

BYLAWS
OF
REUNION HOMEOWNERS ASSOCIATION, INC.

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BYLAWS
OF
REUNION HOMEOWNERS ASSOCIATION, INC.

I. GENERAL.

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of Reunion Homeowners Association, Inc., a Colorado nonprofit corporation (the "Homeowners Association" or "Association") organized to be the association to which reference is made in the Declaration for Reunion Homeowners Association, Inc. ("Homeowners Declaration"), executed by Shea Homes Limited Partnership, a California limited partnership d/b/a Shea Homes ("Declarant"), to perform the functions as provided in the Homeowners Declaration and to further the interests of Owners of Privately Owned Sites within the Homeowners Association Area.

1.2 Terms Defined in Homeowners Declaration. Capitalized terms in these Bylaws shall have the same meaning as any similarly capitalized terms in the Homeowners Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Revised Nonprofit Corporation Act, the Homeowners Declaration and the Articles of Incorporation of Reunion Homeowners Association, Inc. filed with the Secretary of State of Colorado (the "Articles of Incorporation"), as any of the foregoing may be amended from time to time.

II. OFFICES.

2.1 Principal Office. The principal office of the Association shall be at 9135 South Ridgeline Boulevard, Suite 100, Highlands Ranch, Colorado 80129. The Board of Directors, in its discretion, may change from time to time the location of the principal office, provided that, at such time as suitable quarters can reasonably be obtained within the Homeowners Association Area, the principal office of the Association shall be located within the Homeowners Association Area.

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

III. MEMBERS.

3.1 Members. A "Member," as provided in the Homeowners Declaration, is the Person, or if more than one, all Persons collectively, who constitute the Owner of a Privately Owned Site within the Homeowners Association Area. The rights and obligations associated with being a Member are referred to herein as a "Membership." Declarant shall hold a Membership in the Homeowners Association for each Privately Owned Site owned by Declarant.

3.2 Memberships Appurtenant to Sites. Each Membership shall be appurtenant to the fee simple title to a Privately Owned Site. The Person or Persons who constitute the Owner of fee simple title to a Privately Owned Site shall automatically be the holder of the Membership appurtenant to that Privately Owned Site and the Membership shall automatically pass with fee simple title to the Privately Owned Site. No Member shall, however, be entitled to resign from the Homeowners Association. Membership in the Homeowners Association shall not be assignable separate and apart from fee simple title to a Privately Owned Site except that an Owner may assign some or all of his rights as an Owner and as a Member of the Homeowners Association to a tenant or Mortgagee and may arrange for a tenant to perform some or all of such Owner's obligations as provided in the Homeowners Declaration, but no such delegation or assignment shall relieve an Owner from the responsibility for fulfillment of the obligations of an Owner under the Homeowners Declaration. The rights acquired by any such tenant or Mortgagee shall be extinguished automatically upon termination of the tenancy or Mortgage. The assignment of rights by an Owner pursuant to this Section shall not be subject to any present or future statutory time limit for the duration of proxy rights.

3.3 One Class of Membership; Voting Rights of Members. The Homeowners Association shall have one class of voting Membership. Each Owner shall be entitled to one vote for each Assessment Unit assigned to the Privately Owned Site owned by such Owner in accordance with the provisions of the Homeowners Declaration, except that no votes allocated to a Privately Owned Site owned by the Homeowners Association or a Subassociation may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Assessment Units assigned to Privately Owned Sites then existing within the Homeowners Association Area. During the Period of Declarant Control, as defined in the Homeowners Declaration, the Declarant or Persons appointed by the Declarant shall have the right to appoint officers and members of the Board of Directors of the Homeowners Association, and to remove all officers and members of the Board of Directors which have been appointed by the Declarant, as more particularly provided in Section 3.5.

3.4 Subdivision of Privately Owned Sites. In the event a Privately Owned Site is resubdivided into two or more Privately Owned Sites in accordance with the Restrictions contained in the Homeowners Declaration, each Privately Owned Site existing after such resubdivision shall be entitled to one Membership in the Homeowners Association.

3.5 Declarant's Right to Appoint During Period of Declarant Control. From and after the date of Recordation of the Homeowners Declaration until the date which is 60 days after the date of conveyance by Declarant of 25% of the Units that May Be Created to Owners other than Declarant, the Declarant or Persons designated by the Declarant may appoint and remove all officers and members of the Board of Directors of the Homeowners Association. From and after the date which is 60 days after the date of conveyance by Declarant of 25% of the Units That May Be Created to Owners other than Declarant until the date which is 60 days after the date of conveyance by Declarant of 50% of the Units That May Be Created to Owners other than Declarant, the Owners other than Declarant shall have the right to elect a number of the members of the Board of Directors of the Homeowners Association equal to the greater of one or 25% (rounded up or down to the nearest whole number) of the total number of the members of the Board of Directors, and the Declarant or Persons designated by Declarant may appoint and remove all other members of the Board of Directors. From and after the date which is 60 days after the date of conveyance by Declarant of 50% of the Units That May Be Created to Owners other than Declarant until the date of termination of the Period of Declarant Control, the Owners other than Declarant shall have the right to elect a number of the members of the Board of Directors of the Homeowners Association equal to the greater of one or 33% (rounded up or down to the nearest whole number) of the total number of the members of the Board of Directors, and the Declarant or Persons

designated by the Declarant may appoint and remove all other members of the Board of Directors. From and after the date of termination of the Period of Declarant Control, the Owners, including Declarant (if Declarant is then an Owner), shall elect a Board of Directors of the Homeowners Association of at least three members, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant. The Declarant may voluntarily surrender any or all of the foregoing rights to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control; but, in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Homeowners Association Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

