

BYLAWS
OF
DANIELS GATE RECREATION ASSOCIATION, INC.

Table of Contents

ARTICLE I		
GENERAL		1
Section 1.	<u>Name</u>	1
Section 2.	<u>Purpose of Bylaws</u>	1
Section 3.	<u>Controlling Laws and Instruments</u>	1
ARTICLE II		
OFFICES		1
Section 1.	<u>Principal Office</u>	1
Section 2.	<u>Registered Office and Agent</u>	1
ARTICLE III		
MEMBERS		2
Section 1.	<u>Members</u>	2
Section 2.	<u>Memberships Appurtenant to Lots</u>	2
Section 3.	<u>Votes</u>	2
Section 4.	<u>Transfer of Memberships on Association Books</u>	2
ARTICLE IV		
MEETINGS OF MEMBERS		2
Section 1.	<u>Place of Members' Meetings</u>	2
Section 2.	<u>Annual Meetings of Members</u>	2
Section 3.	<u>Special Meetings of Members</u>	3
ARTICLE V		
BOARD OF DIRECTORS		3
Section 1.	<u>General Powers and Duties of Board</u>	3
Section 2.	<u>Qualifications of Directors</u>	3
Section 3.	<u>Number of Directors</u>	3
Section 4.	<u>Term of Office of Directors.</u>	3
Section 5.	<u>Removal of Directors: Vacancies of Directors</u>	3
Section 6.	<u>Resignation of Directors</u>	3
Section 7.	<u>Executive Committee</u>	3
Section 8.	<u>Other Committees</u>	4
Section 9.	<u>General Provisions Applicable to Committees</u>	4
Section 10.	<u>Compensation</u>	4
ARTICLE VI		
MEETINGS OF DIRECTORS		4
Section 1.	<u>Place of Directors' Meetings</u>	4

Section 2.	<u>Regular Meetings of Directors</u>	4
Section 3.	<u>Special Meetings of Directors</u>	4
Section 4.	<u>Open Meetings</u>	4
Section 5.	<u>Proxies</u>	5
Section 6.	<u>Quorum of Directors</u>	5
Section 7.	<u>Vote Required at Directors' Meeting</u>	5
Section 8.	<u>Order of Business</u>	5
Section 9.	<u>Officers at Meetings</u>	5
Section 10.	<u>Waiver of Notice</u>	5
Section 11.	<u>Action of Directors Without a Meeting</u>	5
Section 12.	<u>Participation by Electronic Means</u>	6
ARTICLE VII		
POWERS AND DUTIES OF THE BOARD		6
Section 1.	<u>Powers</u>	6
Section 2.	<u>Duties</u>	7
ARTICLE VIII		
OFFICERS		8
Section 1.	<u>Officers, Employees and Agents</u>	8
Section 2.	<u>Appointment and Term of Office of Officers</u>	9
Section 3.	<u>Removal of Officers</u>	9
Section 4.	<u>Resignation of Officers</u>	9
Section 5.	<u>Vacancies in Officers</u>	9
Section 6.	<u>President</u>	9
Section 7.	<u>Vice Presidents</u>	9
Section 8.	<u>Secretary</u>	9
Section 9.	<u>Treasurer</u>	9
Section 10	<u>Bonds</u>	10
ARTICLE IX		
INDEMNIFICATION OF OFFICIALS AND AGENTS		10
Section 1.	<u>Certain Definitions</u>	10
Section 2.	<u>Right of Indemnification</u>	10
Section 3.	<u>Advances of Expenses and Defense</u>	10
Section 4.	<u>Rights Not Exclusive</u>	11
Section 5.	<u>Authority to Insure</u>	11
ARTICLE X		
NOTICE AND HEARING		11
Section 1.	<u>Notice and Hearing</u>	11

