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AS AMENDED WITH AMENDMENT #1.
AMENDMENTS #2 + #3 ATTACHED

BYLAWS
OF
THE VILLAGE AT HIGHLANDS RANCH ASSOCIATION

ARTICLE I
GENERAL

Section 1. Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of The Village at Highlands Ranch Association, a Colorado non-profit corporation ("The Village at Highlands Ranch Association") organized to be the association to which reference is made in the Subassociation Declaration for The Village at Highlands Ranch Association ("Subassociation Declaration"), to perform the functions as provided in the Subassociation Declaration and to further the interests of Owners of Privately Owned Lots within the Area.

Section 2. Terms Defined in Declaration. Capitalized terms in these Bylaws shall have the same meaning as any similarly capitalized terms in the Subassociation Declaration or in the Community Declaration for Highlands Ranch Community Association, Inc.

Section 3. Relationship to the Bylaws of Highlands Ranch Community Association, Inc. The Village at Highlands Ranch Association has been authorized as a Subassociation of the Highlands Ranch Community Association, Inc. The Annexed Property described in the Subassociation Declaration has been annexed to the Community Association under the Community Declaration for Highlands Ranch Association, Inc. and it is expected that all property becoming part of The Village at Highlands Ranch project under the Subassociation Declaration will also become part of the Community Association Area under the Community Declaration for Highlands Ranch Association, Inc. The Annexed Property described in the Subassociation Declaration has been, or will be, included in Delegate District No. 70 under the Community Declaration. As a result, owners of Privately Owned Lots within that portion of The Village at Highlands Ranch project which is also part of the Community Association Area will be Members of both the Highlands Ranch Community Association and The Village at Highlands Ranch Association. Therefore, matters relating to the rights, duties and meetings of the Members of Highlands Ranch Community Association within the Delegate District which each Privately Owned Lot within The Village at Highlands Ranch project shall be located or of the rights and duties of the Delegate of the Delegate District shall be governed by the Bylaws of Highlands Ranch Community Association, Inc., except to the extent contrary to or inconsistent with these Bylaws.

Section 4. Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provision of the Colorado Nonprofit Corporation Act, the Subassociation Declaration and the Articles of Incorporation of the Village at Highlands Ranch Association filed with the Secretary of State of Colorado, as any of the foregoing may be amended from time to time.

ARTICLE II

Section 1. Principal Office. The principal office of the cooperation shall be 109 B Cameron Drive, Fort Collins, Colorado 80526. The Board of Directors, in its discretion, may change, from time to time, the location of the principal office.

Section 2. Registered Office and Agent. The Colorado Nonprofit Corporation Act requires that The Village at Highlands Ranch Association have and continuously maintain in the State of Colorado a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of The Village of Highlands Ranch Association. The initial registered office and initial registered agent are specified in the Articles of Incorporation of The Village at Highlands Ranch Association but may be changed by The Village at Highlands Ranch Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the Office of the Secretary of State of Colorado.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership in Association. Until a date which is seven years following the conveyance of the first Lot in the project by the Declarant, or until the total number of Class A votes shall equal the total number of Class B votes, there shall be two classes of members, to-wit:

Class A: Class A Members shall be all Owners of Lots except the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B: The Class B Members shall be the Declarant who shall have two votes for every Lot owned by the Declarant. Class B Membership and the Class B voting rights shall cease upon the earlier of the following events: when the total number of Class A votes equals the total number of Class B votes or until a date which is seven years following the conveyance of the first Lot in the project by the Declarant. Upon termination of the Class B membership the Declarant shall be a member of the Class A membership with voting rights for each Lot owned by the Declarant.

The voting rights of members shall be as follows:

(a) Class A Members shall vote as provided in the Subassociation Declaration to approve a raise in the maximum assessment which is greater than that allowed by the Subassociation Declaration; to approve special improvement assessments; to approve mergers, consolidations, or

dissolution of the Association; to approve conveyance, dedication, or mortgaging of the Common Area; to approve amendments to the Subassociation Declaration after the Declarant's rights to amend have terminated; to elect at least two (2) Members to the Board of Directors of the Subassociation with the manner of election to be described in the Bylaws of the Subassociation during the period of Declarant control; and to elect all members of the Board of Directors after the period of Declarant control.