3.6 Voting by Joint Owners. If there is more than one person who constitutes the Owner of a Privately Owned Site, each such Person shall be entitled to attend any meeting of Members of the Homeowners Association but the voting power attributable to the Privately Owned Site shall not be increased. In all cases in which more than one Person constitutes the Owner of a Privately Owned Site, including instances in which a Privately Owned Site is owned by a husband and wife, then, unless written notice to the contrary, signed by any one of such Persons, is given to the Board of Directors of the Homeowners Association prior to the meeting, any one such Person shall be entitled to cast, in person or by proxy, the vote attributable to the Privately Owned Site, and it shall be presumed that they are in agreement with respect to the manner that such vote is cast. If, however, more than one Person constituting such Owner attends a meeting in person or by proxy, and seeks to cast the vote attributable to the Privately Owned Site, then the act of those Persons owning a majority in interest in such a Privately Owned Site shall be entitled to cast the vote attributable to such Privately Owned Site.

3.7 Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of Members at a meeting, the Board of Directors of the Homeowners Association shall act as arbitrators and the decision of a disinterested majority of the Board of Directors shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, as the same may be amended; provided, however, that the Board of Directors shall have no authority or jurisdiction to determine matters relating to the entitlement of Declarant to vote or relating to the manner of exercise by Declarant of its voting rights.

3.8 Suspension of Voting Rights. If and to the extent permitted by applicable Law, the Board of Directors may suspend, after Notice and Hearing, the voting rights of a Member during and for up to 60 days following any breach by such Member or a Related User of such Member of any provision of the Homeowners Declaration or of any Rule or Regulation adopted by the Homeowners Association unless such breach is a continuing breach, in which case such suspension may continue for so long as such breach continues and for up to 60 days thereafter.

3.9 Transfer of Memberships on the Homeowners Association Books. Transfers of Memberships shall be made on the books of the Homeowners Association only upon presentation of evidence, satisfactory to the Homeowners Association, of the transfer of ownership of the Privately Owned Site to which the Membership is appurtenant. Prior to presentation of such evidence, the Homeowners Association may treat the previous owner of the Membership as the owner of the Membership entitled to the all rights in connection therewith, including the rights to vote and to receive notice.

3.10 Assignment of Voting Rights to Tenants and Mortgagees. Upon prior written notice to the Homeowners Association, a Member may assign the voting rights appurtenant to the Privately Owned Site of such Member to a tenant occupying his Privately Owned Site or to a First Mortgagee of his Privately Owned Site for the term of the lease or the First Mortgage and any sale, transfer or conveyance of the Privately Owned Site shall, unless otherwise provided in the document of sale, transfer or conveyance, be subject to any such assignment of voting rights to any tenant or First Mortgagee. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Homeowners Association. The assignment shall automatically become void upon termination of the tenancy or First Mortgage. An assignment in accordance with this Section shall not be considered a proxy and shall not be subject to the limitation on duration of proxies which is set forth in Section 4.6 hereof.

IV. MEETINGS OF MEMBERS.

4.1 Place of Members' Meetings. Meetings of Members shall be held at the principal office of the Homeowners Association or at such other place, within or convenient to the Homeowners Association Area, as may be fixed by the Board of Directors and specified in the notice of the meeting.

4.2 Annual Meetings of Members. Annual meetings of the Members shall be held in September of each year beginning in September of 2003 on such day in September and at such time of day as is fixed by the Board of Directors of the Homeowners Association and specified in the notice of meeting. The annual meetings shall be held to elect Directors of the Homeowners Association and to transact such other business as may properly come before the meeting.

4.3 Special Meetings of Members. Special meetings of the Members may be called by the President or the Board of Directors of the Homeowners Association or by Members holding not less than 5% of the total votes of all Members. No business shall be transacted at a special meeting of Members except as indicated in the notice thereof.

4.4 Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board of Directors of the Homeowners Association may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than 50 days prior to the meeting of Members or the event requiring a determination of Members.

4.5 Notice of Members' Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than 10 nor more than 50 days before the date of the meeting, in the manner for the giving of notices pursuant to the Homeowners Declaration, by or at the direction of the President or the Secretary of the Homeowners Association or the officers or persons calling the meeting, to each Member entitled to vote at such meeting. The notice of an annual meeting shall include the names of any known candidate for director and that cumulative voting shall take place and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. The notice of any annual or special meeting shall state any matter a Member intends to raise at the meeting if requested to do so by a person entitled to call a special meeting by a written request received by the Secretary or President of the Homeowners Association at least ten days before notice of the meeting is given by the Homeowners Association.