Section 2.	<u>Tribunal</u>	11
ARTICLE XI		
	DUTY TO OBTAIN INSURANCE	12
Section 1.	<u>Coverage</u>	12
Section 2.	<u>Property Insurance Coverage</u>	12
Section 3.	<u>Liability Insurance</u>	12
Section 4.	<u>Mandatory Provisions</u>	12
Section 5.	<u>Fidelity Bonds</u>	13
Section 6.	<u>Owner Policies</u>	13
Section 7.	<u>Workers Compensation Insurance</u>	13
Section 8.	<u>Directors' and Officers' Liability Insurance</u>	13
Section 9.	<u>Other Insurance</u>	13
Section 10.	<u>Premiums</u>	14
Section 11.	<u>Procedures</u>	14
Section 12.	<u>General Provisions</u>	14
Section 13.	<u>Insurance Proceeds</u>	14
Section 14.	<u>Damage to Property</u>	15
ARTICLE XII		
	MISCELLANEOUS	15
Section 1.	<u>Amendment of Bylaws</u>	15
Section 2.	<u>Books and Records</u>	15
Section 3.	<u>Statement of Account</u>	15
Section 4.	<u>Effect of Nonpayment of Assessments; Remedies of the Association</u>	15
Section 5.	<u>Personal Liability of Members</u>	16
Section 6.	<u>Biennial Corporate Reports</u>	16
Section 7.	<u>Fiscal year</u>	16
Section 8.	<u>Seal</u>	16
Section 9.	<u>Share of Stock and Dividends Prohibited</u>	16
Section 10.	<u>Loans to Directors, Officers and Members Prohibited</u>	16
Section 11.	<u>Limited Liability</u>	16
Section 12.	<u>Minutes</u>	17
Section 13.	<u>Checks, Drafts and Documents</u>	17
Section 14.	<u>Execution of Documents</u>	17

BYLAWS
OF
DANIELS GATE RECREATION ASSOCIATION, INC.

ARTICLE I
GENERAL

Section 1. Name. The name of the corporation is the Daniels Gate Recreation Center Association, Inc., a Colorado nonprofit corporation (the "Association").

Section 2. Purpose of Bylaws. The purpose for which the Association is formed is to govern the affairs of the Association's recreation facility ("Recreation Facility"), exercise the rights, power and authority, and fulfill the duties of the Association, as provided in the Association's Articles of Incorporation, and any amendments thereto, filed with the Department of State of Colorado ("Articles of Incorporation"), and these Bylaws and any amendments thereto. All Members and any other Person who may use the Recreation Facility, or any portion thereof, or any facilities or appurtenances thereto or thereon shall be subject in all respects to the Recreation Facility rules and regulations and all other terms and provisions set forth in these Bylaws and Articles of Incorporation. The mere use, rental or occupancy of the Recreation Facility, or any portion thereof, shall signify that all terms and provisions of the Association's Bylaws and Articles of Incorporation are accepted and shall be complied with.

Section 3. Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Revised Nonprofit Corporation Act, and the Articles of Incorporation of the Association, as any of the foregoing may be amended or supplemented from time to time.

ARTICLE II
OFFICES

Section 1. Principal Office. The initial principal office of the corporation shall be at 1660 Lincoln St., Suite 1750, Denver, Colorado 80264. The principal office of the corporation shall be as determined by the Board of Directors, but meetings of Members and Directors may be held at such places within the State of Colorado as may from time to time be designated by the Board of Directors of the Association ("Board").

Section 2. Registered Office and Agent. The Colorado Revised Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent who resides in the State of Colorado and whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association, but may be changed by the 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 MEMBERS

Section 1. Members. A “Member” of the Association shall be an owner of any Lot within the Lynx or Romar Subdivisions according to the final plats thereof recorded in Douglas County, Colorado. The corporation shall have one class of Members.

Section 2. Memberships Appurtenant to Lots. Each Membership shall be appurtenant to the fee simple title to a Lot. The Member(s) which has fee simple title to a Lot shall automatically be the holder of the Membership therefor, and the Membership shall automatically pass with fee simple title to the Lot. No Member may resign his, her or its Membership without the conveyance of fee simple title to the Lot.

Section 3. Votes. The members of the Association shall have no voting rights in the affairs of the Association except as specifically provided herein. The Boards of Directors of the North Lynx Homeowners Association, Inc., the Romar Homeowners Association, Inc., and the South Lynx Homeowners Association, Inc. (hereafter collectively the “Homeowners Associations”) shall each appoint one board member or other representative to the Board of Directors of the Association. Those appointed delegates shall be entitled to one vote each in the affairs of the Association.