(b) Class B Members shall be entitled to the same voting privileges as have been identified for the Class A Members until the voting rights of the Class B Members shall cease.

Each Class A Member shall be entitled to one (1) vote for each Lot owned, provided that (i) the Subassociation may suspend any Class A Member's voting rights in the Subassociation during the period or periods that such Owner fails to comply with the rules and regulations of the Subassociation adopted by the Board of Directors or with any other obligation of the member under the Bylaws or the Subassociation Declaration, (ii) no Class A member shall have the right to vote until it shall have delivered to the Secretary of the Subassociation (a) a certified copy of the recorded deed or other recorded instrument establishing record title to a Lot, and (b) if the Member shall be more than one person or a corporation or a partnership, a written notice subscribed to by all of such persons or by such corporation, as the case may be, designating one of such persons or an officer of such corporation as the person entitled to cast the votes with respect to such Lot; but all of the other rights and all other obligations of the Owner of such Lot hereunder shall be unaffected including, without limitation, the right to use the Common Area and the obligation to pay assessments.

Members shall have no pre-emptive rights to purchase other Lots or the membership appurtenant thereto.

Any person or entity qualifying as a Member of more than one voting class may exercise those votes to which the member is entitled for each class of membership.

If less than twenty-five percent (25%) of the Class A votes are cast in an election for an elective office, the Board of Directors may declare the results of such election invalid and elect a Member to fill such office.

Section 2. Election of Directors.

(a) Appointed Directors. During the period of time identified in the Subassociation Declaration that the Declarant shall be entitled to appoint Directors, the Declarant shall be allowed to appoint a maximum of three (3) Directors until the right ceases in accordance with Section 1 of the Bylaws. Appointed Directors need not be members of the Subassociation.

(b) Elected Directors. At such time as any director is elected, either during the period of Declarant control or subsequent to that period, for purposes of apportioning the elected members of the Board of Directors, the Subassociation may be divided into no more than three (3) representative areas. After apportionment, Class A Members shall elect the Board of Directors in accordance with an election schedule which shall be established by the Appointed Board with the qualification that one-third (1/3) of the total number of the elected Board Members' terms shall expire annually. Elected Members of the Board shall be one (1) owner or person per living unit

residing permanently within The Village at Highlands Ranch but shall not include any person renting a living unit within The Village at Highlands Ranch.

(c) Number of Directors. The Board of Directors shall consist of a total of five (5) individuals. Three directors shall be appointed during the period of Declarant control and elected subsequent to the period of Declarant control. Two persons shall be elected as provided in paragraph 2(b) of this Article III during the period of Declarant control. After the period of declarant control all directors shall be elected.

Section 3. Annual Meetings and Special Meetings.

(a) Annual meetings of the Members shall be held in March of each year, beginning in March of 1990 on such day in March and at such time of day as is fixed by the Board of Directors of The Village at Highlands Ranch Association and specified in the notice of meeting. The annual meeting may be held on the day in March and at such time of day as is fixed by the Board of Directors of The Village at Highlands Ranch Association for the annual meeting of the Members of the Delegate District within which each of the Privately Owned Sites within The Village at Highlands Ranch Association shall be located. The annual meetings shall be held to elect a Delegate from the Delegate District in accordance with the Bylaws of Highlands Ranch Community Association and to elect Directors of The Village at Highlands Ranch Association and to transact such other business as may properly come before the meeting.

(b) After the period of Declarant control, it shall be the duty of the President, and, should the President fail to do so, of the Vice President, to call a special meeting of the Owners as provided in this Section, or upon a petition signed by a Majority of the Members of the Subassociation having been presented to the Secretary. The date of any special meeting being called upon such a petition shall not be less than fourteen (14) days nor more than thirty (30) days from receipt of such petition by the Secretary.

