

**SAINT ANDREWS
HOME OWNERS ASSOCIATIONS**

BYLAWS

SEPTEMBER 14, 1999

ST. ANDREWS HOMEOWNERS ASSOCIATION

BYLAWS

(September 14, 1999)

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ST. ANDREWS HOMEOWNERS ASSOCIATION

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ARTICLE I NAME AND OFFICES

The name of the Corporation is "St. Andrews Homeowners Association," hereinafter referred to as the "Association." The principal and registered office of the Association in the State of Colorado shall be located in the City of Colorado Springs and County of El Paso. The Association may have such other offices, as the Board of Directors may determine or as the business of the Association may require.

The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II MEMBERS

SECTION 1. MEMBERSHIP. Membership in the Association shall be as provided in Article VI, Section 602 of the Declaration. Membership shall not be transferred, except in connection with the sale or conveyance of a Lot.

SECTION 2. VOTING RIGHTS. Any member who has not paid any required dues or assessments outstanding under the Declaration shall have no right to vote on Association matters until such time as all dues and assessments are paid current.

SECTION 3. TERMINATION OF MEMBERSHIP. A membership shall terminate without any formal Association action whenever such person or persons cease to be the Owner of a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with this Association during the period of ownership or membership in the Association, or impair any rights or remedies which the other Owners or the Association may have, either through the Board of Directors of the Association or directly, against such former Owner arising out of or in any way connected with ownership and membership of the covenants and obligations incident thereto.

SECTION 4. NO MEMBERSHIP CERTIFICATES. No membership certificates of the Association shall be required.

ARTICLE III
MEMBERSHIP MEETINGS.

SECTION 1. ANNUAL MEETING. The annual meeting of the Members shall be held on such date, at such time, and during the month as may be designated from time to time by the Board of Directors. The meeting shall be for the purpose of electing directors and for the transaction of such other business as may come before the meeting. An annual or special meeting shall be open to all Members or their designated representatives. A Member may be heard on any subject pertinent to the business and affairs of the Association, subject to any time restrictions which may be imposed by the presiding officer. If the day fixed for the annual meeting is a legal holiday, the meeting shall be held on the next succeeding business day. In the event of inclement weather, the meeting may be adjourned to another time as stated at the meeting, or re-noticed. If the election of directors is not held on the day designated herein for an annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a meeting of the Members as soon thereafter as conveniently may be held.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Members may be called by a majority of the Board of Directors, by the Chairman, President, or the Members entitled to vote sixty percent (60%) or more of the total votes of the Members.

SECTION 3. PLACE OF MEETINGS. The Board of Directors may designate any place within the City of Colorado Springs, Colorado, as the place of meeting for any annual meeting or for any special meeting called pursuant to Section 2 hereof. A waiver of notice signed by all Members may designate any place in Colorado Springs as the place for the holding of such meeting.

SECTION 4. NOTICE OF MEETING. Written or printed notice stating the place, day, and hour of any meeting of members and the items on the agenda, including the general nature of any proposed amendment to the declaration or bylaws, any budget changes, and any proposal to remove an officer or member of the Board of Directors, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either hand delivered personally or by mail, by or at the direction of the Chairman, President, or the Secretary, or the officer or persons calling the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. Notice of all meetings shall also be sent in a similar manner to all First Mortgagees who have requested that the Association provide such notice.

SECTION 5. QUORUM. The Members holding forty percent (40%) of the votes which may be cast at any meeting shall constitute a quorum at any meeting of Members; provided, that if less than the Members holding forty percent (40%) of the votes which may be cast are represented at said meeting, a majority of the Members present may adjourn the meeting from time to time without further notice. If a quorum is present, the affirmative vote of a majority of the Members at the meeting shall be the act of the Members, unless the vote of a greater number is required by applicable Colorado Nonprofit Corporation Act, the Articles of Incorporation, the Declaration, or these Bylaws.

SECTION 6. PROXIES. At all meetings of Members, a Member may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. A proxy is void if not dated or purports to be revocable without notice. A proxy executed by one co-owner of a lot shall be presumed to be duly executed and valid unless the other co-owners protest to the casting of the proxy vote to the chairman who may prorate the vote. A proxy may not be revoked except by actual notice of revocation to the Chairman at the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 7. INFORMAL ACTION BY MEMBERS. Any action required to be taken at a meeting of the Members, or any other action permitted to be taken at a meeting of the Members, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof. If all of the members shall meet at any time and place and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any Association action may be taken.