4.6 Proxies. A Member entitled to vote may vote in person or by proxy in writing executed by the Member or his duly authorized attorney-in-fact and filed with the Secretary of the meeting prior to the time the proxy is exercised. The filing of a proxy by a Member may include, without limitation, the transmission of the same by telegram, teletype, facsimile or other electronic transmission to the Secretary of the meeting provided that such transmitted proxy shall set forth or be transmitted with written evidence from which it can be determined that the Member transmitted or authorized the transmission of the proxy. Any proxy may be revoked, prior to the time the proxy is exercised, by a Member in person at a meeting or by revocation in writing filed with the Secretary. A proxy shall automatically cease upon the conveyance by a Member of the Privately Owned Site of the Member and the transfer of the Membership on the books of the Homeowners Association. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy and no proxy shall be valid in any event for more than three years after its date of execution. Any form of proxy furnished or solicited by the Homeowners Association and any form of written ballot furnished by the Homeowners Association shall afford an opportunity thereon for Members to specify a choice between approval and disapproval of each matter or group of related matters which is known, at the time the form of proxy or written ballot is prepared, may come before the meeting and shall provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

4.7 Quorum at Members' Meetings. Except as may be otherwise provided in the Homeowners Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least 10% of the votes of all Members shall constitute a quorum at any meeting of such Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum. If the required quorum is not present in person or by proxy at any such meeting of Members, another meeting may be called, subject to the notice requirements hereinabove specified, and the presence, in person or by proxy, of Members entitled to cast at least 5% of the votes of all Members, shall, except as may be otherwise provided in the Homeowners Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

4.8 Attendance by Telecommunication. If a Member so requests in a written notice given to the Secretary of a meeting at least 7 days prior to the meeting and if the Board of Directors agrees, in its sole discretion, to permit the same, such Member may participate in such meeting, or such meeting may be conducted through, the use of any means of communication by which such Member may hear each other person present during such meeting. A Member participating in a meeting by the foregoing means shall be deemed to be present in person at such meeting.

4.9 Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum shall be present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods of not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called.

4.10 Vote Required at Members' Meetings. At any meeting if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by Law, the Homeowners

Declaration, the Articles of Incorporation or these Bylaws, except that in the case of elections which there are more than two candidates the persons receiving the highest number of votes cast shall be elected.

4.11 Cumulative Voting Permitted. Cumulative voting by Members in the election of Directors shall be permitted. Each Member may cumulate his votes by giving one candidate a number of votes equal to the number of votes which the Member has the right to cast multiplied by the number of Directors to be elected or by distributing votes on the same principle among any number of candidates.

4.12 Order of Business. The order of business at any meeting of Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; and (d) election of Directors (at annual meetings or special meetings held for such purpose).

4.13 Expenses of Meetings. The Homeowners Association shall bear the expenses of all meetings of Members and of special meetings of Members.

4.14 Waiver of Notice. A waiver of notice of any meeting of Members, signed by a Member, whether before or after the date or time stated in the notice as the date or time when the meeting will occur or has occurred, shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice. Additionally, attendance of a Member at the meeting, in person or by proxy, shall constitute waiver of objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

4.15 Member's List. None of the Homeowners Association, the Board of Directors nor the officers of the Homeowners Association shall be obligated to prepare an alphabetical list of the names of all Members who are entitled to notice of, and to vote at, a meeting or to take such action by written ballot as contemplated pursuant to C.R.S. § 7-127-201.

4.16 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and otherwise in accordance with the requirements of the Colorado Revised Nonprofit Corporation Act.

4.17 Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of the Members may be taken without a meeting by written ballot delivered to every Member entitled to vote on the matter. The procedure for actions by written ballot shall be governed by the Colorado Revised Nonprofit Corporation Act.

V. BOARD OF DIRECTORS.

5.1 General Powers and Duties of Board. The Board of Directors shall have the duty to manage and supervise the affairs of the Homeowners 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 for the Homeowners Association, all of the powers, rights and authority of the Homeowners Association not reserved to Members in the Homeowners Declaration, the Articles of Incorporation, these Bylaws, or the Colorado Revised Nonprofit Corporation Act. In no case, however, shall the Board of Directors have the power to act on behalf of the Homeowners Association to amend the Homeowners Declaration, to terminate the common interest community created pursuant to the Homeowners Declaration or to elect members of the Board of Directors or determine the qualifications, powers and duties, or terms of office of, members of the Board of Directors, except that the Board of Directors may fill vacancies in its membership for the unexpected portion of any term as provided in Section 5.8.

5.2 Special Powers and Duties of Board. Without limiting the foregoing statement of general powers and duties of the Board of Directors or the powers and duties of the Board of Directors as set forth in the Homeowners Declaration, the Board of Directors of the Homeowners Association shall be vested with and responsible for the following specific powers and duties:

(a) Assessments. The duty to fix and levy from time to time Common Assessments, Special Assessments, Reimbursement Assessments and any other Assessments upon the Members of the Homeowners Association as provided in the Homeowners Declaration; to determine and fix the due date for the payment of such Assessments and the date upon which the same shall become delinquent; and to enforce the payment of such delinquent Assessments as provided in the Homeowners Declaration.

(b) Insurance. The duty to contract and pay premiums for fire and casualty and liability and other insurance in accordance with the provisions of the Homeowners Declaration.

(c) Homeowners Association Properties. The duty to accept the title to and manage and care for the Homeowners Association Properties, to employ personnel necessary for the care and operation of the Homeowners Association Properties, and to contract and pay for necessary improvements on property acquired by the Homeowners Association.