Section 4. Quorum. A quorum shall consist of at least one-half (1/2) of all Members entitled to vote whether present or in person or by written proxy except as otherwise provided in these Bylaws or in the Subassociation Declaration. The question as to the presence of a quorum may only be raised immediately after the meeting has been called to order. If the presence of a quorum has not been questioned or if by count it appears that a quorum is present, then the regularity of the proceedings or the validity of the transactions of the meeting shall in no way be affected by lack of a quorum or by change in the number present that may take place during the meeting. If no quorum be present, the presiding officer may adjourn the meeting to some other time, not later than seven (7) days from the date of such meeting, and such adjourned meeting shall have the same effect as if held on the day appointed.

When a quorum is present at any meeting, the vote of a majority of the Members present in person or represented by written proxy shall decide all questions and such vote shall be binding upon all Owners, unless the question is one upon which, by express provision of the Subassociation Declaration, Articles of Incorporation, or these Bylaws, a different vote is required, in which case such express provisions shall govern and control the decision of such questions.

Section 5. Waiver and Consent. Whenever the vote of Members at a Meeting is required or permitted by any provision of the Subassociation Declaration, Articles of Incorporation, or of these Bylaws to be taken in connection with any action, the Meeting and vote of members may be dispensed with if all Members who would have been entitled to vote upon the action if such Meeting were held, shall consent in writing to such action being taken. Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent, in writing, setting forth the actions to be taken shall be signed by fifty-one percent (51%) of the Members entitled to vote with respect to the subject matter thereof.

Section 6. Place of Meeting. Meetings shall be held at a suitable place within the State of Colorado convenient to the Owners as may be determined by the Board of Directors.

Section 7. Notice of Meeting. It shall be the duty of the Secretary, at least fourteen (14) but not more than thirty (30) days prior to each annual or special meeting, to mail a notice stating the purpose thereof as well as the time and place where it is to be held to each Member.

Section 8. Order of Business. The order of business at all meetings shall be as follows to the extent require:

- (a) Roll Call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Report of officers
- (e) Report of Board of Directors
- (f) Report of committees
- (g) Election of inspectors of election (in the event there is an election)
- (h) Election of Directors (in the event there is an election)
- (i) Unfinished Business
- (j) New business
- (k) Adjournment

Section 9. Record Date. The record date for determination of Members entitled to notice of or to vote at a meeting of the members shall be the date on which the notice of the meeting is mailed or otherwise delivered.

Section 10. Voting List. The officer or agent having charge of the records of the Subassociation shall make, at least ten (10) days before each meeting of the Members, a complete list of Members entitled to vote at such meeting or any adjournment thereof arranged in alphabetical order together with the address of such Member, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Subassociation and shall be subject to inspection by any Member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any member during the whole time of the meeting.

Section 11. Proxies. At all meetings of the Members, a Member may vote by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy may be filed with the Secretary of the Subassociation before or at the time of the meeting. No proxy shall be valid after six (6) months from the date of execution unless otherwise provided in the proxy.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number, Qualifications, and Term. The number of Directors which shall constitute the whole Board shall be as set forth in Article III, Section 2, of these Bylaws.

All elected directors shall be Owners or an Officer of an Owner, if the Owner shall be a corporation, and any such Director who ceases to be an Owner shall automatically be deemed to have resigned. At the expiration of the initial term of office of each such respective Director, a successor shall be elected to serve a term of one (1) year. All Directors shall hold office until their successors have been elected and qualify.

Section 2. Vacancy and Replacement. If the office of any elected Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, a majority of the remaining Directors, though less than a quorum, at a special meeting of the Directors, duly called for this purpose, shall choose a successor or successors who shall hold office for the unexpired term with respect to which such vacancy occurred.

Section 3. Removal. Elected directors may be removed with or without cause by an affirmative vote of a majority of the Members at any meeting of Members when the notice therefor indicates the purpose. No elected Director shall continue to serve on the Board if, during that term of office, the Director shall cease to be an Owner.