Section 4. Transfer of Memberships on Association Books. Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Lot to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the right to receive notices.

ARTICLE IV MEETINGS OF MEMBERS

Section 1. Place of Members’ Meetings. Meetings of Members shall be held at the principal office of the Association or at such other place as may be fixed by the Board of Directors from time to time and specified in the notice of the meeting.

Section 2. Annual Meetings of Members. The Association shall conduct annual meetings of the Members for the purpose of informing the Members of the status of the affairs of the Association, and for such other purposes as may properly come before the Members. The first annual meeting of the Members shall be held within fifteen months after the date of incorporation of the Association. Each subsequent regular annual meeting of the Members shall be held in the same month of each year as the month in which the first annual meeting was held, at a date and time to be designated by the Board.

Section 3. Special Meetings of Members. A special meeting of Members may be called, solely for such purposes as are specifically provided for herein to be acted on by the Members, if the Board of Directors receives one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by at least ten percent of all Members.

ARTICLE V BOARD OF DIRECTORS

Section 1. General Powers and Duties of Board. The Board of Directors shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Board of Directors shall have the power to exercise or cause to be exercised all of the powers, rights and authority not reserved to Members in the Articles of Incorporation, these Bylaws, or the Colorado Revised Nonprofit Corporation Act.

Section 2. Qualifications of Directors. A Director shall be a natural person who is eighteen years of age or older and, except during the Period of Declarant Control as provided in the Declaration of the Homeowners Associations, must be a Member or, if the Member is a limited liability company, partnership or corporation, then a Director must be an authorized agent of such limited liability company, partnership or corporation. If a Director conveys or transfers title to his or her Lot, then such Director's term shall immediately terminate and a new Director shall be selected as promptly as possible to take such Director's place.

Section 3. Number of Directors. The number of Directors of the Association shall be three (3). The number of Directors may be increased or decreased from time to time by amendment to the Articles of Incorporation provided that the number of Directors shall not be less than three and no decrease in number shall have the effect of shortening the term of any incumbent Director.

Section 4. Term of Office of Directors. The term of a Director shall be for one year.

Section 5. Removal of Directors: Vacancies of Directors. Removal of a Board member may occur upon a majority vote of the Board of Directors of the Homeowners Association that appointed the respective Board member to the Association's Board. Removal may take place with or without cause. In the event of death, resignation or removal of a Director, his or her successor shall be selected by a majority of the members of the Board of Directors that appointed that Director, and shall serve for the unexpired term of the Director being replaced.

Section 6. Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 7. Executive Committee. The Board of Directors, by resolution adopted by a

majority of the Directors in office, may, at any time and from time to time, appoint an Executive Committee, which may include one or more Directors and which shall have and exercise such authority as the Board of Directors may from time to time delegate, except that no such committee shall exercise any of the authority prohibited by C. R. S. 7-128-106.

Section 8. Other Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more other committees, which may consist of or include Members who are not Directors. Any such committee shall have and may exercise such authority as shall be specified in the resolution creating such committee, except that no such committee shall exercise any of the authority prohibited by C. R. S. 7-128-106.

Section 9. General Provisions Applicable to Committees. The appointment of any committee and the delegation thereto of authority shall not relieve the Board of Directors of any responsibility imposed upon it by law.

Section 10. Compensation. No Director shall receive compensation from the Association for serving on the Board of Directors. However, any Director may be reimbursed for actual expenses incurred in the performance of the Director's duties.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Place of Directors' Meetings. Meetings of the Board of Directors shall be held at the principal office of the Association or at such other place as may be fixed from time to time by the Board of Directors and specified in the notice of the meeting.

Section 2. Regular Meetings of Directors. The Board of Directors shall hold regular meetings at least quarterly and may, by resolution, establish in advance the times and places for regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by resolution.

Section 3. Special Meetings of Directors. Special meetings of the Board of Directors may at any time be called by the President or any two members of the Board of Directors, upon not less than two (2) days notice to each Director.