(d) Agents and Employees. The power to select, appoint, and remove all officers, agents, and employees of the Homeowners Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Homeowners Declaration and these Bylaws; and to fix their compensation and to require from them security for faithful service as deemed advisable by the Board of Directors.

(e) Enforcement. The power to enforce the provisions of the Homeowners Declaration, the Rules and Regulations of the Homeowners Association, these Bylaws or other agreements of the Homeowners Association.

(f) Delegation of Powers. The power to delegate its powers according to Law and the provisions of the Homeowners Declaration.

(g) Rules and Regulations. The power to adopt such rules and regulations with respect to the interpretation and implementation of the Homeowners Declaration, use of Homeowners Association Properties, and use of any property within the Homeowners Association Area, including Privately Owned Sites; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Homeowners Declaration, the Articles of Incorporation and these Bylaws.

5.3 Qualifications of Directors. A Director shall be a natural person who is eighteen years of age or older. Except for any Director appointed by Declarant pursuant to Section 3.5, a Director must be an Owner of a Privately Owned Site within the Homeowners Association Area or, if the Owner of any such Site is a partnership, corporation or other entity, must be an authorized agent of such partnership, corporation or other entity. If a Director conveys or transfers title to his Privately Owned Site, or if a Director who is an authorized agent of a partnership, corporation or other entity ceases to be such authorized agent, or if the partnership, corporation or other entity of which a Director is an agent transfers title to its Privately Owned Site, such Director's term as Director shall immediately terminate and a new Director shall be selected as promptly as possible to take such Director's place. A Director may be re-elected and there shall be no limit on the number of terms a Director may serve.

5.4 Nomination of Directors. Except for Directors appointed by Declarant pursuant to Section 3.5, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meetings of Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

5.5 Number of Directors. The number of Directors of the Homeowners Association shall be five except that, until the first annual meeting of Members, the number of Directors shall be three. The number of Directors may be increased or decreased from time to time by amendment to these Bylaws 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.

5.6 Term of Office of Directors. The initial Directors named in the Articles of Incorporation shall hold office until the first annual meeting of Members. Subject to the provisions of Section 3.5, at the first annual meeting of Members, five directors shall be elected, two of which Directors shall be elected for a term of three years, two of which Directors shall be elected for a term of two years and one of which Directors shall be elected for a term of one year. At and at each annual meeting thereafter, a number of Directors shall be elected to replace those Directors whose terms are expiring in that year. Each respective Director shall continue in office until the annual meeting of Members occurring in the year in which such Director's term is to expire or until his successor has been elected, whichever is later, unless a Director resigns, is removed or his term of office terminates because he is no longer qualified to be a Director.

5.7 Removal of Directors. At any meeting of the Members, the notice of which indicates such purpose, any Director, other than any Director appointed by Declarant pursuant to Section 3.5, may be removed, with or without cause, by vote of sixty-seven percent (67%) of the Members present

in person or by proxy at such meeting and a successor may be then and there elected to fill the vacancy thus created. If less than the entire Board of Directors is to be removed, no one of the Directors may be removed if the votes of a sufficient number of Members are cast against his removal which, if then cumulatively voted at election of the entire Board of Directors, would be sufficient to elect such Director.

5.8 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.

5.9 Vacancies in Directors. Any vacancy occurring in the Board of Directors shall, unless filled in accordance with Section 3.5 or Section 5.7 or by election at a special meeting of Members, be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. A Directorship to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Members or by appointment by the Declarant pursuant to Section 3.5.

5.10 Executive Committee. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint an Executive Committee, which shall consist of three or more Directors and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Board of Directors except authority with respect to those matters specified in the Colorado Revised Nonprofit Corporation Act as matters which such committee may not have and exercise the authority of the Board of Directors.

5.11 Other Committees of Association. 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 exercise such authority as shall be specified in the resolution creating such committee except that any such committee which consists of one or more members thereof who are entitled to vote on committee matters and who are not then also Directors may not exercise any power or authority reserved to the Board of Directors in the Colorado Revised Nonprofit Corporation Act, the Articles of Incorporation or these Bylaws. Notwithstanding the foregoing, a committee of the Board shall have no authority to act as to matters prohibited by the Colorado Revised Nonprofit Corporation Act.

5.12 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him or her by Law. The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of Directors shall be applicable to meetings of committees of the Board of Directors.

5.13 Manager or Managing Agent. The Board of Directors, by resolution adopted by a majority of the Directors in office, shall, at or as soon as reasonably possible after the first annual meeting of the Board of Directors, designate and appoint a manager or a managing agent, or both, which manager or managing agent shall have and exercise those powers and shall fulfill those duties of the Board of Directors as shall be specified in any such resolution. Any such resolution may delegate all or substantially all of the powers and duties of the Board of Directors to any such manager or managing agent but the Board, in delegating powers and duties to any such manager or managing agent,

shall not be relieved of its responsibilities under the Homeowners Declaration. Any such manager or managing agent shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by such manager or managing agent and shall maintain the Operating Fund of the Association separate from the Reserve fund of the Association in accordance with the Homeowners Declaration. Any such manager or managing agent shall also be required to comply with the requirements of applicable Law.