Section 4. Initial Board of Directors. The initial Appointed Board of Directors shall consist of three (3) persons designated as such in the Articles of Incorporation who shall hold office and exercise all powers of the Board of Directors until the expiration of the period of Declarant Control as provided for in the subassociation Declaration. Any or all of said Directors may be replaced by the Declarant until the first annual meeting of owners described in Article III, Section 3 of these Bylaws. At the First Annual Meeting of Owners the Owners shall elect two (2) directors to increase the total number of Directors to five members as provided for in Article III, Section 2(c).

Section 5. Powers. The Board shall have general charge, management, and control of the affairs, funds, and property of the Subassociation and shall authorize and control all expenditures pursuant and subject to the Articles of Incorporation, the Subassociation Declaration, and these Bylaws. It shall have the powers granted to the Subassociation in the

Articles of Incorporation or Subassociation Declaration and the duty to carry out the purposes of the Subassociation according to law and as set forth in the Articles, these Bylaws, and the Subassociation Declaration.

Section 6. Committees. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of two (2) Directors which, to the extent provided in said resolution or resolutions and subject to the limitations of Colorado law and of the Subassociation Declaration, shall have and may exercise such powers of the Board in the management of the business and affairs of the Project as the resolution or resolutions of the Board shall specifically provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Committees established by resolution of the Board of Directors shall keep regular minutes of their proceedings and shall report the same to the Board as required. The provisions of this Section 6 shall not apply to the Architectural Review Committee and shall not require a Director as a member of that Committee.

Section 7. Compensation. Directors and Officers shall receive no compensation for their services as such.

Section 8. Meetings.

(a) The annual meeting of each Board of Directors newly elected by the Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable at the same place as the Owners Meeting at which time the dates, places, and times of regularly scheduled meetings of the Board shall be set.

(b) There shall be held at least two (2) regularly scheduled meetings of the Board each year without special notice to the Directors.

(c) Special meetings of the Board may be called by the President on seven (7) days' notice (except in emergency when less notice may be given) to each Director either personally or by mail or telegram except in the event of an emergency when less notice may be given. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) Directors. All such notices of special meetings shall state the purpose thereof.

(d) At all meetings of the Board, a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board, except as may otherwise specifically be provided by Statute, Articles of Incorporation, by the Subassociation Declaration or by these Bylaws. If a quorum shall not be present at any meeting of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before, at, or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of

such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Meetings Open to Owners. Meetings of the Board shall be open to all Owners and Institutional Mortgagees.

Section 10. Management Agent. The Board of Directors may employ under a term contract or otherwise at a compensation established by the Board of Directors a management agent to perform such duties and services as the Board shall authorize subject to the provisions and limitations set forth in the Subassociation Declaration.

Section 11. Limited Liability: Indemnification. Neither Declarant, the Subassociation, or the Board, shall be liable to the Subassociation or any Owner for any action or for any failure to act with respect to any matter, so long as such person or entity was not guilty of fraud or misconduct in taking such action or failing to act.

The Board, the Declarant, or the Subassociation shall not be liable, individually or as a group, to Owners, Members, or other interested persons for errors in judgment, negligence, or otherwise, unless guilty of willful misconduct, bad faith, or malicious intent. The Subassociation shall indemnify, defend and hold the Declarant, any Member of the Board, and any employee or agent of Declarant or the Subassociation harmless against any liability or claims made by any owner, Member, or other interested person, unless and until it is determined that any of them acted in bad faith, with malicious motive, or engaged in willful misconduct. Should any of the latter be determined, then the Subassociation's responsibility as to any person so acting shall terminate, and if any expenses or other payments have been made pursuant hereto for the benefit of any person who so acted, then the Subassociation shall have a cause of action against that person for reimbursement for all such payments.

The indemnification authorized by this Article IV, Section 11, shall include payment of (i) reasonable attorney's fees or other expenses incurred in settling any action or proceeding, or threatened action or proceeding, or incurred in any finally adjudicated legal action or proceeding, and (ii) expenses incurred in the removal of any liens affecting any property of the indemnitee. Indemnification shall be made from assets of the Subassociation, and no Owner shall be personally liable for any indemnitee.

