

BYLAWS
OF
SCHOLAR'S WALK TOWNHOMES ASSOCIATION, INC.

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**BYLAWS
OF
SCHOLAR'S WALK TOWNHOMES ASSOCIATION, INC.**

ARTICLE 1 -- INTRODUCTION, PURPOSES AND DEFINITIONS

Section 1.1 Introduction. These are the Bylaws of Scholar's Walk Townhomes Association, Inc. (the "**Association**"), which Association operates under the Colorado Revised Nonprofit Corporation Act, as amended, and applicable portions of the Colorado Common Interest Ownership Act, as amended ("**CCIOA**" or the "**Act**").

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 operate, govern, manage, supervise and care for the Common Interest Community and the Common Elements of "Scholar's Walk Townhomes," a Planned Community (the "**Community**"), situated in City and County of Denver, State of Colorado, as the Community was created pursuant to the Declaration and Map.

Section 1.3 Definitions. Terms used herein shall have the meanings set forth in the Declaration, unless expressly defined herein.

ARTICLE 2 -- MEMBERSHIP

Section 2.1 Membership. Every person or entity who is a record owner of a Parcel (Unit) which is subject to the Declaration shall be a Member of the Association. Members shall be of such classes, if any, established by the Declarant, or established in the Declaration, as the Declaration is amended from time to time. Ownership of any class of Parcel (Unit) (once and if classes are created) shall establish the classification of each Owner in addition to the "General Member" class. Membership shall be appurtenant to and may not be separated from ownership of any Parcel (Unit). Ownership of a Parcel (Unit) shall be the sole qualification for membership. Each Member shall be allocated votes pursuant to the Declaration.

Section 2.2 Classes. There is initially one class of Member. Classes may be created by reserved right of the Declarant and classes may be eliminated or combined, pursuant to the Declaration. All Owners shall Members of the initial sole class.

Section 2.3 Suspension of Member Rights. During any period in which a Member shall be in default in the payment of any Common Expense Assessment levied by the Association or other obligations of an Owner as set forth in the Declaration, the voting rights of such Member shall be deemed suspended by the Executive Board, without notice or hearing,

until such Assessment has been paid. Voting rights and use rights of an Owner may also be suspended for a period not to exceed 60 days or during any period of violation of any other provision of the Governing Documents, whichever is greater.

ARTICLE 3 -- MEETINGS OF MEMBERS

Section 3.1 Annual Meetings. An annual meeting of the Members shall be held during each of the Association's fiscal years, at such time of the year and date as determined by the Executive Board and set forth in the notice. At these meetings, the Directors shall be elected by ballot of the Members, in accordance with the provisions of these Bylaws, the Declaration and Articles. The Members may transact other business as may properly come before them at these meetings. Failure to hold an annual meeting shall not work a forfeiture or dissolution of the Association.

Section 3.2 Special Meetings. Special meetings of the Association may be called by the President, by a majority of the members of the Executive Board or by the Secretary upon receipt of a petition signed by Owners comprising at least 51% of the votes in the Association. The form of notice, date, time and place of the meeting shall be determined by the Board. If a notice for a special meeting demanded pursuant to petition is not given by the Secretary within 30 days after the date the written demand or demands are delivered to the Secretary, the person signing the demand or demands may set the time and place of the meeting and give notice, pursuant to the terms of these Bylaws. Any meeting called under this Section shall be conducted by the President of the Board, or in his/her absence, a person chosen by a majority of the Board.

Section 3.3 Budgets and Meetings Related to Proposed Budgets. Meetings to consider proposed budgets shall be called in accordance with the Act. The Act's budget process allows for a veto by a percentage of the membership of a proposed budget adopted by the Executive Board. The Act's budget process to be followed is as follows:

(a) Effective the first full fiscal year after these Bylaws are adopted and become effective, and for each year thereafter, the Executive Board of the Association is to prepare and approve three proposed budgets at least annually. Each such proposed budget is first prepared and approved by the Executive Board as a proposed budget.