VI. MEETINGS OF DIRECTORS.

6.1 Place of Directors' Meetings. Meetings of the Board of Directors shall be held at the principal office of the Homeowners Association or at such other place, within or convenient to the Homeowners Association Area, as may be fixed by the Board of Directors and specified in the notice of the meeting.

6.2 Annual Meeting of Directors. Annual meetings of the Board of Directors shall be held on the same date as, or within 10 days following, the annual meeting of Members. The business to be conducted at the annual meeting of Directors shall consist of the appointment of officers of the Homeowners Association and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Board of Directors shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of Members at which the Board of Directors is elected or if the time and place of the annual meeting of the Board of Directors is announced at the annual meeting of such Members.

6.3 Other 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 such regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by such resolution.

6.4 Special Meetings of Directors. Special meetings of the Board of Directors may be called by the President or any two members of the Board of Directors, after not less than three (3) days prior notice to each member of the Board of Directors.

6.5 Notice of Directors' Meetings. In the case of all meetings of Directors for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than three nor more than 50 days before the date of the meeting, in the manner for the giving of notices pursuant to the Homeowners Declaration, by or at the direction of the persons calling the meeting, to each member of the Board of Directors. 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 or waiver of such meeting.

6.6 Proxies. For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director shall be deemed to be present at a meeting and to vote if the Director has granted a signed written proxy to another Director who is present at the meeting, authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. Except as otherwise permitted in this Section, a Director shall not be entitled to vote or otherwise act by proxy at any meeting of Directors.

6.7 Quorum of Directors. A majority of the number of Directors fixed in these Bylaws shall constitute a quorum for the transaction of business.

6.8 Adjournment of Directors' Meetings. Directors present at any meeting of Directors may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

6.9 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 the matter, unless a greater proportion is required by Law, the Homeowners Declaration, the Articles of Incorporation or these Bylaws.

6.10 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 meeting; (d) reports of officers; (e) reports of committees; (f) unfinished business; and (g) new business.

6.11 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.

6.12 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. Attendance of a Director at or participation in a meeting in person shall constitute waiver of notice of such meeting, unless, at the beginning of the meeting, or promptly upon the Director's later arrival, the Director objects to holding the meeting or objects to the transaction of business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the meeting.

6.13 Action of Directors Without a Meeting. If and to the extent permitted by applicable Law, 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. No action taken without a meeting shall be effective unless writings describing the action take and otherwise satisfying the foregoing requirements signed by all directors and not validly revoked are received by the Homeowners Association. An action shall be deemed taken under this Section only if the affirmative vote for such action equals or exceeds the minimum number of votes which would be necessary to take such action at a meeting at which all of the Directors then in office were present and voted.

6.14 Open Meetings. All meetings of the Board of Directors, whether annual meetings, regular meetings or special meetings, and all meetings of the Executive Committee and any other committee appointed by the Board of Directors, shall be open to attendance by all Members of the Homeowners Association or their representatives, except that the Board of Directors or the Executive Committee or any other such committee may hold an executive or closed session with respect to a "Restricted Matter," as hereafter defined, and at such session may restrict attendance to members of the

Board of Directors and such other persons requested by the Board of Directors during a regular or specially announced meeting or a part thereof. Any such executive or closed session shall be held and conducted in compliance with the applicable provisions of applicable Law. "Restricted Matter" shall mean any matter as to which it shall not be unlawful or prohibited under the provisions of applicable Law to hold such an executive or closed session.

VII. OFFICERS.

7.1 Officers, Employees and Agents. The officers of the Homeowners 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 necessary by the Board of Directors. An officer shall be a natural person who is eighteen years of age or older. Officers other than the President need not be Directors. Any two or more offices may be held by the same person.

7.2 Appointment and Term of Office of Officers. The officers shall be appointed by the Board of Directors at the annual meeting of the Board of Directors and shall hold office, subject to the pleasure of the Board of Directors, until the next annual meeting of the Board of Directors or until their successors are appointed, whichever is later, unless the officer resigns or is removed earlier.

7.3 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 Homeowners Association will be served thereby. The removal of an officer, employee or agent shall be without prejudice to the contract rights, if any, of the officer, employee or agent so removed. Election or appointment of an officer, employee or agent shall not of itself create contract rights.

7.4 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 of the Homeowners Association stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.5 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 his predecessor in office.

7.6 President. The President shall be a member of the Board of Directors and shall be the principal executive officer of the Homeowners Association and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the Homeowners Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board of Directors and of the Members of the Homeowners Association.

7.7 Vice Presidents. The Vice Presidents 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.

7.8 Secretary. The Secretary shall be the custodian of the records and the seal of the Homeowners 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 Homeowners Association are properly

kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of the Members, Board of Directors and of committees of the Board; shall keep at the principal office of the Association the Register of Addresses as provided in the Homeowners Declaration; shall prepare and maintain other records and information required to be kept by the Homeowners Association under C.R.S. Section 7-136-101; shall authenticate records of the Homeowners Association; 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 to him 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 in case of his death, absence or inability to act.

7.9 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Homeowners Association; shall deposit all such funds in the name of the Homeowners Association 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 Homeowners 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 under Section 9.4 of 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 him 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 in case of his death, absence or inability to act.