ARTICLE V

OFFICERS

Section 1. Elective Officers. The Board shall elect at its annual meeting each year a President, a Vice President, a Secretary, and a Treasurer. All officers (other than those selected by Declarant) must be Owners.

Section 2. Term. Each Officer shall hold office until his or her successor is elected and shall qualify, but any Officer may be removed and/or replaced, with or without cause, at any time by the affirmative vote of a majority of the whole Board of Directors.

Section 3. The President. The President shall be the Chief Executive Officer of the Subassociation. He or shall shall preside at all meetings of the Subassociation and the Board of Directors, shall be an ex-officio member of all standing committees except any nominating committee, and shall perform such other duties as are incident to the Office or properly required by the Board.

Section 4. The Vice President. The Vice President shall perform such duties as are properly required by the Board of Directors and, in the absence or disability of the President, take the place and perform all duties of the President.

Section 5. The Secretary. The Secretary shall keep the minutes of all meetings of the Subassociation and of the Board in a business-like manner and shall issue all general notices. He or she shall make such reports and perform such other duties as are incident to the office or are properly required by the Board. The minutes of all such meetings shall be available for inspection by Owners at all reasonable times.

Section 6. The Treasurer. The Treasurer shall have the custody of the Subassociation funds and securities and shall keep full and accurate chronological account of receipts and disbursements in books belongs to the Subassociation including the vouchers for such disbursements and shall deposit all monies and other valuable effects in the name and the credit of the Subassociation in such depositories as may be designated by the Board of Directors.

He or she shall disburse the funds of the Subassociation as may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Directors, at the regular meetings of the Board or whenever they may require it, an account of all transactions as Treasurer and of the financial condition of the Subassociation.

He or she shall keep detailed financial records and books of account of the Subassociation including a separate account for each lot which, among other things, shall contain the amount of each Assessment against such Lot, the date when due, the amounts paid thereon, and the balance remaining unpaid.

He or she shall perform all other duties incident to the office or which may be property required by the Board.

Section 7. Agreements. All agreements and other instruments authorized by the Board shall be executed by the President and/or such other person or persons as may be designated by the Board.

Section 8. Vacancy and Replacement. If the position of any officer becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, a majority of the remaining officers, though less than a quorum, at a special meeting of the officers duly called for this purpose, shall choose a successor or successors who shall hold office for the unexpired term with respect to which such vacancy occurred.

Section 9. Removal. Officers may be removed with cause by an affirmative vote of a majority of the Members at any meeting of Members when the notice therefor indicates the purpose. No officer shall continue to serve on the Board, during the term of office, the officer shall cease to be an Owner.

ARTICLE VI

NOTICES

Whenever under the provisions of the Subassociation Declaration or of these Bylaws notice is required or permitted to be given to the Board, any Director, Member, Declarant, or Owner, it shall not be construed to mean personal notice. such notice shall be in writing and either delivered personally or mailed. Any notices given by mail shall be deemed effectively and sufficiently given when deposited in a United States Post Office or Letter Box in a postpaid sealed envelope, addressed to the Board, such Director, or Owner at such address as appears on the books of the Subassociation.

Whenever any notice is required to be given under the provisions of the Subassociation Declaration, or of 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 the equivalent thereof.

ARTICLE VII

ARCHITECTURAL REVIEW COMMITTEE

Section 1. Composition. If activated by the Board of Directors of the Subassociation the members of the Committee shall include three persons appointed by the Board of Directors and shall serve staggered three (3) year terms as determined by the board after the period of Declarant control.

Section 2. Vacancies. Appointments to fill vacancies of unexpired terms to the Committee shall be made by the Board, and the individual selected shall complete the unexpired term if any vacancy is created.

Section 3. Duties. The Architectural Review Committee shall regulate the external design, appearance, and location of the properties and improvements thereon in such a manner to comply with the provisions of Article IX of the Subassociation Declaration and the provisions for Architectural control as described in the Community Declaration of the Highlands Ranch Community Association.