(b) Then, within 90 days after the Board of Director's adoption of the proposed budget or such longer time as allowed by the Act, the Executive Board must mail or deliver a summary of the proposed budget to those entitled to vote and set a date for a special or annual meeting to consider ratification of the proposed budget.

(c) Notice for the meeting at which the budget will be considered must be mailed not less than 10 days nor more than 60 days before the meeting, or such longer time as allowed by the Act. In addition, notice shall be physically posted in a conspicuous place if feasible and practicable.

(d) At the meeting, unless Owners holding a majority of the total Association vote, or by class, as appropriate, may vote to reject the appropriate proposed budget. A proposed budget is ratified and becomes the approved budget of the Association if not vetoed.

(e) A quorum is not required at the meeting if the meeting is just a budget meeting. If the meeting is also an annual meeting at which other business is to be conducted, a quorum is required for other business to be conducted at the annual meeting, but not for ratification of the budget.

(f) In the event a proposed budget is rejected by a majority vote, the budget last ratified is continued until such time as a subsequent budget proposed by the Executive Board is ratified.

Section 3.4 Notice of Meetings. Notice of each meeting of the Members shall be physically posted in a conspicuous place if feasible and practicable. Written notice of each meeting of Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, or by personal delivery, at least 10 days before, but not more than 50 days before the meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by a Member to the Association for the purpose of notice. If the Association has the ability to give electronic notice, the Association shall e-mail notice of the Members' meeting to any Member who requests, and who provides his or her e-mail address to the Association. Any such e-mail notice shall be given at least 24 hours prior to the meeting. The notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. No matters shall be heard nor action adopted at a special meeting except as stated or allowed in the notice.

Section 3.5 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 Parcel (Unit) shown upon the Association's records as being owned by such Owner. If more than one Owner owns a particular Parcel (Unit), 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 3.6 Place of Meetings. Meetings of the Members shall be held in the Community, or in the Denver Metropolitan area, and may be adjourned to a suitable place convenient to the Members, as may be designated by the Executive Board or the President.

Section 3.7 Quorum of Members. The presence of 51% of all Members in the Association, or if there are classes of Parcel (Unit)/Members, of each class of membership, eligible to vote at any meeting (i.e., in good standing), in person or by proxy, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, and these Bylaws. If the required quorum is not present, the Members who are present shall have power to adjourn the meeting from time to time to a later date, until such time as a quorum shall be present. If adjourned, notice of the new date, time or place need not be given if the new date, time or place is announced at the meeting before adjournment.

Section 3.8 Adjournment of the Meeting. By majority vote (as provided herein), any meeting of the Owners may be adjourned to another time and place or to a time and place to be designated by notice.

Section 3.9 Member Voting.

- (a) All voting rights are limited to Members, either as a general or one class of Members, and/or by class, if classes are created.
- (b) Each vote of a Member shall be based on the allocations established in the Declaration; provided further, that only Members in good standing may vote, and provided further that the vote required (i.e., a majority or higher percentage) shall be applied only to Members in good standing.
- (c) At all meetings of Members, each Member may vote in person or by proxy.
- (d) If only one of several Owners of a Parcel (Unit) is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to the Parcel (Unit).
- (e) If more than one of the Owners is present, the vote allocated to the Parcel (Unit) may be cast only in accordance with the agreement of a majority of those Owners. Majority agreement exists if any one of the Owners casts the vote allocated to the Parcel (Unit) without protest being made promptly to the person presiding over the meeting by another Owner of the Parcel (Unit). In the event of disagreement between or among co-Owners and an attempt by two or more of them to cast such vote or votes, such vote or votes shall not be counted.
- (f) The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Executive Board or Bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership.
- (g) The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust Parcel (Unit) Owner is qualified to vote.
- (h) Votes allocated to Parcel (Unit) owned by the Association may not be cast.