Section 4. Open Meetings. All regular and special meetings of the Board of Directors, or any committee thereof, shall be open to attendance by all Members or their representatives, except that the Board of Directors or a committee thereof may hold an executive or closed door session and may restrict attendance to Board members and other persons specified by the Board; provided that any such executive or closed door session may only be held for the following purposes:

a. matters pertaining to employees of the association or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;

- b. consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- c. investigative proceedings concerning possible or actual criminal misconduct;
- d. matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- e. any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

Section 5. Proxies. A Director shall not be entitled to vote by proxy at any meeting of Directors.

Section 6. Quorum of Directors. A majority of the number of Directors fixed in these Bylaws in office immediately before the meeting begins shall constitute a quorum for the transaction of business.

Section 7. Vote Required at Directors' Meeting. At any meeting of Directors, if a quorum is present, a majority of the votes present in person and entitled to be cast on a matter shall be necessary for the adoption of any matter, unless a greater proportion is required by law, the Articles of Incorporation or these Bylaws.

Section 8. Order of Business. The order of business at all meetings of Directors shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meetings; (d) reports of officers; (e) reports of committees; (f) old business; and (g) new business.

Section 9. Officers at Meetings. The President shall act as chairman and the Board of Directors shall elect a Director to act as secretary at all meetings of Directors.

Section 10. Waiver of Notice. A waiver of notice of any meeting of the Board of Directors, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director.

Section 11. Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of Directors may be taken without a meeting if each and every member of the Board in writing either: (a) votes for such action; or (b) votes against such action or abstains from voting; and waives the right to demand that a meeting be held. Action is taken under this section only if the affirmative vote for such action equals or exceeds the minimum number of votes that would be necessary to take such action at a meeting at which all of the Directors then in office were present and voted. No action taken pursuant to this section shall be effective unless writings describing the action taken and otherwise satisfying the requirements of this section, signed

by all Directors and not revoked pursuant to the provisions of this section, are received by the Association. Any such writing may be received by the Association by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy of the document, including a copy of the signature on the document. Action taken pursuant to this section shall be effective when the last writing necessary to effect the action is received by the Association unless the writings describing the action taken set forth a different effective date. Any Director who has signed a writing pursuant to this section may revoke such writing by a writing signed and dated by the Director describing the action and stating that the Director's prior vote with respect thereto is revoked, if such writing is received by the Association before the last writing necessary to effect the action is received by the Association. Action taken pursuant to this section has the same effect as action taken at a meeting of Directors and may be described as such in any document. All signed written instruments necessary for any action taken pursuant to this section shall be filed with the minutes of the meetings of the Board of Directors.

Section 12. Participation by Electronic Means. Unless otherwise provided in the bylaws, the Board of Directors may permit any Director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VII POWERS AND DUTIES OF THE BOARD

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

- a. Adopt and publish rules and regulations governing the Recreation Facility and any improvements of facilities thereon and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- b. Suspend the right of a Member to use the Recreation Facility, after notice and hearing as provided herein, for a period not to exceed sixty (60) days, for infraction of published Association Rules and Regulations or the Bylaws, unless such infraction is a continuing infraction, in which case such suspension shall continue for so long as such infraction continues and for up to sixty (60) days thereafter.
- c. Enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description.
- d. Notwithstanding the enforcement rights of any Member's Homeowners Association, to file a lien against any Member's Lot for which assessments are not paid and foreclose such lien in the same manner as a foreclosure of a mortgage, or bring an action at law against the Member personally obligated to pay the same;

e. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws or the Articles of Incorporation.

f. Establish and enforce penalties for the infraction of any rules or regulations adopted by the Board, including, without limitation, the levying and collecting of fines for the violation of any of such rules

g. Declare the office of a member of the Board to be vacant in the event such member shall be absent from two (2) regular meetings of the Board during any one year period, and in the event such Board member's office is declared vacant, to direct that the Board of Directors of the respective Homeowners Association appoint or delegate a new director;

h. Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties; and

i. Provide for Notice and Hearing in compliance with the provisions of these Bylaws, through promulgation of procedures therefor.