7.10 Bonds. The Homeowners Association shall require fidelity bonds covering officers or other persons, including, without limitation, a manager or managing agent or employee thereof, handling funds of the Homeowners Association in an amount and as otherwise required in the Homeowners Declaration. The Homeowners Association shall pay the premiums for such bonds.

7.11 Execution of Certificates of Amendment to Homeowners Declaration. The President, or a Vice President, and the Secretary, or an Assistant Secretary, of the Homeowners Association shall have the power to prepare, execute, certify and record any certificate of termination or amendment to the Homeowners Declaration or any Supplemental Declaration approved by the Members of the Homeowners Association pursuant to the provisions of Sections 13.1 or 13.3 of the Homeowners Declaration or comparable provisions of such Supplemental Declaration, as the case may be.

VIII. INDEMNIFICATION OF OFFICIALS AND AGENTS.

8.1 Indemnification. The Homeowners Association shall indemnify, to the fullest extent permitted by applicable Law in effect from time to time, any person, and the estate and personal representative of any such person, against all liability and expense (including attorneys' fees) incurred by reason of the fact that such person is or was a Director, officer, member of the Executive Committee, Architectural Review Committee or other committee, employee, fiduciary or agent of the Homeowners Association or, while serving as a Director, officer, member of the Executive Committee, Architectural Review Committee or other committee, employee, fiduciary or agent of the Homeowners Association, such person is or was serving at the request of the Homeowners Association as a director, officer, partner, trustee, employee, fiduciary or agent of, or in any similar managerial or fiduciary position of, another nonprofit corporation or association.

8.2 Limit of Liability. No Director of the Homeowners Association shall have any personal liability for monetary damages to the Homeowners Association or its Members for breach of his or her fiduciary duty as a Director, except that this provision shall not eliminate or limit the personal liability of a Director to the Homeowners Association or its Members for monetary damages

for: (a) any breach of the Director's duty of loyalty to the Homeowners Association or its Members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) acts specified in C.R.S. Section 7-128-403; or (d) any transaction from which the Director directly or indirectly derives an improper personal benefit. Nothing contained herein will be construed to eliminate or diminish the defenses ordinarily available to a Director or to deprive any Director of any right he or she may have for contribution from any other Director or other person. If Colorado Law now or hereafter eliminates or limits further the liability of a Director, then, in addition to the elimination and limitation of liability provided by the preceding sentence, the liability of each Director shall be eliminated or limited to the fullest extent permitted by Colorado Law. Any repeal or modification of this Article VIII shall not adversely affect any right or protection of a Director of the Homeowners Association under this Article VIII, as in effect immediately prior to such repeal or modification, with respect to any liability that would have accrued, but for this Article VIII, prior to such repeal or modification.

8.3 Rights Not Exclusive. The right of indemnification provided in Section 8.1 shall not be exclusive of other rights to which the beneficiary of such right may be entitled.

8.4 Authority to Insure. The Homeowners Association may purchase and maintain liability insurance on behalf of any officer, Director, member of the Executive Committee, Architectural Review Committee or other committee, employee, fiduciary or agent of the Homeowners Association against any liability asserted against him or her and incurred by him or her in such capacity or arising out of his or her status as such, including liabilities for which he or she might not be entitled to indemnification hereunder.

IX. MISCELLANEOUS.

9.1 Amendment of Bylaws. The Board of Directors may, subject to any approval of HUD or VA or of First Mortgagees required under the Homeowners Declaration, alter, amend or repeal these Bylaws or adopt new Bylaws from time to time as may be allowed by and in accordance with the Colorado Revised Nonprofit Corporation Act without Member action in any and as many respects as may be desired. Subject to any approval of HUD or VA or of First Mortgagees required under the Homeowners Declaration, the Members, at a meeting called for that purpose, may also alter, amend or repeal the Bylaws and adopt new Bylaws by a majority of votes present in person or by proxy at the meeting, if a quorum is present. The Bylaws may contain any provision for the regulation or management of the affairs of the Homeowners Association not inconsistent with Law, the Homeowners Declaration or the Articles of Incorporation. Notwithstanding the foregoing, however, these Bylaws may not be amended during the Period of Declarant Control without Declarant's prior written consent, which consent Declarant may withhold in its sole discretion.

9.2 Compensation of Officers, Directors and Members. No Director shall have the right to receive any compensation from the Homeowners Association for serving as such Director except for reimbursement of expenses as may be approved by resolution of disinterested members of the Board of Directors. Officers, members of the Architectural Review Committee, agents and employees shall receive such reasonable compensation as may be approved by the Board of Directors except that no officer, director or employee of Declarant or of any affiliate of Declarant may receive compensation as an officer, agent, employee or Director. Appointment of a person as an officer, agent or employee shall not, of itself, create any right to compensation.