Section 3.10 Proxies. (a) The vote allocated to a Parcel (Unit) may be cast under a proxy duly executed by an Owner. (b) All proxies shall be in writing and filed with the secretary or designee of the Association. (c) If a Parcel (Unit) is owned by more than one person, each Owner of the Parcel (Unit) may vote or register protest to the casting of the vote by the other Owners of the Parcel (Unit) through a duly executed proxy. In the event of disagreement between or among co-Owners and an attempt by two or more of them to cast such vote or votes, such vote or votes shall not be counted. (d) An Owner may revoke a proxy given under this section by written notice of revocation to the person presiding over a meeting of the Association. (e) A proxy is void if it is not dated. (f) A proxy terminates 11 months after its date, unless it specifies a shorter term or a specific purpose, or upon sale of the Parcel (Unit) for which the proxy was issued. (g) Proxies obtained through fraud or misrepresentation are invalid.

Section 3.11 Majority Vote. On all other items (beyond the election of Board members), the vote of more than 50% of the Members, or any applicable class of Member (as provided for in Section 2.3 of these Bylaws), represented at a meeting at which at least a quorum is present shall constitute a majority and shall be binding upon all Members for all purposes, except where a higher percentage vote is required in the Declaration, these Bylaws, the Articles of Incorporation, as amended, or by law.

Section 3.12 Voting Procedures. Voting may be by voice, by show of hands, by consent, by mail, by electronic means, by proxy, by written ballot, or as otherwise determined by the Board of Directors prior to the meeting or by a majority of the Members present at a meeting. Secret ballots must be used in Board member elections and, upon the request of one or more Owners, in any other matter in which Owners are entitled to vote.

Section 3.13 Voting By Mail or Electronic Means. In case of a vote by mail or electronic means in lieu of a meeting, the secretary shall mail or deliver written notice to all Members at each Member's address as it appears in the records of the Association given for notice purposes. The notice shall include: (a) a proposed written resolution setting forth a description of the proposed action, (b) a statement that Members are entitled to vote by mail or electronic means for or against such proposal, (c) a date at least 10 days after the date such notice shall have been given on or before which all votes must be received at the office of the Association at the address designated in the notice, and (d) the number of votes which must be received to meet the quorum requirement and the percentage of votes received needed to carry the vote. Voting by mail or electronic means shall be acceptable in all instances in the Governing Documents requiring the vote of Members at a meeting.

Section 3.14 Order of Business and Rules at Meeting. The Executive Board may establish the order of business and prescribe reasonable rules for the conduct of all meetings of the Executive Board and Parcel (Unit) Owners. At meetings of the Members, the Executive Board may order the business of the meeting 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 Executive Board (if required and noticed);
- (f) Selection of inspectors/tellers to count ballots;
- (g) Election of Directors of the Executive Board (when required);
- (h) Consideration of budget and possible veto by the Owners (if required and noticed);
- (i) Owner education;
- (j) Unfinished business; and
- (k) New business.

Failure to strictly follow Robert's Rules of Order shall not invalidate any action taken at a meeting of the Board or Members.

Section 3.15 Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members in writing, and the waiver shall be deemed equivalent to the receipt of notice. Attendance at the meeting shall constitute a waiver of notice unless attendance is for the express purpose of objecting to the sufficiency of the notice, in which case, such objection must be raised before the business of which proper notice as not given is put to a vote.

Section 3.16 Acceptance or Rejection of Vote. The Association has the right to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation when it has a reasonable, good faith basis to doubt the signature's validity or the signatory's authority to sign for the Parcel (Unit) owner. The Association and its officer or agent who accepts or rejects any of the above in good faith is not liable for any damages that may result from the acceptance or rejection. Unless a court decides otherwise, any action taken on the acceptance or rejection of any of the above will be deemed valid.

ARTICLE 4 -- EXECUTIVE BOARD

Section 4.1 Number, Classes of and Terms of Office of Directors. The affairs of the Community and the Association shall be governed by an Executive Board which shall consist of three Members during the period of Declarant Control, remaining a total of three as owners elect board members. From that point forward, the five member board, elected or appointed as provided below (the "**Executive Board**") shall govern and operate the Association. In the case where through removal or resignation, the total number of Board members is less than three, the

Board will be considered properly constituted until such vacancies are filled. The terms of office of Directors shall be three years or until such time as a successor is elected, and the terms of at approximately at least 1/3 of the Directors shall expire annually. At any meeting at which Directors are to be elected, the Parcel (Unit) Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Revised Nonprofit Corporation Act for conducting the elections. The number of members of the Board may be increased or decreased by amendment of these Bylaws.