SECTION 8. VOTING BY MEMBERS. All elections of directors shall be by secret written ballot. In all other matters, voting may be oral or by ballot as directed by the presiding officer, provided, however, that any Member may demand and require a vote by ballot. If one co-owner of a lot votes, the vote shall be counted as the vote of all co-owners, unless another co-owner prior to the collection of ballots protests the vote to the Chairman who may then order the protested ballots be deposited into a separate ballot container marked for the requisite pro-rata voting percentage. Voting by telecommunications shall not be permitted.

SECTION 9. RECORD DATE. The Board may fix and provide a future record date for determining the members entitled to notice of a members' meeting. The Board may fix and provide in any notice of a meeting for a future record date determining the members rights to vote or the record date determining the members entitled to exercise any right in respect of any other lawful action. If no future record date is fixed for determining the members entitled to notice, then members at the close of business on

the business day preceding the day on which notice is given are entitled to notice. If no record date is fixed as to a meeting at which votes are to be taken, members otherwise eligible to vote on the date of the meeting are entitled to vote at that meeting. If the Board does not fix a record date for the exercise of any other lawful action, then members at the close of business on the day the Board adopts a resolution relating to the action, or the sixtieth day prior to the date of such action, whichever is later, are entitled to exercise such rights.

SECTION 10. SUPERVISION OF MEETINGS. The Chairman of the Board or, in his absence, the President, shall preside at all meetings of the Members. The Secretary shall keep or cause to be kept in books provided for that purpose the minutes of the meetings of the members. Unless otherwise provided in the bylaws as to an applicable procedure, or unless in conflict with any applicable provision of the bylaws, Robert's Rules of Order shall govern the proceedings at the meetings.

SECTION 11. SUSPENSION OF VOTING RIGHT. So long as a Member has failed to pay any assessments, costs and fees due under the Declaration, the nonpaying Member shall not be entitled to vote and the voting rights of the member shall be suspended.

ARTICLE IV DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Association shall be managed by its Board of Directors.

SECTION 2. NUMBER, TENURE, AND QUALIFICATIONS. The number of directors which shall constitute the whole board shall be not less than five (5) and no more than eight (8). The initial Board of Directors shall consist of five (5) directors. The number of directors shall be determined by resolution of the Board of Directors or by the majority of the members at the annual meeting. The term of a member of the Board shall be for three (3) years, except members of the initial Board shall be elected for staggered terms of one to three years as the initial Board shall determine. The directors shall be elected at the annual meeting of the Members, except as provided herein. A Director shall be an Owner of a Lot.

SECTION 3. NOMINATING COMMITTEE. The Board may appoint at least sixty (60) days prior to the annual meeting a nominating committee for the purpose of nominating members to fill vacancies at the annual membership meeting. The committee shall consist of a chairperson who shall be a member of the Board and two or more members. The committee purpose is to find the best candidate for each directorship to be filled and may make as many nominations for election to the Board

As necessary to fill any existing vacancies unless the committee is unable to find a qualified candidate for a vacancy. The committee shall make its report at the meeting prior to voting. Nominations can also be made from the floor or by proxy.

SECTION 4. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw, immediately after, and at the same place as, the annual meeting of the Members. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution. Meeting agendas shall be made reasonably available for examination by members or their representatives. A member may attend a meeting, but may be excused by the presiding officer when a privileged matter is discussed or the Board goes into executive session. A member wishing to present an issue at a meeting is requested to make a prior request to the Secretary to be placed on the meeting agenda for that issue. The presiding officer may limit the time or manner of presentation of a member who has requested a place on the agenda or of a member in attendance who requests to present a matter not on the meeting agenda.

SECTION 5. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President, any two or more directors, or the Chairman. The person or persons authorized to call special meetings of the Board of Directors may fix any place, within the City of Colorado Springs, Colorado, as the place for holding any special meeting of the Board of Directors called by them.