ARTICLE VIII

RULES AND REGULATIONS

Reasonable uniform rules and regulations governing the use of the Common Area and the conduct of persons entitled to use such Property may be adopted and amended from time to time by the Board. All owners shall obey the rules and regulations as promulgated by the Board.

ARTICLE IX

MORTGAGEES

Section 1. Notice to Subassociation. An Owner who mortgages his Lot or the Mortgagee shall notify the Subassociation of the name and address of the Mortgagee and shall file a conformed copy of the Mortgage with the Subassociation. The Subassociation shall maintain such information in a book entitled "Mortgagees of Lots".

Section 2. Notice of Default. The Subassociation shall give notice to an Owner of a default in payment of Assessments of Common Area expenses or other default imposed by the terms and conditions of the Subassociation Declaration, the Articles of Incorporation, or Bylaws of the corporation, and if such default is not cured within sixty (60) days, the Subassociation shall send a copy of such notice to each holder of a Mortgage covering such Lot if the name and address of such Mortgagee has been previously furnished to the Subassociation as provided in Section 1 of this Article.

ARTICLE X

AMENDMENT

Amendments to these Bylaws may be adopted at a regular or special meeting of the members of the Subassociation upon receiving the vote of 75% of the membership of the Subassociation who are present at the meeting or who have provided proxies to be voted upon the proposed amendment; provided, that no amendments shall be adopted which would render these Bylaws inconsistent with the Subassociation Declaration.

ARTICLE XI

NOTICE AND HEARING PROCEDURES

Section 1. The Village at Highlands Ranch Association Enforcement Rights. In the event of an alleged violation by a Member or a Related User of Member ("Respondent") of the Subassociation Declaration, these Bylaws or the Rules and Regulations of the Village at Highlands Ranch Association, the Board of Directors shall have the right, upon an affirmative vote of a

majority of all Directors on the Board, to take any one or more of the actions and to pursue one or more of the remedies permitted under the provisions of the Subassociation Declaration, these Bylaws, or the Rules and Regulations of the Village at Highlands Ranch Association. If, under the provisions of the Subassociation Declaration, these Bylaws, or such Rules and Regulations, Notice and Hearing is required prior to taking action or pursuing remedies, the following provisions of Article XI of these Bylaws shall be applicable. The failure of the Board or the Review Committee to enforce the Rules and Regulations of the Village at Highlands Ranch Association, these Bylaws or the Subassociation Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth and provided in the Subassociation Declaration, the Rules and Regulations of the Village at Highlands Ranch Association or these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Village at Highlands Ranch Association prescribed by these Bylaws and the Rules and Regulations the Village at Highlands Ranch Association before that member may resort to a court of law for relief with respect to any alleged violation by another Member of the Subassociation Declaration, these Bylaws or the Rules and Regulations of the Village at Highlands Ranch Association, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any member where the complaint alleges nonpayment of Common Assessments, Special Assessments, Supplemental Assessments or Reimbursement Assessments.

Section 2. Written Complaint. A hearing to determine whether enforcement action under the Subassociation Declaration, the Rules and Regulations of the Village at Highlands Ranch Association or these Bylaws should be taken and shall be initiated by the filing with the President or the Board of Directors of the Village at Highlands Ranch Association of a written complaint by any Member of the Village at Highlands Ranch Association, any officer, any member of the Board of Directors or the Review Committee or any employee or agent of the Village at Highlands Ranch Association. The Complaint shall contain a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged and a reference to the specific provisions of the Subassociation Declaration, these Bylaws or the Rules or Regulations of the Village at Highlands Ranch Association which the Respondent is alleged to have violated. If the charges relate to a Related User of a member, both the Related User and the Member shall be considered as Respondents.