Section 4.2 Qualifications of Members of the Board.

(a) Only Owners, eligible to vote, current in the payment of Assessments, and otherwise in good standing, may be elected to, or appointed to fill a vacancy on the Board.

(b) If any Parcel (Unit) is owned by a partnership or corporation, any officer, partner or employee of that Member shall be eligible to serve as a Director and shall be deemed to be a Member for the purposes of these Bylaws.

(c) Once elected, a Director may not be more than 120 days delinquent in payment of any Assessment.

(d) Any Director who has unexcused absences from five consecutive Board meetings shall not be qualified to serve on the Board.

(e) If a Director is not qualified, the Director's position shall be deemed vacant.

Section 4.3 Election. The Executive Board shall be elected by the Members at the Annual Meeting. The Members may adopt specific procedures which are not inconsistent with these Bylaws or the Act for conducting the elections by written ballot. In an election of directors, generally by all Members or by class (if classes have been created by the Declarant), the candidates receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The Declaration shall govern appointment of Directors of the Executive Board during the period of Declarant control, as allowed under the Act.

Section 4.4 Election by Secret Written Ballot. Directors shall be elected by secret written ballot. Ballots shall be counted by a neutral third party, or by a non-candidate Owner, present at the meeting, and selected at random from a pool of two or more non-candidate Owners.

Section 4.5 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Executive Board stating the effective

date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 4.6 Removal of Directors.

(a) One or more Directors or the entire Executive Board may be removed at any meeting of the Members called pursuant to these Bylaws, with or without cause, by a vote of the appropriate class of Member (if classes have been created), present in person, or by proxy, and entitled to vote. Notice of a meeting of the Members to remove Directors shall set forth that the meeting is being conducted for that purpose and shall be provided to every Member of the Association, including the Directors sought to be removed, as provided in these Bylaws. Directors appointed by the Declarant may not be removed by the Members under this section of the Bylaws. Directors sought to be removed shall have the right to be present at this meeting and shall be given the opportunity to speak to the Members prior to a vote to remove being taken.

(b) In the event of removal of one or more Directors, a successor shall be elected by the Members, by appropriate class Member (if classes have been created), at the meeting to serve for the unexpired term of his or her predecessor.

Section 4.7 Vacancies. Vacancies in the Executive Board caused by any reason (other than removal) may be filled by the Executive Board 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 Executive Board. Each person so appointed shall be a Director who shall serve for the remainder of the unexpired term.

Section 4.8 Compensation. No Director shall receive any compensation from the Association for any service they may render as a Director, or for acting as such, unless approved by a majority of the votes in the Association at a regular or special meeting of the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of Association duties on behalf of the Association upon approval of a majority of the other Directors. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Executive Board, excluding the interested Director.

ARTICLE 5 -- MEETINGS OF THE EXECUTIVE BOARD

Section 5.1 Regular Meetings. Regular meetings of the Executive Board shall be held at least twice per year at such place and hour as may be fixed by the Board, without notice. The Board may set a schedule of additional regular meetings by resolution and no further notice is necessary to constitute regular meetings, except as may be required by law.

Section 5.2 Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association or by any two Directors after not less than one day notice to each Director. The notice shall be delivered in a manner whereby confirmation of receipt of the notice is received and shall state the time, place and purpose of the meeting.

Section 5.3 Notice of Board Meetings. Except as set forth in Section 5.1 above, written notice of each meeting of the Board shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least three days before such meeting, or by any other means permitted by the Colorado Revised Nonprofit Corporation Act, including, but not limited to, personal delivery, facsimile, and e-mail delivery, to each Board member entitled to vote, addressed to the Board member's address last appearing on the books of the Association, or supplied by such Board member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting.

Section 5.4 Locations of Meetings and Open Meetings. All meetings of the Executive Board shall be open to attendance by Members, as provided by applicable Colorado law. All meetings of the Executive Board shall be held in the Community, by conference call, electronic means or within the Denver Metropolitan area, unless all Directors consent in writing to another location.