9.3 Books and Records. The Homeowners Association shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its Members, its Board of Directors, the Architectural Review Committee and any committee having any of the authority of the Board of Directors, and shall keep, at its principal office in Colorado, the Register of Addresses as provided in the Homeowners Declaration in a form that permits preparation of a list of the name and address of all Members in alphabetical order showing the number of votes each Member is entitled to vote; copies of the Homeowners Declaration, the Articles of Incorporation and these Bylaws which may be purchased by any Member at reasonable cost; resolutions adopted by the Board; minutes of all Members' meetings and records of all action taken by Members without a meeting for the past three years; all written communications within the past three years to Members generally as Members; a list of the names and business or home addresses of the current Directors and officers; a copy of the most recent corporate report delivered to the Secretary of State pursuant to law; all financial statements prepared for periods ending during the last three years; and any and all other records and documents required to be kept by the Colorado Revised Nonprofit Corporation Act or other applicable Law. All books and records of the Homeowners Association, including the Articles of Incorporation, Bylaws as amended and minutes of meetings of members and Directors, may be inspected by any Member, or his agent or attorney, and any First Mortgagee of a Member for any proper purpose at any reasonable time. 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.

9.4 Annual Report. The Board of Directors shall cause to be prepared and distributed to each Member and to each First Mortgagee who has filed a written request therefor, not later than 90 days after the close of each fiscal year of the Homeowners Association, an annual report of the Homeowners Association containing (a) an income statement reflecting income and expenditures of the Homeowners Association for such fiscal year; (b) a balance sheet as of the end of such fiscal year; (c) a statement of changes in financial position for such fiscal year; and (d) a statement of the place of the principal office of the Homeowners Association where the books and records of the Homeowners Association, including a list of names and addresses of current Members, may be found. The financial statements of the Homeowners Association shall, if required by a Government Mortgage Agency, or if otherwise required by the provisions of applicable Law, be audited by an independent public accountant and a report based upon such audit shall be included in the annual report.

9.5 Statement of Account. Upon payment of a reasonable fee to be determined by the Homeowners Association and upon written request of an Owner of a Privately Owned Site or any person with any right, title or interest in a Privately Owned Site or intending to acquire any right, title or interest in a Privately Owned Site, the Homeowners Association shall furnish a written statement of account setting forth the amount of any unpaid Assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Privately Owned Site, the Owner of the Privately Owned Site, and Related Users of such Owner and the amount of the Assessments for the current fiscal period of the Homeowners Association payable with respect to the Privately Owned Site. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Homeowners Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have then been levied.

9.6 Biennial Corporate Reports. The Homeowners 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.

9.7 Fiscal Year. The fiscal year of the Homeowners Association shall begin on July 1 and end the succeeding June 30 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.

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

9.9 Shares of Stock and Dividends Prohibited. The Homeowners Association shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the Homeowners Association shall be distributed to its Members, directors or officers. Notwithstanding the foregoing sentence, the Homeowners Association may issue certificates evidencing membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by Law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

9.10 Loans to Directors, Officers and Members Prohibited. No loan shall be made by the Homeowners Association to its Members, directors or officers and any director, officer or Member who assents to or participates in the making of any such loan shall be liable to the Homeowners Association for the amount of such loan until the repayment thereof.

9.11 Limited Liability. As provided in the Homeowners Declaration, the Homeowners Association, the Board of Directors, the Architectural Review Committee, Declarant, and any member, agent or employee of any of the same, shall not, except as may otherwise be provided in Section 8.2 or be required pursuant to the provisions of applicable Law, 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.

9.12 Special Rights of First Mortgagees. Any First Mortgagees of a Mortgage encumbering any Privately Owned Site in the Homeowners Association, upon filing a written request therefor with the Homeowners Association, stating both the First Mortgagee's name and address and the legal description or street address of the Privately Owned Site encumbered by such First Mortgagee's Mortgage, shall be entitled to (a) receive written notice from the Homeowners Association of any default by the Owner of such Privately Owned Site in the performance of the Owner's obligations under the Homeowners Declaration, the Articles of Incorporation, these Bylaws or the Rules and Regulations, which default is not cured within 60 days after the Homeowners Association learns of such default; (b) examine current copies of the Homeowners Declaration, the Articles of Incorporation, the Bylaws, the Rules and Regulations and the books and records of the Homeowners Association during normal business hours; (c) upon request, receive a copy of financial statements of the Homeowners Association including any annual financial statement within 120 days following the end of any Fiscal Year of the Homeowners Association; (d) receive written notice of any damage to the Homeowners Association Properties if the cost of reconstruction exceeds ten thousand dollars (\$10,000), and of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Homeowners Association Properties; (e) receive written notice of any condemnation or casualty loss which affects the Privately Owned Site encumbered by such First Mortgagee's Mortgage; (f) a lapse, cancellation or material modification of any insurance policy maintained by the Association; and (g) any proposed action by the Association, the Members or otherwise with respect to the Homeowners Association Area which action, pursuant to the provisions of the Homeowners Declaration, requires the consent or approval of a specified percentage of Eligible First Mortgagees.

9.13 Minutes and Presumptions Thereunder. 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.

9.14 Record of Mortgages. Under the Homeowners Declaration, First Mortgagees have rights, under certain circumstances, to approve amendments to the Homeowners Declaration. Therefore, any such First Mortgagees or, upon the failure of such First Mortgagees, any Member who has created or granted a First Mortgage, shall give written notice to the Homeowners Association, through its Manager, or through the Secretary in the event there is no Manager, which notice shall give the name and address of the First Mortgagee and describe the Privately Owned Site encumbered by the First Mortgage. The Homeowners Association shall maintain such information in a book entitled "Record of First Mortgagees on Privately Owned Sites." Any such First Mortgagee or such Member shall likewise give written notice to the Homeowners Association at the time of release or discharge of any such First Mortgage.