SECTION 6. NOTICE OF MEETINGS. Notice of a special meeting shall be given to each director at least twenty-four (24) hours before the meeting by written notice delivered personally, or mailed to each director at the director's designated mailing address, by e-mail to the designated e-mail address, or by facsimile transmission to the designated number. Notice by mail shall be deemed to be delivered when it is deposited in the United States mail, addressed to the director with the postage on the letter prepaid. Telephonic notice is permissible if the director is personally contacted and consents to the time and date of the meeting, and the directors at the meeting are apprised of the telephonic notice to an absent consenting director and decide to proceed with the meeting. Any director may waive notice of any meeting, either before or after a meeting is held. The attendance of a director at a meeting shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting or waiver of notice of the meeting.

SECTION 7. QUORUM. A majority of the number of directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such number of directors are

present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 8. MANNER OF ACTION. The act of the majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 9. REMOVAL AND RESIGNATION. The members at a meeting by a vote of sixty-seven percent (67%) of all persons present and entitled to vote at any meeting of the members, at which a quorum is present, may remove any member of the board with or without cause. A member of the Board who is delinquent in the payment of dues and assessments after assuming office may be removed from office for such cause by the unanimous vote of the remainder of Board. A member of the Board may resign at any time by delivering to the Chairman or President a signed written notice of resignation specifying the effective date of resignation. The resignation requires no acceptance to be valid or effective. If a member of the Board fails to attend three consecutive meetings without prior excuse and such failure is confirmed by an affirmative vote of the remaining members, such failure shall be deemed a resignation. A Board member who is removed or resigns shall not forfeit or waive any benefits or protections, including insurance and indemnification, provided by these bylaws or by law to a Board member by virtue of having been a member of the Board.

SECTION 10. VACANCIES. A vacancy exists in the event of the death, resignation, or removal of a Director, or when a Director ceases to be a Member of the Association. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. The directors so chosen shall hold office until the next annual election at which a quorum is present to allow an election and until their successors are duly elected and shall qualify, unless sooner removed. If there are no directors in office, then an election of directors may be held in the manner provided by statute. A director elected to fill a vacancy shall be elected for the remaining term of his predecessor in office.

SECTION 11. INFORMAL ACTION BY DIRECTORS. Any action required to be taken at a meeting of the Board of Directors, or any other action, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors entitled to vote with respect to the subject matter thereof. Any such consent signed by all the directors shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the Secretary of State.

SECTION 12. GENERAL POWERS AND DUTIES. The Board of Directors shall carry on the duties and manage the affairs of the Association and may exercise all powers, duties, discretion and authority vested in or delegated to the Association by the Declaration, the Articles of Incorporation or these Bylaws which are not specifically reserved to the Members of the Association. The Board of Directors shall have and

may exercise any right, privilege or discretion which may be necessary or desirable to fulfill the Association's duties, obligations, rights or privileges.

SECTION 13. BUDGET. The Board shall prepare and adopt a budget for and prior to the next fiscal year of the Association. Within thirty (30) days after the adoption of any proposed budget, the Board shall mail or deliver a summary of the proposed budget to all members and shall set a date for a meeting of the members to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of the members reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget cannot be amended and is rejected, the last annual budget ratified by the members must be continued until such time as the members ratify a subsequent budget proposed by the Board.

SECTION 14. PRESUMPTION OF ASSENT. A director of the Association who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 15. PENALTIES. The Board of Directors may enforce its rules and regulations, the provisions of the Declaration, the Articles of Incorporation or these Bylaws by such means as it deems reasonable and appropriate, including, but not limited to, the imposition and levy of fines, after notice and an opportunity to be heard for fines for violations other than the payment of assessments, and the temporary suspension of the rights of Members to vote.

SECTION 16. DELEGATION OF POWERS. The Board by a majority vote of the Board may delegate to another person or managing agent powers in whole or in part relating to the management of the Association as to (1) the maintenance of common areas, including contracts therefor, (2) the enforcement of covenants, (3) any functions of the architectural control committee, or (4) the collection, deposit, transfer, or disbursement of Association funds. In respect to any delegation of a power concerning the Association funds, the person or managing agent shall maintain fidelity insurance coverage or a bond of not less than fifty thousand dollars (\$50,000) or more if required by the Board, maintain the operational and reserve funds so managed in separate operational and reserve accounts solely for the Association, and provide the Association with an annual accounting for the funds and a financial statement prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant as specified by the Board. Any delegation of power shall be

in writing and subject to and in compliance with the requirements of Section 1 of Article VI.