Section 3. Notice of Complaint and Notice of Defense. A copy of the complaint shall be served on each Respondent in accordance with the notice provisions set forth in the Subassociation Declaration, together with a statement which shall be substantially in the following form:

Unless a written request for a hearing signed by or on behalf of a person named as Respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within 15 days after the Complaint is served upon you, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled "Notice of Defense" to the Board of Directors at the following address:

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact,

A Respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. A Respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

Section 4. Tribunal. The President shall appoint a Hearing Committee (“Tribunal”) of three natural Persons upon receipt of a written Complaint. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the Respondent or any Members of the Village at Highlands Ranch Association who are essential witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that each Respondent may challenge any member of the tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge. If such a challenge is sustained, the President shall appoint another member to replace the challenged member of the Tribunal. All decisions of the Board of Directors in this regard shall be final. The tribunal shall elect a Chairman and appoint a hearing officer who shall take evidence and ensure that a proper record of all proceedings is maintained.

Section 5. Notice of Hearing. The Tribunal shall serve a Notice of Hearing, as provided herein, on all parties at least 10 days prior to the hearing if such hearing is requested by a Respondent. The hearing shall be held no sooner than 30 days after the Complaint is mailed or delivered to each Respondent. The Notice of Hearing to each Respondent shall be substantially in the following form but may include other information:

You are hereby notified that a hearing will be held before a Tribunal appointed by the President of the Village at Highlands Ranch Association, Inc., at _____

on the _____ day of _____, 19 _____, at the hour upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to seek the attendance of witnesses and to compel the production of books, documents or other items in the possession of the Village at Highlands Ranch Association by applying to the Board of Directors of the Village at Highlands Ranch Association.

Section 6. Hearing.

(a) Oral evidence shall be taken only on oath or affirmation administered by a member of the Tribunal. The use of affidavits and written questions and responses in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues; to impeach any witness; and to rebut the evidence against such party. If Respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil action. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitive evidence shall be excluded.

(d) Neither the person filing the Complaint nor the Respondent must be in attendance at the hearing. The hearing shall be open to attendance by any Members of the Village at Highlands Ranch Association to the extent of the permissible capacity of the hearing room.

(e) In rendering a decision, official notice may be taken at any time of any provision of the Subassociation Declaration, these Bylaws, the Rules and Regulations of the Village at Highlands Ranch Association or any generally understood matter with the working of the Village at Highlands Ranch Association. Persons present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings.

(f) The Tribunal may grant continuances on a showing of good cause.

(g) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining

members shall continue to hear the case and the hearing officer shall replace the withdrawing member.

Section 7. Decision. If a Respondent fails to file a Notice of Defense as provided in Section 3 of these Bylaws, or fails to appear at a hearing, the Tribunal may take action based upon the evidence presented to it without further notice to the Respondent. However, the Respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Tribunal shall make its determination only in accordance with these Bylaws. After all testimony and documentary evidence has been presented by the Tribunal, the Tribunal may vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal may be posted by the Board of Directors at a conspicuous place in the Village at Highlands Ranch Association Area, and a copy shall be served by the President of each Person directly involved in the matter and his attorney, if any, in accordance with the notice provisions set forth in the Subassociation Declaration. Disciplinary action, levy of a Reimbursement Assessment or other action or remedies which require Notice and Hearing under the Subassociation Declaration, these Bylaws or Rules and the Regulations of the Village at Highlands Ranch Association shall be imposed only by the Board of Directors of the Village at Highlands Ranch Association and in accordance with the findings and recommendations of the Tribunal. The Board of Directors may adopt the recommendations of the Tribunal in their entirety or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent enforcement action than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and may be posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective 10 days after it is served upon each Respondent, unless otherwise ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within 15 days following a service of its decision on the involved persons, on its own motion or on petition by any party. However, no action against a Respondent arising from the alleged violation shall take effect prior to the expiration of the later of (a) 15 days after each Respondent's receipt of the Notice of Hearing; or (b) five days after the hearing required herein.

ARTICLE XII

MISCELLANEOUS

Section 1. Severability. Should any of the covenants, terms, or provisions herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of these Bylaws shall, nevertheless, be and remain in full force and effect.

Section 2. Construction. Whenever the masculine singular form of the pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine, or neuter; singular or plural; wherever the context so requires.

Section 3. Rules of Procedure. The Rules of Parliamentary Procedure as set forth in Roberts' "Parliamentary Law" shall prevail at all meetings of Members or Directors of the Subassociation.