Section 5.5 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board 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 5.6 Quorum. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, unless there are less than three Directors, in which case, all Directors must be present to constitute a quorum. 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 unless there are less than three Directors, in which case, unanimity of the Directors is required to constitute a decision of the Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting.

Section 5.7 Proxies for Board Meetings. For the purposes of determining a quorum with respect to a particular proposal and for the purposes of casting a vote for or against that

particular proposal, a Director may execute, in writing, a proxy, to be held by another Director. The proxy shall specify either a yes, no or abstain vote on each particular issue for which the proxy was executed. Proxies which do not specify a yes, no or abstain vote shall not be counted for the purpose of having a quorum present or as a vote on the particular proposal before the Board.

Section 5.8 Consent to Corporate Action. The Directors shall have the right to take any action in the absence of a meeting, which they could otherwise have taken at a meeting, by:

- (a) Obtaining the unanimous verbal vote of all Directors which vote shall be noted in the minutes of the next meeting of the Board and ratified at such time;
- (b) Obtaining the written vote of all of the Directors, with at least a majority of the Directors approving the action, provided that those Directors who vote "no" or abstain from voting have waived notice of a meeting in writing. The Secretary shall file the written votes with the minutes of the meetings of the Executive Board;
- (c) Any action taken under subsections (a) and (b) shall have the same effect as though taken at a meeting of the Directors.

Section 5.9 Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board 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 Executive Board. The Director's vote shall be counted and his or her presence noted as if that Director were present in person on that particular matter.

Section 5.10 Parcel (Unit) Owner Participation. Owners must be allowed to speak at all Board meetings (during an Owners forum section) only if expressly authorized by a majority of the Board. Owners must be allowed to speak before the Board takes formal action on any item under Board discussion. The Board shall allow a reasonable number of persons to speak on each side of the item. The Board may place reasonable restrictions on the time allowed for each Owner to speak.

ARTICLE 6 -- POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 6.1 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, Articles, these Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration, Articles and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Community, and for the operation and maintenance of the Community as a first class property, including the following powers and duties:

- (a) Exercise any other powers conferred by the Declaration, Bylaws or Articles of Incorporation;
- (b) Adopt and amend Bylaws, Rules and Regulations and Policies and Procedures, including penalties for infraction of Rules and Regulations;
- (c) To keep and maintain full and accurate books and records showing all of the receipts, expenses, or disbursements of the Association;
- (d) Adopt and amend budgets for revenues, expenditures and reserves (subject to the budget being distributed to the Owners and not vetoed by the Owners at a meeting of the Owners, as that procedure is set forth in the Declaration, the Act and in these Bylaws);
- (e) As a part of the adoption of the regular budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain a reserve fund for the replacement of those Improvements that it is obligated to maintain, based upon age, remaining life, quantity and replacement cost;
- (f) Allocate, assess and collect from each Owner its proportionate share of the Assessments imposed by the Association and pay those Assessments to the Association.
- (g) Hire and discharge managing agents, provided that any agreement for professional management of the Community may not exceed one year. Any such agreement must provide for the termination by either party without cause and without payment of a termination fee or penalty upon 30 days written notice;
- (h) Hire and discharge employees, independent contractors and agents other than managing agents, and prescribe their duties;
- (i) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Governing Documents in the Association's name, on behalf of the Association or two or more Owners on matters affecting the Community;
- (j) Make contracts, administer financial accounts and incur liabilities in the name of the Association;
- (k) Regulate the use, maintenance, repair, replacement and modifications of Common Elements;
- (l) Cause additional improvements to be made as a part of the Common Elements;
- (m) Acquire, hold, encumber and convey, in the Association's name and in the ordinary course of business, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act;

(n) Borrow funds and secure loans with an interest in future Assessments in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration and these Bylaws, and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary and give security therefore subject to the requirements set forth in the Declaration;

(o) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;

(p) Impose and receive a payment, fee or charge for services provided to Parcel (Unit) Owners and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;