SECTION 17. LIABILITY AND HAZARD INSURANCE. The Association shall purchase and maintain such insurance as is required by the Declaration. The Association may also purchase and maintain other insurance, in such amounts as the Board of Directors may deem appropriate, to insure the Association against any other liability.

ARTICLE V OFFICERS

SECTION 1. NUMBER. The officers of the Association shall be a Chairman of the Board, a President, a Vice-President, a Treasurer, and a Secretary. Any two or more offices may be held by the same person.

SECTION 2. ELECTION AND TENURE. The officers of the Association shall be elected annually by the Board of Directors at the meeting of the Board of Directors held after each annual meeting of Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby.

SECTION 4. VACANCIES. A vacancy in any office, however occurring, may be filled by the Board of Directors for the remaining portion of the term.

SECTION 5. CHAIRMAN OF THE BOARD. The chairman of the board shall be elected from among the directors. He shall be the chief executive officer of the Association, and he shall have ultimate control of the business and affairs of the Association and preside at all meetings of the Members and of the Board of Directors. He shall have such other powers and duties as may be prescribed by the Board of Directors. The chairman may also, but is not required to, serve as President of the Association.

SECTION 6. PRESIDENT. The President shall be the principal operating officer of the Association and shall in general supervise and control all of the business and affairs of the Association. He may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, any deeds,

mortgages, bonds, contracts, amendments to the Declaration, or other instrument which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the Board of Directors from time to time or as from time to time may be assigned to him by the chairman of the Board of Directors.

SECTION 7. VICE-PRESIDENTS. In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there may be more than one Vice-President, the Vice-Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President and, then so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors or the chairman of the Board of Directors.

SECTION 8. TREASURER. If required by the Board of Directors, the Treasurer shall give a bond or like assurance for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall:

(A) Have charge and custody of and be responsible for all funds of the Association; receive and give receipts for money due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories in accordance with the instructions of the Board of Directors;

(B) In general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors or the chairman of the Board of Directors, including to

(1) Disburse funds as authorized by the Board and the Association budget,

(2) Keep proper books of account of the financial affairs of the Association,

(3) Prepare an annual budget and budget amendments or changes as requested by the Board from time to time.

(4) Prepare an annual statement of income and expense of the Association for the annual meeting and current statements when requested by the Board from time to time, and

(5) Cause an annual review by a public accountant of the income and disbursements of the Association to be prepared for each prior fiscal year of the Association to determine if all funds and disbursements of the Association are properly accounted for in the books of the Association.

SECTION 9. SECRETARY. The Secretary shall:

(A) Keep the minutes of the Members, and of the Board of Directors, meetings in one or more books provided for that purpose;

(B) See that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration or as required by law, and mail to each Member prior to the annual meeting a copy of the proposed annual budget and the past annual statement of income and disbursements;

(C) Be custodian of the corporate records and of the seal, if any, of the Association;

(D) Keep a register of the post-office address of each Member, which shall be furnished to the Secretary by such Member and addresses of all registered First Mortgagees;

(E) Prepare, execute, certify and record amendments to the Declaration on behalf of the Association;

(F) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the chairman of the Board of Directors, or the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS, DEPOSITS AND GIFTS

SECTION 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Any contract of the Association for services to the Association shall be in writing, shall not in any event exceed one year in duration and shall provide for termination by either party without cause or liability for termination

upon at least thirty (30) days prior written notice to the other party, and shall expressly state these conditions in any such contract.

SECTION 2. LOANS. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. CHECKS. DRAFTS. ETC. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. DEPOSITS. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

SECTION 5. GIFTS. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

ARTICLE VII **BOOKS AND RECORDS**

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the Members entitled to vote and all registered First Mortgagees. All books and records of the Association may be inspected by any Member, or his agent or attorney for any proper purpose at any reasonable time. Arrangements for copies of the records may be made by the Association with the reasonable expenses of copying to be paid by the person requesting such copies.