Section 2. Duties. It shall be the duty of the Board 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 ten percent of the Members.

b. Supervise all Officers, agents, and employees of the Association, and see that their duties are properly performed.

c. Adopt an advance budget of the cash requirements needed by it to provide for the administration and performance of the Association's duties during each year. Within thirty (30) days after adoption of any proposed budget for the Association, the Board of Directors shall mail first class or deliver a summary of the budget to each Member and shall set a date for a meeting of the Members to consider ratification of the budget. The meeting shall be not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting at least sixty-seven percent (67%) of all Members vote to reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Members continues until the Members ratify a new budget proposed by the Board of Directors. Upon adoption and ratification of a budget, the board shall certify to each Homeowners Association the assessment to be levied to each Member by that Homeowners Association, as well as the date when the assessment shall be due.

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 as to all persons who rely thereon in good faith;

- e. Procure and maintain insurance, as more fully provided in these Bylaws;
- f. Provide for maintenance, repair and reconstruction of the Recreation Facilities, other parcels of real property owned by the Association, and improvements thereon, including obtaining insurance certificates for reasonable insurance coverage from all contractors;
- g. Keep financial records sufficiently detailed to enable the Association to comply with the requirement that it prove statements of unpaid assessments. All financial and other records shall be made reasonably available for examination by any Member and such Member's authorized agents; and
- h. Invest Association funds subject to any investment policy the Board may adopt which reflects the basic investment objectives of diversity, safety, liquidity and income return. At least annually, the Board shall make available to the members a listing on an itemized basis as to amount, type and rate of return, of the instruments, funds and accounts in which Association funds are invested or deposited.

Any of the aforesaid duties may be delegated by the Board to any other person(s) or to a manager. To the extent it may be required by any statute, and if not required by statute then at the option of the Board, said manager or other person who receives the delegation of duties relating to the collection, deposit, transfer or disbursement of Association funds shall: (1) maintain fidelity insurance or a bond in an amount not less than \$25,000 or such higher amount as the Board may require; and (2) maintain all funds and accounts of the Association separate from the funds and accounts of other entities or associations managed by the manager or other person(s) and maintain all reserve accounts separate from operational accounts of the Association. Further, the manager, or a Public Accountant or Certified Public Accountant shall prepare and present to the Association an annual accounting for Association funds and a financial statement.

ARTICLE VIII OFFICERS

Section 1. Officers, Employees and Agents. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as may be deemed appropriate or necessary by the Board of Directors from time to time. Officers other than the President need not be Directors. The offices of President and Secretary may not be held by the same person. However, any person may simultaneously hold two or more of any of the other offices, subject to any applicable requirements or limitations contained in the Articles of Incorporation, these Bylaws or law.

Section 2. Appointment and Term of Office of Officers. The officers shall be appointed by the Board of Directors at the first meeting of the Board of Director held subsequent to the annual meeting of the Members, and shall hold office for one (1) year, unless the officer sooner resigns or is removed, or shall otherwise be disqualified to serve.

Section 3. Removal of Officers. Any officer, employee or agent may be removed by the Board of Directors, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby.

Section 4. Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 5. Vacancies in Officers. Any vacancy occurring in any position as an Officer may be filled by the Board of Directors. An Officer appointed to fill a vacancy shall be appointed for the unexpired term of its predecessor in office.

Section 6. President. The President shall be a member of the Board of Directors and shall be the principal executive officer of the Association. The President shall preside at all meetings of the Board of Directors.

Section 7. Vice Presidents. The Vice President(s), if appointed, may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the President.

Section 8. Secretary. The Secretary shall be the custodian of the records and the seal of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the Board of Directors and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned by the Board of Directors or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary for whatever reason, including in case of death, absence or inability to act.

Section 9. Treasurer. The Treasurer shall deposit all funds in such depositories as shall be designated by the Board of Directors; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board of Directors may, from time to time, require; shall arrange for the annual report required in these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to it by the Board of Directors or by the President. The Board may appoint one or more Assistant Treasurers who may

act in place of the Treasurer for whatever reason, including in case of death, absence or inability to act.

Section 10 Bonds. The Association shall require fidelity bonds or insurance (if available) covering officers or other persons handling funds of the Association.