Section 4. Interpretations. In the event that any questions arises with respect to the construction of any of the provisions of the Bylaws or the Rules and Regulations of the Subassociation, the decision of the Board with respect thereto shall be final and binding upon the Subassociation and the Owners.

THESE BYLAWS WERE ADOPTED BY THE BOARD OF DIRECTORS OF THE VILLAGE AT HIGHLANDS RANCH ASSOCIATION ON THE _____ DAY OF _____, 19_____

AMENDMENT NO. 2 TO BYLAWS OF
THE VILLAGE AT HIGHLANDS RANCH ASSOCIATION

ARTICLE III, MEMBERSHIP AND VOTING RIGHTS, Section 1, first unlettered paragraph following subparagraph (b), shall be amended to read as follows:

“Each Class A Member shall be entitled to one (1) vote for each Lot owned, provided that (i) the Subassociation may suspend any Class A Member’s voting rights in the Subassociation during any period or periods that such Owner fails to comply with the rules and regulations of the Subassociation adopted by the Board of Directors or with any other obligation of the Members under the Bylaws or the Subassociation Declaration; (ii) no Class A Member shall have the right to vote until it shall have provided the Secretary of the Subassociation with a copy of the recorded deed or other recorded instrument establishing record title to the Lot; (iii) only one member shall cast the vote for any Lot; (iiii) but all of the other rights and all other obligations of the Owner of such Lot hereunder shall be unaffected including, without limitations, the right to use the Common Area and the obligation to pay assessments.”

ARTICLE IV, BOARD OF DIRECTORS, Section 1, shall be amended to read as follows:


“Section 1, Number, Qualifications, and Term. The number of Directors which shall constitute the whole Board shall be five (5) as set forth in Article III, Section 2, paragraph (c) of these Bylaws. The term of office for Directors shall be three (3) years, staggered so that the terms of two (2) of the Directors shall expire each year, in such a manner as to preserve continuity.”


ARTICLE IV, BOARD OF DIRECTORS, Section 6, Committees, shall be amended to read as follows:


“Section 6. Committees. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees which, to the extent provided in said resolution or resolutions and subject to the limitations of Colorado law and of the Subassociation Declaration, shall have and may exercise such powers of the Board in the management of the business and affairs of the Project as the resolution or resolutions of the Board shall specifically provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Committees established by the Board of Directors shall keep regular minutes of their proceeding and shall report the same to the Board as required.


Amendment No. 2 adopted at the Special Meeting of the Members and Annual Meeting of the Members of the Subassociation on September 8, 1993 and March 25, 1994.

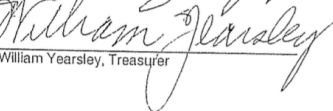
Board of Directors:


William E. Lund, President


Lois Schnorr, Secretary


John Considine, Director


William Zariengo, Vice President


William Yearsley, Treasurer

BYLAWS AMENDMENTS ARTICLE IV

Section 9. Meeting Open to Owners. All regular and special meetings of the Association's Executive Board (Board of Directors), or any committee thereof, shall be open to attendance by all Members of the Association or their representatives.

Section 10. Management Agent. The Board of Directors may employ under a term contract or otherwise at a compensation established by the Board of Directors a management agent to perform such duties and services as the Board shall authorize subject to the provisions and limitations set forth in the Subassociation Declaration. If the Board delegates to such managing agent, or to other persons or person, powers of the Board or officers relating to collection, deposit, transfer, or disbursement of Association funds the provisions of the following subsections apply:

(a) The managing agent or other person or persons shall maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars or such higher amount as the Board of Directors may require.

(b) The managing agent or other person or persons shall maintain all funds and accounts of the Association separate from the funds and accounts of other Associations managed by the managing agent or other person or persons and maintain all reserve accounts of each Association so managed separate from operational accounts of the Association.

(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.

NOTE: The Bylaws amendment notice previously distributed did not include the Article number in the heading. Please substitute this corrected notice for the one previously received.