ARTICLE VIII **ASSESSMENTS**

SECTION 1. ANNUAL ASSESSMENTS. Assessments shall be determined and collected from Members in accordance with the Declaration.

SECTION 2. PAYMENT DELINQUENCY. When any member shall fail to pay the assessments, the Association may, at its option, proceed to collect the assessment in accordance with the Declaration. The Board shall assess a late charge of fifty dollars (\$50.00) for each delinquent assessment not paid in full when due and payable as authorized by the Declaration.

ARTICLE IX
FISCAL YEAR

The fiscal year of the Association shall end on the last day of December and begin on the first day of January in each year.

ARTICLE X
WAIVER OF NOTICE

Whenever any notice whatsoever is required to be given under the provisions of these Bylaws, the Articles of Incorporation, the Colorado Nonprofit Corporation Act or the Declaration, 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 equivalent to the giving of such notice.

ARTICLE XI
INDEMNIFICATION

SECTION 1. INDEMNIFICATION OF DIRECTORS AND OFFICERS. The Association hereby declares that any person who serves as a director or officer shall be deemed the Association's agent for the purposes of this Article and shall be indemnified by the Association against expenses, including attorneys' fees, judgments, fines, excise taxes, and amounts paid in settlement actually and reasonably incurred by such person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of such service, provided such person acted in good faith and in a manner he reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Except as provided in Section 3 of this Article XI, termination of any such action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create either a presumption that such person did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Association Of, with respect to any criminal action or proceeding, a presumption that such person had reasonable cause to believe that his conduct was lawful. The Association shall have no duty or obligation to indemnify a director or officer for any liability while acting in his individual capacity as an Association owner or member and not in his official capacity.

SECTION 2. INDEMNIFICATION AGAINST LIABILITY TO ASSOCIATION. No indemnification shall be made in respect of any claim, issue or matter as to which a person covered by Section 1 shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action, suit or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court shall deem proper.

SECTION 3. INDEMNIFICATION IN CRIMINAL MATTERS. No indemnification shall be made in respect of any criminal action or proceeding as to which a person covered by Section 1 shall have been adjudged to be guilty unless and only to the extent that the court in which such action or proceeding was brought shall determine upon application that, despite the adjudication of guilt but in view of all the circumstances of the case, such person is entitled to indemnification for such expenses for fines which such court shall deem proper.

SECTION 4. OTHER INDEMNIFICATION. The indemnification provided by this Article XI shall not be deemed exclusive of any other rights to which any person may be entitled under the Articles of Incorporation, any agreement, Bylaw (including without limitation any other or further section or provision of this Article), vote of the Members of disinterested directors or otherwise, and any procedure provided for by any of the foregoing, both as to action in his official capacity and as to action in another capacity while holding such office.

SECTION 5. PERIOD OF INDEMNIFICATION. Any indemnification pursuant to this Article shall continue as to any indemnified party who has ceased to be a director, officer, or agent of the Association and shall inure to the benefit of the heirs and personal representatives of such indemnified party. The repeal or amendment of this Article or of any section or provision hereof which would have the effect of limiting, qualifying or restricting any of the powers or rights of indemnification provided or permitted in this Article shall not, solely by reason of such repeal or amendment, eliminate, restrict or otherwise affect the right or power of the Association to indemnify any person, or affect any right of indemnification of such person, with respect to any acts or omissions which occurred prior to such repeal or amendment.

SECTION 6. INSURANCE FOR DIRECTORS AND OFFICERS. By action of the Board of Directors, notwithstanding any interest of the directors in such action, the Association shall purchase and maintain insurance, in such amounts as the Board of Directors may deem appropriate, on behalf of any person indemnified hereunder against any liability asserted against him and incurred by him in his capacity or arising out of his status as an agent of the Association, whether or not the Association would

have the power to indemnify him against such liability under applicable provisions of law. The Association may also purchase and maintain insurance, in such amounts as the Board of Directors may deem appropriate, to insure against any liability for the indemnification provided in this Article. The members of the Board of Directors, Officers and agents within their jurisdiction shall be covered by fidelity insurance in such sum in such available coverage as the Board of Directors shall determine.

