

BYLAWS

OF

STERLING POINTE OWNERS ASSOCIATION, INC.

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BYLAWS

OF

STERLING POINTE OWNERS ASSOCIATION, INC.

ARTICLE 1 - INTRODUCTION AND PURPOSES

Section 1.1 Introduction. These are the Bylaws of Sterling Pointe Owners Association, Inc., which Association shall operate under applicable provisions of the Colorado Common Interest Ownership Act, as amended, as apply to limited expense Planned Communities, and under the Colorado Nonprofit Corporation Act, as amended.

Section 1.2 Purposes. The purposes for which the Association was formed are to preserve and enhance the value of the properties of members and to govern the Common Interest Community and the Access Easements of "Sterling Pointe", a limited expense Planned Community situated in the County of Douglas, State of Colorado, as the Common Interest Community was created pursuant to the Declaration and plat. Terms which are defined in the Declaration shall have the same meaning herein, unless defined otherwise in these Bylaws.

Section 1.3 Persons Subject to Bylaws. All present or future Owners, tenants, future tenants, guests or any person that might use or occupy, in any matter, the Improvements on each Lot or the facilities within the Common Interest Community, are subject to the terms and provisions of these Bylaws, and the other governing documents ("Documents") of the Common Interest Community. The mere acquisition, rental or use of a Lot or the Improvements thereon will signify that the Documents of the Common Interest Community are acceptable, ratified and will be complied with.

ARTICLE 2 - BOARD

Section 2.1 Number and Qualification.

(a) The affairs of the Common Interest Community and the Association shall be governed by an Board of Directors which, until the termination of the period of Declarant control, shall consist of three (3) persons. If any property is owned by a partnership, corporation, limited liability company or any other entity, any officer, partner, manager or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be a Owner for the purposes of these Bylaws. At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

- (b) The terms of at least one-third (1/3) of the Directors shall expire annually.
- (c) The Declaration shall govern appointment of Directors of the Board of Directors during the period of Declarant control.

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

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

- (a) Adopt and amend Bylaws and Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Owners on, matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of the Access Easements;
- (i) Cause additional improvements to be made to the Access Easements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property;
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one (1) year, through or over the Access Easements;
- (l) Impose and receive a payment, fee or charge for services provided to any Owner;
- (m) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy reasonable fines for a violation of the Declaration, Bylaws, Rules and Regulations of the Association;
- (n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;

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

Section 2.3 Manager. The Board of Directors may employ a manager for the Common Interest Community, at a compensation established by the Board of Directors, to perform duties and services authorized by the Board of Directors. The Board of Directors may delegate to the manager only the powers granted to the Board of Directors by these Bylaws under Section 2.2 subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Board of Directors and to fulfill the requirements of the budget. Regardless of any delegation to a manager or managing agent, the members of the Board of Directors shall not be relieved of responsibilities under the Declaration of these Bylaws or Colorado law.

Section 2.4 Removal of Directors. The Owners, by a vote of at least two-thirds (2/3) of the votes at any meeting of the Owners at which a quorum is present, may remove a Director, other than a Director appointed by Declarant, with or without cause.

Section 2.5 Vacancies. Vacancies in the Board of Directors, caused by any reason other than the removal of a Director by a vote of the Owners, may be filled at a special meeting of the Board of Directors held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be subject to the reserved rights of Declarant to appoint Directors, unless those rights have expired, in which event, appointments shall be made by a majority of the remaining elected Directors constituting the Board of Directors. Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 2.6 Regular Meetings. The first regular meeting of the Board of Directors following each annual meeting of the Owners shall be held within ten (10) days after the annual meeting at a

time and place to be set by the Owners at the meeting at which the Board of Directors shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Board of Directors may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7 Special Meetings. Special meetings of the Board of Directors may be called by the President or by a majority of the Directors on at least three (3) business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.8 Open Meetings/Location of Meetings. All meetings of the Board of Directors shall be open to attendance by members, as provided for by applicable Colorado law. All meetings of the Board of Directors shall be held within the Douglas County area, unless all Directors consent in writing to another location.

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

Section 2.10 Quorum of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, unless there are less than three (3) directors, in which case, all directors must be present to constitute a quorum. At a meeting at which a quorum is present, the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board of Directors unless there are less than three directors, in which case, unanimity of the directors is required to constitute a decision of the Board of Directors. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting.

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

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

ARTICLE 3 - OWNERS

Section 3.1 Membership. Ownership of a property included in the Community is required in order to qualify for membership in this Association. Membership is more fully addressed in the Declaration.