ARTICLE IX INDEMNIFICATION OF OFFICIALS AND AGENTS

Section 1. Certain Definitions. A "Corporate Official" shall mean any Director or Officer, and any former Director or Officer, of the Association. A "Corporate Employee" shall mean any employee, and any former employee, of the Association. "Corporate Official" and "Corporate Employee" shall not include any officer, director, agent or employee of any managing agent employed by the Association, and no such person shall have right of indemnification hereunder. "Expenses" shall mean all costs and expenses including attorneys fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. "Proceeding" shall mean any claim, action, suit or proceeding, civil or criminal, whether threatened, pending or completed, and shall include appeals.

Section 2. Right of Indemnification. The Association shall indemnify any Corporate Official and may, in the discretion of the Board of Directors, indemnify any Corporate Employee, against any and all Expenses actually and reasonably incurred by or imposed upon it in connection with, arising out of, or resulting from, any Proceeding in which it is or may be made a party by reason of (a) actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty while acting in an official capacity as a Corporate Official or Corporate Employee, or (b) any matter claimed against it solely by reason of being a Corporate Official or Corporate Employee. The right of indemnification shall extend to all matters as to which a majority of directors of the Association by resolution, or independent legal counsel in a written opinion, shall determine that the Corporate Official or Corporate Employee acted in good faith and such person reasonably believed that the conduct was in the Association's best interests and had no reasonable cause to believe that its conduct was improper or unlawful. The right of indemnification shall not extend to matters as to which the Corporate Office or Corporate Employee is finally adjudged in an action, suit or proceeding to have been liable for gross negligence or willful misconduct in the performance of its duty except to the extent that a court may determine, upon application, that despite such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The right of indemnification shall not extend to any matter as to which said indemnification would not be lawful under the laws of the State of Colorado.

Section 3. Advances of Expenses and Defense. The Association may advance Expenses to, or where appropriate, may undertake the defense of, any Corporate Official or Corporate Employee, in a Proceeding provided that the Corporate Official or Corporate Employee shall comply with the requirements of C. R. S. 7-129-104.

Section 4. Rights Not Exclusive. The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Corporate Employee may be entitled.

Section 5. Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Corporate Official or Corporate Employee against any liability asserted against it as a Corporate Official or Corporate Employee or arising out of its status as such, including liabilities for which a Corporate Official or Corporate Employee might not be entitled to indemnification hereunder.

ARTICLE X NOTICE AND HEARING

Section 1. Notice and Hearing. In all instances where the Colorado Revised Nonprofit Corporation Act, as amended from time to time, these Bylaws or any Rules and Regulations of the Association require notice and hearing, the Board of Directors shall comply with a written policy adopted by the Board of Directors that provides:

- a. Not less than fifteen days prior written notice of the action to be taken and the reasons for such action;
- b. An opportunity for the affected Member ("Respondent") to be heard, orally or in writing, not less than five days before the action to be taken by either the Board of Directors or a tribunal appointed by the Board of Directors as provided herein;
- c. That the action taken shall be fair and reasonable taking into consideration all of the relevant facts and circumstances.

For all purposes of this section, notice shall be hand delivered or sent prepaid by United States mail to the mailing address of each Member or to any other mailing address designated in writing by the Member. Notice shall be deemed delivered, if hand delivered upon delivery, and if sent by United States mail, three days after mailing.

Section 2. Tribunal. In any instance that requires a hearing, the President may appoint a Hearing Committee ("Tribunal") of three natural Persons who need not be Members of the Association. In appointing the members of the Tribunal, the President should make a good faith effort to appoint unbiased persons and to avoid appointing any persons who are essential witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that the 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, without the President voting. 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.

ARTICLE XI DUTY TO OBTAIN INSURANCE

Section 1. Coverage: To the extent reasonably available, the Board of Directors shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, or if any policy is canceled, or not renewed, without a replacement policy having been obtained, the Association shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Members at their respective last known addresses.

Section 2. Property Insurance Coverage: The Association shall obtain property insurance on the Recreation Center and all other property owned by the Association, including improvements, for broad form covered causes of loss. The property insurance will be for an amount (after application of any deductions for depreciation) equal to one hundred percent (100%) of the full insurable replacement cost of the insured property less applicable deductibles, exclusive of land, foundations, excavations and other items normally excluded from property policies. The Board of Directors is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the property.