(q) Impose a reasonable charge for late payment of Assessments and after notice and hearing, levy reasonable fines or Assessments provided for or allowed in the Declaration, Bylaws, Rules and Regulations of the Association;

(r) Keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Association;

(s) Impose a reasonable charge for the preparation and recording of amendments to the Declaration, liens or statements of unpaid Assessments;

(t) Provide for the indemnification of the Association's Officers and the Executive Board and maintain Directors' and Officers' liability insurance;

(u) Procure and maintain adequate liability and hazard insurance on property owned by the Association and as further set forth in the Declaration;

(v) Cause all Directors, Officers, employees or agents having fiscal responsibilities to be bonded or insured, as it may deem appropriate and in such amounts as it may deem appropriate;

(w) Exercise for the Association all powers, duties, rights and obligations in or delegated to the Association and not reserved to the membership by other provisions of the Declaration, Articles, these Bylaws or the Act;

(x) Adopt and amend responsible governance policies, procedures and rules and regulations as required by the Act;

(y) Provide education to Owners on an annual basis;

(z) Provide Association disclosures required by, and pursuant to, the Act; and

(aa) Exercise any other powers conferred by the Declaration or Bylaws.

Section 6.2 Manager. The Executive Board may employ a manager, at a compensation established by the Board, to perform duties and services authorized by the Board. Licenses, concessions and contracts may be executed by the manager pursuant to specific

resolutions of the Board and to fulfill the requirements of the budget. The Board shall have the authority to delegate any of the powers and duties set forth in this Article to a manager or managing agent. Regardless of any delegation to a manager or managing agent, the members of the Board shall not be relieved of responsibilities under the Declaration, Articles, these Bylaws or Colorado law.

ARTICLE 7 -- OFFICERS AND THEIR DUTIES

Section 7.1 Enumeration of Offices. The Officers of this Association shall be a President, Vice President, Secretary and Treasurer, who shall at all times be members of the Executive Board and such other officers as the Executive Board may from time to time create by resolution. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to authority in these Bylaws, and that the offices of the Secretary and Treasurer may be held by the same person.

Section 7.2 Appointment of Officers. The Officers shall be appointed by the Executive Board at the organizational meeting of each new Executive Board. The Officers shall hold office at the pleasure of the Executive Board. Thereafter, the Officers shall be elected for a one year term at the first meeting of the Executive Board following each annual meeting of the Members.

Section 7.3 Special Appointments. The Executive Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Executive Board may, from time to time, determine.

Section 7.4 Resignation and Removal. Any Officer may resign at any time by giving written notice to the Executive Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Acceptance of such resignation shall not be necessary to make it effective. Any Officer may be removed from office with or without cause by a majority of the Executive Board.

Section 7.5 Vacancies. A vacancy in any office may be filled by appointment by the Executive Board by majority vote of the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7.6 Duties. The Duties of the Officers are as follows:

7.6.1 President. The President shall have all of the general powers and duties which are incident to the office of president of a Colorado nonprofit corporation including, but not limited to, the following: preside at all meetings of the Executive Board, appoint committees, and see that orders and resolutions of the Executive Board are carried out; sign all contracts, leases and other written instruments; direct, supervise, coordinate and have general

control over the day to day affairs. 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.

7.6.2 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 Executive Board 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 Executive Board or by the President.

7.6.3 Secretary. The Secretary shall have charge or shall keep the Minutes of all meetings of the Owners and proceedings of the Executive Board and the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Member's names and addresses. The Secretary shall have charge of the Association's books and papers and shall perform all the duties incident to the office of secretary of a nonprofit corporation 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.

7.6.4 Treasurer. The Treasurer shall be responsible for Association funds and 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 Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation 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 Association.

Section 7.7 Delegation. The duties of any Officer may be delegated to the manager or another Executive Board member; *provided, however*, the Officer shall not be relieved of any responsibility under these Bylaws or under Colorado law.

Section 7.8 Agreements, Contracts, Deeds, Checks, Etc. Except as provided in 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 Executive Board.

Section 7.9 Statements of Unpaid Assessments. 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 unpaid Assessments in accordance with Section 316 of the Act.

