secretary.

Section 4.2 - Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as practicable.

Section 4.3 - Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for that purpose.

Section 4.4 - President. The President shall be the chief executive officer of the Association. The president shall preside at all meetings of the Members and of the Board. The President shall have all of the general powers and duties which are incident to the office of President of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Members from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association. The President may fulfill the role

of Treasurer in the absence of the Treasurer. The President may cause to be prepared and may execute amendments, attested by the Secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 - Vice-President. The Vice-President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Director to act in the place of the President on an interim basis. The Vice-President shall also perform other duties imposed by the Board or by the President.

Section 4.6 - Secretary. The Secretary shall keep the minutes of all meetings of the Members and the Board. The Secretary shall have charge of the Association's books and papers as the Board may direct and shall perform all the duties incident to the office of Secretary of a nonprofit corporation organized under the laws of the State of Colorado. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 - Treasurer. The Treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board and shall perform all the duties incident to the office of Treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board. Except for reserve funds described below, the Treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Treasurer, and executed by two Directors, one of whom may be the Treasurer, if the Treasurer is also a Director.

ARTICLE 5.00 - CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 5.1 - Contracts. Except as otherwise provided in the Declaration or in these Bylaws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

Section 5.2 - Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 5.3 - Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

Section 5.4 - Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

Section 5.5 - Statements of Unpaid Assessments. The Treasurer, assistant treasurer, a Manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with the Act. The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

ARTICLE 6.00 - ENFORCEMENT

Section 6.1 - Abatement and Enjoinment of Violations by Members. The violation of any of the Rules and Regulations adopted by the Board or the breach of any provision of the Documents, as Documents is defined in the Declaration for the condominium community of Prospect Heights, shall give the Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these 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 Member, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Documents. The Board shall not be deemed liable for any manner of trespass by this action; or

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

Section 6.2 - Fine for Violation. By resolution, following notice and hearing, the Board may levy a fine of up to twenty-five dollars (\$25.00) 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 Board.

ARTICLE 7.00 - RECORDS

Section 7.1 - Records and Audits. The Association shall maintain financial records. The cost of any audit shall be a Common Expense unless otherwise provided in the Documents.

Section 7.2 - Examination. All records maintained by the Association or the Manager shall be available for examination and copying by any Member, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3 - Records. The Association shall maintain the following records:

- (a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;
- (b) An account for each Member showing any other fee payable by the Member;
- (c) A record of any capital expenditures in excess of One Thousand Dollars (\$1,000.00) approved by the Board for the current and next two succeeding fiscal years;
- (d) A record of the amount and accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;
- (e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (f) The current operating budgets adopted and ratified pursuant to the Act;
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) A record of insurance coverage provided for the benefit of Members and the Association;
- (i) A record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declarations of which the Board has knowledge;
- (j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Board has knowledge;
- (k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;
- (l) Balance sheets and other records required by local corporate law;

- (m) Tax returns for state and federal income taxation;
- (n) Minutes of proceedings of incorporators, Members, Directors, committees of Directors and waivers of notice; and
- (o) A copy of the most current versions of the Declaration, Bylaws, Rules and resolutions of the Board, along with their exhibits and schedules.

ARTICLE 8.00 - MISCELLANEOUS

Section 8.1 - Notices. All notices to the Association or the Board of Directors shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Board may designate by written notice to all Members and to all holders of Security Interests in the Units who have notified the Association that they hold a Security Interest in a Unit. Except as otherwise provided, all notices to any Member shall be sent to the Member's address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 - Fiscal Year. The Board of Directors shall establish the fiscal year of the Association.

Section 8.3 - Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 - Office. The principal office of the Association shall be on the Property or at such other place as the Board of Directors may from time to time designate.

ARTICLE 9.00 - AMENDMENTS TO BYLAWS

Section 9.1 - The Bylaws may be amended only by vote of two-thirds of the Directors of the Board, following notice and comment to all Members, at any meeting duly called for such purpose.

Section 9.2 - No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any mortgage covering any Unit or which would change the provisions of the Bylaws with respect to institutional mortgages of record.

ARTICLE 10.00 - EMERGENCY BYLAWS

The Emergency Bylaws provided in this Article 10.00 shall be operative during any emergency in the conduct of the business of the Association resulting from an attack on the United States or any nuclear or atomic disaster, notwithstanding any different provision in the preceding articles of the Bylaws or in the Articles of Incorporation of the corporation or in the Colorado Revised Nonprofit Corporation Act. To the extent not inconsistent with the provisions of this Article, the Bylaws provided in the preceding articles shall remain in effect during such emergency and upon its termination the Emergency Bylaws shall cease to be operative.

During any such emergency:

(a) A meeting of the Board of Directors may be called by any officer or Director of the Association. Notice of the time and place of the meeting shall be given by the person calling the meeting to such of the Directors as it may be feasible to reach by any available means of communication. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting.

(b) At any such meeting of the Board, a quorum shall consist of the number of Directors in attendance at such meeting.

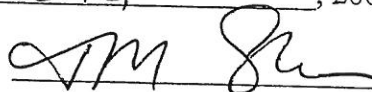
(c) The Board, either before or during any such emergency, may, effective in the emergency, change the principal office or designate several alternative principal offices or regional offices, or authorize the officers so to do.

(d) The Board, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the Association shall for any reason be rendered incapable of discharging their duties.

(e) No officer, director or employee acting in accordance with these Emergency Bylaws shall be liable for any such acts except for willful misconduct.

(f) These Emergency Bylaws shall be subject to repeal or change by further action of the Board or by action of the Members, but no such repeal or change shall modify the provisions of the next preceding paragraph with regard to action taken prior to the time of such repeal or change. Any amendment of these Emergency Bylaws may make any further or different provision that may be practical and necessary for the circumstances of the emergency.

ATTEST: Certified to be the Bylaws adopted by the Board of Directors of Prospect Heights Homeowners Association, Inc., on JUNE 12,, 2002.



, Secretary