Section 3.2 Annual Meeting. Annual meetings of Owners shall be held during each of the Association's fiscal years, at such time of the year and date as determined by the Board of Directors and set forth in the notice. At these meetings, the Directors shall be elected by ballot of the Owners, in accordance with the provisions of these Bylaws and Declaration. The Owners may transact other business as may properly come before them at these meetings.

Section 3.3 Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Board of Directors or by Owners comprising ten percent (10%) of the votes in the Association.

Section 3.4 Place of Meetings. Meetings of the Owners shall be held in the Common Interest Community, or in Douglas County, and may be adjourned to a suitable place convenient to the Owners, as may be designated by the Board of Directors or the president.

Section 3.5 Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Owners to be hand-delivered or sent prepaid by United States mail to the mailing address of each property or to the mailing address designated in writing by the Owner, not less than ten (10) nor more than fifty (50) days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

Section 3.6 Waiver of Notice. Any Owner may, at any time, waive notice of any meeting of the Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.7 Adjournment of Meeting. At any meeting of Owners, a Majority of the Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8 Order of Business. The order of business at all meetings of the Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of memberships of the Board of Directors (if required and noticed);
- (f) Election of inspectors of election (when required);
Election of Directors of the Board of Directors (when required);

- (h) Unfinished business; and
- (i) new business.

Section 3.9 Voting. If only one of several owners of a property is present at a meeting of the Association, the Owner present is entitled to cast all the votes allocated to that property. If more than one (1) of the Owners are present, the votes allocated may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if any one of the Owners casts the votes allocated without protest being made promptly to the person presiding over the meeting by another Owner of that property.

Votes allocated may be cast under a proxy duly executed by an Owner. An Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one (1) year after its date, unless it specifies a shorter term.

Section 3.10 Quorum. Except as otherwise provided in these Bylaws, Owners present in person or by proxy at any meeting of Owners, but no less than ten percent (10%) of the members, shall constitute a quorum at that meeting.

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

Section 3.12 Owner Addresses for Notices. Unless an Owner shall have notified the Association by registered or certified mail of a different address, any notice required to be given, or otherwise given by the Association under these Bylaws to any Owner or any other written instrument to be given to any Owner, may be mailed to such Owner in a postage prepaid envelope and mailed by first class, registered or certified mail to the address of the property shown upon the Association's records as being owned by such Owner. If more than one (1) Owner owns a particular property, then any notice or other written instrument may be addressed to all of such Owners and may be mailed in one envelope in accordance with the foregoing. Any notice or other written instrument given by the Association in accordance with the foregoing will be deemed to have been given on the date that it is mailed.

Section 3.13 Rules at Meeting. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and Owners. In the absence of such rules, Robert's Rules of Order shall be used.

ARTICLE 4 - OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to

be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors. They shall hold office at the pleasure of the Board of Directors.

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

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Owners and of the Board of Directors. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit association organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

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

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

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board of Directors and shall perform all the duties incident to the office of treasurer of a nonprofit association organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board of Directors. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order,

authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

Section 4.8 Agreements, Contracts, Deeds, Checks, Etc. Except as provided in Sections 4.4, 4.6, 4.7, and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Board of Directors.

Section 4.9 Statements of Account. The treasurer, assistant treasurer, a manager employed by the Association, if any, or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of account for assessments. The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board of Directors. Any unpaid fees may be assessed as a Common Expense against the property for which the certificate or statement is furnished.

ARTICLE 5 - ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Documents shall give the Board of Directors the right to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 Fines for Violation. By resolution, following notice and hearing, the Board of Directors may levy reasonable fines per day for each day that a violation of the Documents or Rules persists after notice and hearing, but this amount shall not exceed that amount necessary to insure compliance with the rule or order of the Board of Directors.

ARTICLE 6 - INDEMNIFICATION

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided by Colorado law, the provisions of which are incorporated by reference and made a part of this document.

ARTICLE 7 - RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records. The cost of any audit, review or compilation shall be a Common Expense.

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

ARTICLE 8 – MISCELLANEOUS

Section 8.1 Notices. All notices to the Association or the Board of Directors shall be delivered to the office of the manager, or, if there is no manager, to the office of the Association, or to such other address as the Board of Directors may designate by written notice to all Owners. Except as otherwise provided, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

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

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

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

ARTICLE 9 - AMENDMENTS TO BYLAWS

Section 9.1 Vote of Board of Directors Members. The Bylaws may be amended only by vote of two-thirds (2/3) of the members of the Board of Directors, following notice and opportunity to comment to all Owners, at any meeting duly called for such purpose.

Section 9.2 Restrictions on Amendments. No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any Security Interest covering any property or which would materially change the provisions of the Bylaws with respect to a first lien Security Interest or the interest of an institutional mortgagees of record.

ATTEST: Certified to be the Bylaws adopted by consent of the Directors.

Rod Weimer, Secretary