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 Executive Board. Any unpaid fees may be assessed as a Common Expense against the Parcel (Unit) for which the certificate or statement is furnished.

Section 7.10 Compensation. Compensation of Officers shall be subject to the same limitations as imposed in these Bylaws on compensation of Directors.

ARTICLE 8 -- COMMITTEES

Section 8.1 Designated Committees. The Association may appoint committees, as deemed appropriate, in carrying out its purposes. Committees shall have authority to act only to the extent designated in the Governing Documents or delegated by the Executive Board.

ARTICLE 9 -- ENFORCEMENT

Section 9.1 Abatement and Enjoinment of Violations by Parcel (Unit) Owners. The violation of any of the Rules and Regulations adopted by the Executive Board or the breach of any provision of the Governing Documents shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

- (a) To enter the Parcel (Unit) or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Parcel (Unit) Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Parcel (Unit)) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Governing Documents. The Executive Board shall not be deemed liable for any manner of trespass by this action; or
- (b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 9.2 Fines for Violation. By action of the Executive Board, following notice and hearing, the Executive Board may levy reasonable fines for a violation of the Governing Documents or rules.

ARTICLE 10 -- BOOKS AND RECORDS

Section 10.1 Permanent Records. The Association or its managing agent, if any, shall keep the following records:

- (a) Minutes of all Board and Owner meetings;

(b) All actions taken by the Board or Owners by written ballot instead of holding a meeting;

(c) All actions taken by a committee on the behalf of the Board instead of the Board acting on behalf of the Association; and

(d) All waivers of the notice requirements for Owner meetings, Board member meetings, or committee meetings.

Section 10.2 General Records. The Association or its managing agent, if any, shall keep the following records at its principal office.

(a) An account for each Parcel (Unit) which shall designate the name and address of each Owner, the amount of each Assessment, the dates on which each Assessment comes due, any other fees payable by the Owner, the amounts paid on the account and the balance due;

(b) An account for each Owner showing any other fees payable by the Owner;

(c) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(d) The current operating budget;

(e) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(f) A record of insurance coverage provided for the benefit of Owners and the Association;

(g) Tax returns for state and federal income taxation;

(h) Minutes of meetings of the Owners, directors, committees and waivers of notice, if any;

(i) Copies of at least the three most recent years' correspondence between the Association and Owners;

(j) Copies of the most current versions of the Governing Documents, along with their exhibits and schedules;

(k) Board resolutions affecting Owners;

(l) Minutes of all Owner meeting and records of any actions taken by Owners without a meeting in the past three years;

(m) A list of the names and business or home addresses of current Board and its officers; and

(n) All financial audits or review conducted pursuant to Section 38-33.3-303(4) (b) of the Act in the last three years.

Section 10.3 Record of Owners and Allocation of Votes. The Association or its managing agent, if any, must maintain a record of all Owners that allows preparation of a list of the names and addresses of all Owners as well as number of votes allocated to each Owner.

Section 10.4 Minutes and Presumptions under the Minutes. Minutes or any similar record of the meetings of Members, or of the Board of Directors, when signed by the secretary or acting secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

Section 10.5 Examination. The books, records and papers of the Association shall at all times, during normal business hours and after at least five days written notice, be subject to inspection and copying by any Member, at their expense, except documents determined by the Board to be confidential pursuant to a written policy or applicable law. Owner's request to inspect and copy Association records must be made in good faith, for a proper purpose, and describe with reasonable detail what records are requested and why. Requested documents must be relevant to the stated purpose for the request. The Association may charge a fee for copying of the records, not to exceed the actual cost of copying.

ARTICLE 11 -- INDEMNIFICATION

Section 11.1 Obligation to Indemnify.