SECTION 7. RIGHT TO IMPOSE CONDITIONS TO INDEMNIFICATION. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as to the Board of Directors or Members may appear appropriate in each specific case and circumstance, including but not limited to anyone or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any action shall be counsel mutually agreeable to the person to be indemnified and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

ARTICLE XII **OTHER PROTECTIONS AND** **RESTRICTIONS OF DIRECTORS AND OFFICERS**

SECTION 1. CONFLICTS OF INTEREST. An officer or director may act for the Association although he or a party related to him is associated with or interested in another party which is involved in a transaction with the Association, provided that he has disclosed material facts of that interest to the Association prior to the approval or authorization of the transaction, and the Board in good faith authorizes or approves the transaction by an affirmative vote of the disinterested Board members though less than a quorum and the transaction is fair to the Association.

SECTION 2. LOANS. The Association shall not make any loans to any of its directors or officers.

SECTION 3. COMPENSATION. The Association shall not pay any compensation to its directors or officers for their services in the general and routine performance of the duties and obligations of their offices. Directors and officers will be reimbursed for their actual expenses incurred in connection with their duties, or in the discretion of the Board for the providing of additional or extraordinary services other than general and routine duties, when such services are requested to be performed for the benefit of the Association.

ARTICLE XIII
AMENDMENTS

SECTION 1. BYLAWS. These Bylaws may be amended by a majority vote of the Board of Directors, or by a majority vote of a quorum of Members at any regular meeting or any special meeting called for that purpose when and in the manner as provided by law. No amendment to these Bylaws shall be made which conflicts with the laws of the State of Colorado, the Declaration or the Articles of Incorporation of the Association.

SECTION 2. NOTICE TO FIRST MORTGAGEES. Notice of any meeting of Members where any amendment to the Bylaws is contemplated shall be sent by the Secretary to all First Mortgagees of record who have requested such notice.

ARTICLE XIV
MISCELLANEOUS

SECTION 1. PROOF OF OWNERSHIP. Each Member of the Association, upon becoming a Member, shall furnish to the Board of Directors a photocopy or a certified copy of the recorded instrument vesting the Member with an ownership interest. Such copy shall remain in the files of the Association. The Board of Directors may deny voting rights to any Member who has not satisfied this requirement.

SECTION 2. REGISTRATION OF MAILING ADDRESS. All Members shall furnish to the Board of Directors in writing a mailing address to which all notices and assessments required under these Bylaws or the Declaration shall be sent. If a Lot is owned by two or more persons, such co-owners shall designate one address as their registered address. Any Member may change the address to which future notices or assessments shall be sent by a written notice of such change delivered to the Board of Directors. If a Member fails to furnish such a notice to the Board of Directors, such notices shall be sent to the mailing address of that Member's Lot.

SECTION 3. REGISTRATION OF FIRST MORTGAGEES. Any Owner who mortgages or grants a deed of trust or who executes any other security instrument creating a lien on his Lot shall notify the Board of Directors in writing of the name and address of the First Mortgagee, as defined in the Declaration. Notwithstanding anything in these Bylaws to the contrary, only a First Mortgagee who requests in writing to be notified of a default or other act in which the Mortgagee has an interest is deemed to be duly registered with the Association and shall be entitled to receive the information or notices provided for in these Bylaws or where authorized be entitled to vote on Association matters.

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SECTION 4. CONSTRUCTION OF BYLAWS. If any provision of these Bylaws conflicts with any provision of the Declaration, the Declaration shall control.

ARTICLE XV
DEFINITIONS

As used in these Bylaws "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements for St. Andrews Subdivision Filing No.1 and Filing No.2 as recorded on June 23, 1993, in Book 6200 at pages 74 to 109, in the real property records of El Paso County, Colorado, as the same may have thereafter been amended or assigned. All defined terms used in these Bylaws shall have the same meaning as any such defined terms in the Declaration.

END OF BYLAWS

CHANGE History

1. SECTION 5. QUORUM was amended to change the original 60 percent (60%) of the votes at a meeting to now read 40%. This was voted and approved by the majority of the Members attending the 2000 Annual meeting at which time over 60% of the Association members were present.

(changed by Bill Mangold, HOA Treasurer)