Section 3. Liability Insurance: Commercial General Liability insurance, as set forth in Section 38-33.3-313(b) of the Act, will be maintained in an amount determined by the Board of Directors, but in no event shall it be less than \$1,000,000. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association; and may also include, if applicable, comprehensive automobile liability insurance, garagekeeper's liability, liability for property of others, host liquor liability, water damage liability, contractual liability, and such other risks as shall customarily be required by private institutional mortgage investors with respect to projects similar in construction, location and use.

Section 4 Mandatory Provisions The insurance policies carried pursuant to Sections 2 and 3 of this Article shall provide that:

- A. Each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;
- B. The insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner;
- C. No act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy;

D. If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance; and

E. The insurer shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or holder of a Security Interest. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 5. Fidelity Bonds: The Association shall obtain and maintain, to the extent reasonably available, fidelity bond insurance coverage for any Owner or Association employee who either handles or is responsible for funds held or administered by the Association. The bond or insurance shall name the Association as obligee, and shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. If reasonably available, the bond or coverage shall be the sum of two (2) month's assessments for all Lots plus up to one hundred percent (100%) of the reserve funds as calculated from the current budget of the Association. The bond or coverage shall include a provision that calls for ten (10) day's written notice to the Association, before the bond can be cancelled or substantially modified for any reason. The Association shall also require any independent contractor who manages the Association to obtain and maintain fidelity bond insurance coverage in the amount required by law or to the extent that it is reasonably available, unless they are covered under the Association's fidelity bond insurance coverage.

Section 6. Owner Policies: An insurance policy issued to the Association does not preclude Owners from obtaining insurance for their own benefit.

Section 7. Workers Compensation Insurance: The Board of Directors shall obtain and maintain Workers Compensation Insurance if required to meet the requirements of the laws of the State of Colorado.

Section 8. Directors' and Officers' Liability Insurance: The Board of Directors shall obtain and maintain directors' and officers' liability insurance, if reasonably available, covering all of the directors and officers of the Association. This insurance will have limits determined by the Board of Directors.

Section 9. Other Insurance: The Association may carry other insurance which the Board of Directors considers appropriate to protect the Association. If any parcels of real property which the Association has an obligation to repair or reconstruct is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage on such parcels has been made available under the National Flood Insurance Program, then the Board may obtain a policy of flood insurance on such parcels in an amount at least equal to the

lesser of:

- A. The maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property located within a designated flood hazard area; or
- B. One hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

Section 10. Premiums: Insurance premiums for insurance carried by the Association shall be a Common Expense.

Section 11. Procedures: The Board of Directors may adopt written nondiscriminatory policies and procedures for claims adjustment and responsibility for deductibles. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration all deductibles paid by the Association. If more than one (1) Lot is damaged by a loss, the Association, in its reasonable discretion, may assess each Owner a pro rata share of any deductible paid by the Association.

Section 12. General Provisions: All Association insurance shall be carried in blanket policy form naming the Association as insured, or naming its designee as trustee and attorney-in-fact for the Association. The policies shall contain:

- A. A standard noncontributory Security Interest Holder's clause in favor of each holder of a First Security Interest, and shall provide that it cannot be cancelled or materially altered by either the insured or the insurance company until thirty (30) days' prior written notice is given to the insured and each Eligible Mortgagee.
- B. Waivers of any defense based on invalidity arising from any acts or neglect of an Owner where such Owner is not under the control of the Association. Upon request, the Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question to any party in interest, including Security Interest Holders of First Security Interests.

Section 13. Insurance Proceeds: Any loss covered by the property insurance policy described in Section 11.2 above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association, and not to any Security Interest Holder. The Association shall hold any insurance proceeds in trust for the Association, Owners and lienholders as their interests may appear. The proceeds must be disbursed first for the repair or restoration of the damaged property, and the Owners, Association and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored. If hazard insurance proceeds are distributed to the Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record, and pursuant to the Act. The

Association may designate a Trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other sources.