(a) The Association shall indemnify any person:

- (i) Who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association);
- (ii) By reason of the fact that that person is or was a Director, Officer or committee member of the Association;

- (iii) Provided that the person is or was serving at the request of the Association in such capacity;
- (iv) But no indemnification shall be made where:
 - (1) The person has been adjudged to be liable for negligence or misconduct in the performance of his or her duties to the Association, unless a court determines that, despite the adjudication of liability, but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses if the court deems proper.
- (b) The Association's obligation for indemnification shall include: (i) Actual and reasonable expenses (including expert witness fees, attorney fees and costs); (ii) Judgments and fines; and (iii) Reasonable amounts paid in settlement.
- (c) The Association shall indemnify when the person identified in subsection (a) of this Section:
 - (i) Acted in good faith; and
 - (ii) in a manner which the person reasonably believed to be in the best interests of the Association, and;
 - (iii) with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful;
 - (iv) to the extent that the person has been wholly successful on the merits in defense of any action, suit or proceeding as described above, the person shall be indemnified against actual and reasonable expenses (including expert witness fees, attorney fees and costs) incurred in connection with the action, suit or proceeding.

Section 11.2 Determination Required.

- (a) The Executive Board shall determine whether the person requesting indemnification has met the applicable standard of conduct set forth above. The determination shall be made by the Executive Board:
 - (i) By majority vote of a quorum consisting of those members of the Executive Board who were not parties to the action, suit or proceeding, or;

(ii) By independent legal counsel in a written opinion if a majority of those members of the Executive Board who were not parties to the action, suit or proceeding so directs, or;

(b) Additionally, the determination may be made by:

(i) By a vote of the Members if a majority of those members of the Executive Board who were not parties to the action, suit or proceeding so directs.

(c) Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe the conduct was unlawful.

Section 11.3 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses as described above in advance of final disposition of the action, suit or proceeding if the person requesting indemnification provides the Executive Board with:

(a) A written affirmation of that person's good faith belief that he or she has met the standard of conduct described above and;

(b) A written statement that such person shall repay the advance if it is ultimately determined that he or she did not meet the standard of conduct described above.

Section 11.4 No Limitation of Rights. The indemnification provided in this Article shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Members or disinterested members of the Executive Board, or otherwise, nor by any rights which are granted pursuant to C.R.S. § 38-33.3-101, *et seq.*, and the Colorado Revised Nonprofit Corporation Act, as those statutes may be amended from time to time.

Section 11.5 Directors and Officers Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a member of the Executive Board, the manager, committee members, or anyone acting at the direction of the Board, covering defense and liability expenses arising out of any action, suit or proceeding asserted against such person by virtue of such person's actions on behalf of the Association or at the direction of the Board, whether or not the Association would have the power to indemnify such person against such liability under provisions of this Article.

ARTICLE 12 -- MISCELLANEOUS

Section 12.1 Notices to the Association. All notices to the Association or the Executive Board 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 Executive Board may designate by written notice to all Owners. Except as otherwise provided, all notices to any Owner shall be mailed 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 or transmitted, except notices of changes of address, which shall be deemed to have been given when received.

Section 12.2 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 12.3 Office. The principal office of the Association shall be within the Community or at such other place as the Executive Board may from time to time designate.

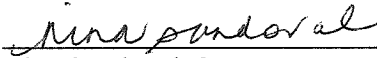
ARTICLE 13 -- AMENDMENTS

Section 13.1 Bylaw Amendments/Vote of the Members. These Bylaws may be amended only by the affirmative vote of Owners representing at least 80% of the votes of all Members (if classes have not been created), or by each class in the Association (if classes have been created), present and voting, in person or by proxy, at any regular or special meeting, provided that a quorum is present at any such meeting, provided that notice has been sent to the Members pursuant to these Bylaws, and such notice sets forth that the meeting is being conducted for the purpose of amendment. No amendment shall be made to the quorum requirement set forth in these Bylaws or to the provisions establishing or regulation any class of member without the affirmative vote of at least 80% of the votes of the Members of each class, present, in person or by proxy, at a regular or special meeting of the Members at which a quorum, as set forth in these Bylaws, is present.

Section 13.2 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 Parcel (Unit), 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.

CERTIFICATION

I, the undersigned, do hereby certify that I am the Secretary of Scholar's Walk Townhomes Association, Inc., a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted by the Executive Board.

A handwritten signature in cursive script, appearing to read "Nina Sandoval", is written over a horizontal line.

Nina Sandoval, Secretary