9.15 Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Homeowners 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.

9.16 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 Homeowners Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Homeowners Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

9.17 Notices. Any notices permitted or required to be given under these Bylaws shall be given and shall be deemed given and received, in accordance with the provisions for the giving of notice under the Homeowners Declaration. Each member of the Board of Directors, and each officer of the Homeowners Association, shall register its address, or any change of such address, with the Homeowners Association by giving the Homeowners Association notice of such address, or change of address, and the Homeowners Association shall reflect such address, or change of address, in the Register of Addresses.

X. NOTICE AND HEARING PROCEDURE.

10.1 The Homeowners Association's Enforcement Rights. In the event of an alleged violation by a Member or a Related User of a Member ("Respondent") of the Homeowners Declaration, the Articles of Incorporation, these Bylaws or the Rules and Regulations of the Homeowners Association, the Board of Directors shall have the right, upon an affirmative vote of a majority of all Directors on the Board, to take any one or more of the actions and to pursue one or more of the remedies permitted under the provisions of the Homeowners Declaration, the Articles of Incorporation, these Bylaws, or the Rules and Regulations of the Homeowners Association. If, under the provisions of the Homeowners Declaration, the Articles of Incorporation, these Bylaws, or such Rules and Regulations, Notice and Hearing is required prior to taking action or pursuing remedies, the

following provisions of Article X of these Bylaws shall be applicable. The failure of the Board to enforce the Rules and Regulations of the Homeowners Association, the Articles of Incorporation, these Bylaws or the Homeowners Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth and provided in the Homeowners Declaration, the Articles of Incorporation, the Rules and Regulations of the Homeowners Association or these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Homeowners Association prescribed by these Bylaws and the Rules and Regulations of the Homeowners Association, before that Member may resort to a court of law for relief with respect to any alleged violation by another Member of the Homeowners Declaration, the Articles of Incorporation, these Bylaws or the Rules and Regulations of the Homeowners Association, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Common Assessments, Special Assessments, Reimbursement Assessments, or any other Assessments.

10.2 Written Complaint. A hearing to determine whether enforcement action under the Homeowners Declaration, the Articles of Incorporation, the Rules and Regulations of the Homeowners Association or these Bylaws should be taken shall be initiated by the filing with the President or the Board of Directors of the Homeowners Association of a written Complaint by any Member of the Homeowners Association, any officer, any member of the Board of Directors or any employee or agent of the Homeowners Association or any other Person entitled to enforce the Homeowners Declaration pursuant to the provisions thereof. The Complaint shall contain a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged and a reference to the specific provisions of the Homeowners Declaration, the Articles of Incorporation, these Bylaws or the Rules and Regulations of the Homeowners Association which the Respondent is alleged to have violated. If the charges relate to a Related User of a Member, both the Related User and the Member shall be considered as Respondents.

10.3 Notice of Complaint and Notice of Defense. A copy of the complaint shall be delivered to each Respondent in accordance with the notice provisions set forth in the Homeowners Declaration, provided that any written notice given by mail must be given by first-class or certified mail sent to the last address of the Member who is or constitutes one of the Respondents shown on the records of the Homeowners Association, together with a statement which shall be substantially in the following form:

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

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

_____”

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

10.4 Tribunal. The President shall appoint a Hearing Committee ("Tribunal") of three natural Persons upon receipt of a written Complaint. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the Respondent or any Members of the Homeowners Association who are essential witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that each Respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge, 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.

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

"You are hereby notified that a hearing will be held before a Tribunal appointed by the President of Reunion Homeowners Association, Inc., at

_____ on the ____ day of _____, 20__ at the hour of _____, upon the charges made

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

10.6 Hearing.

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

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues; to impeach any witness; and

to rebut the evidence against such party. If Respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.

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

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

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

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

(g) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member.

10.7 Decision. If a Respondent fails to file a Notice of Defense as provided in Section 10.3 of these Bylaws, or fails to appear at a hearing, the Tribunal may take action based upon the evidence presented to it without further notice to the Respondent. However, the Respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Tribunal shall make its determination only in accordance with these Bylaws. After all testimony and documentary evidence has been presented by the Tribunal, the Tribunal may vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal may be posted by the Board of Directors at a conspicuous place in the Homeowners Association Area, and a copy shall be served by the President on each Person directly involved in the matter and his attorney, if any. Disciplinary action, levy of a Reimbursement Assessment or other action or remedies which require Notice and Hearing under the Homeowners Declaration, the Articles of Incorporation, these Bylaws or Rules and the Regulations of the Homeowners Association shall be imposed only by the Board of Directors of the Homeowners Association and in accordance with the findings and recommendations of the Tribunal. The Board of Directors may adopt the recommendations of the Tribunal in their entirety or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent enforcement action than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and may be posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective 10 days after it is served upon each Respondent, unless otherwise

ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within 15 days following service of its decision on the involved persons, on its own motion or on petition by any party. However, no action against a Respondent arising from the alleged violation shall take effect prior to the expiration of the later of (a) 15 days after each Respondent's receipt of the Notice of Hearing; or (b) five days after the hearing required herein.