Section 14. Damage to Property: Any portion of the Common Interest Community for which insurance is required under Section 38-33.3-313 of the Act or for which insurance carried by the Association is in effect, whichever is more extensive, that is damaged or destroyed, shall be repaired or replaced by the Association in accordance with Section 38-33.3-313(9) of the Act.

ARTICLE XII MISCELLANEOUS

Section 1. Amendment of Bylaws. The Board of Directors shall have the power to alter, amend or repeal these Bylaws or any provision herein, or to adopt new Bylaws, except that any such amendment shall not be contrary to the provisions of the Declarations of the Homeowners Associations. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law or the Articles of Incorporation.

Section 2. Books and Records. The Association shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its Members, its Board of Directors, and any committee of the Board of Directors in place of the Board of Directors, and shall keep, at its principal office in Colorado, a record of the names and addresses of its Members, and copies of the Articles of Incorporation and these Bylaws, which may be purchased by any member at reasonable cost. All books and records of the Association shall be available for inspection by any Member. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances; provided that the right of inspection shall be subject to any reasonable rules adopted by the Board of Directors requiring advance notice of inspection, specifying hours and days of the week during which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished.

Section 3. Statement of Account. The Association shall furnish to a Member, upon written request delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association, a written statement setting forth the amount of unpaid Assessments currently levied by the Association and certified to the Member's Homeowners Association against such Member's Lot. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association. The Association shall have the right to charge a reasonable fee for the issuance of such certificate.

Section 4. Effect of Nonpayment of Assessments; Remedies of the Association: Any assessment not paid within thirty (30) days after the due date thereof shall be delinquent and interest thereon shall accrue from the due date at the rate of eighteen percent (18%) per annum, or at such lesser rate as may be set from time to time by the Board of Directors. Fees, including attorney fees, charges, late charges, fines and interest may be assessed. Notwithstanding the enforcement rights of

the Member's Homeowners Association, the Association may bring an action at law against the Member personally obligated to pay the same, and/or foreclose the lien against such Member's Lot. If a judgment or decree is obtained, including without limitation in a foreclosure action, such judgment or decree shall include interest on the assessment and attorney's fees, together with the costs of the action, and other fees.

Section 5. Personal Liability of Members. Each Member, by acceptance of a deed to a Lot within a Homeowners Association, whether or not it shall be so expressed in such deed, is personally liable for the assessments made during the period of ownership of such Lot, at the time the assessment is due and payable. All Members who are owners of each Lot shall be jointly and severally liable to the Association for the payment of all assessments, fines. The obligation for such payments by each Member to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in these Bylaws), and without setoff or deduction.

Section 6. Biennial Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, biennial corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law, and shall pay the fee for such filing as prescribed by law.

Section 7. Fiscal year. The fiscal year of the Association shall begin on January 1 of each year and end the succeeding December 31 except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Board of Directors without amending these Bylaws.

Section 8. Seal. The Board of Directors may adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO."

Section 9. Share of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividend shall be paid, and no part of the income shall be distributed to its Members, Directors or Officers. Notwithstanding the foregoing, upon dissolution or final liquidation thereof, the Association, may make distributions as permitted by the Declaration; but no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

Section 10. Loans to Directors, Officers and Members Prohibited. No loan shall be made by the Association to its Members, Directors or Officers, and any Director or Officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

Section 11. Limited Liability. Except as may otherwise be provided by law, the Association, the Board of Directors, the Declarant, and any Officer, Director, Member, agent or employee of any of the same, shall not be liable to any Person for any action or for any failure to act

if the action taken or failure to act was in good faith and without malice.

Section 12. Minutes. Minutes or any similar records of the meetings of Members or of the Board of Directors, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

Section 13. Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 14. Execution of Documents. The Board of Directors, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instance; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

IN WITNESS WHEREOF, we, being all of the Directors of the Daniels Gate Recreation Association, Inc. have hereunto set our hands this 20th day of January, 2000.

C. H. Johnson
Director
J. H. Anderson
Director
Richard Smith
Director

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Daniels Gate Recreation Association, Inc., a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted by the Board thereof on January 20, 2000.

Signed this 2nd day of February, 2000.

Richard Smith
Secretary