

**BY-LAWS
OF
THE KNOLLS VILLAGE TOWNHOUSE ASSOCIATION**

ARTICLE I

NAME AND LOCATION.

The name of the corporation is The Knolls Village Townhouse Association hereinafter referred to as the "Association". The principal office of the corporation shall be located at 2701 South Geddes Place, Littleton, Colorado 80122 but meetings of members and directors may be held at such places within the State of Colorado, County of Arapahoe as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

SECTION 1 "Association" shall mean and refer to The Knolls Village Townhouse Association its successors and assigns.

SECTION 2 "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants and restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the association.

SECTION 3 "Common Properties" shall mean all real property owned by the association for the common use and enjoyment of the members of the association.

SECTION 4 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the common properties.

SECTION 5 "Member" shall mean and refer to every person or entity who holds a membership in the association.

SECTION 6 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 7 "Developer or Declarant" shall mean and refer to the writer Corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped lot from the developer or declarant for the purpose of development.

SECTION 8 "Declaration" shall mean and refer to the declaration of covenants and

restrictions applicable to the properties recorded in the office of Clerk and Recorder of Arapahoe County, Colorado.

ARTICLE III

MEMBERSHIP

SECTION 1 MEMBERSHIP Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the association, including contract sellers, shall be a member of the association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the association. Ownership of such lot shall be the sole qualification for membership.

SECTION 2 SUSPENSION OF MEMBERSHIP During any period in which a member shall be in default in the payment of any annual or special assessment levied by the association, the voting rights and right to use of the recreational facilities of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed 30 days, for violation of any rules and regulations established by the Board of Directors governing the use of the common properties and facilities.

ARTICLE IV

PROPERTY RIGHTS: RIGHT OF ENJOYMENT

SECTION 1 Each member shall be entitled to the use and enjoyment of the common properties and facilities as provided in the declaration. Any member may delegate his rights of enjoyment of the common properties and facilities to his tenants or contract purchasers, who reside on the property. Such member shall notify the secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the members.

SECTION 2 Irrespective of the fact that Section I (D) of Article V of the Declaration gives the association the right to charge reasonable admission and other fees for the use of any recreational facilities situated upon the common area, this right shall not be exercised as to members for a period of five years from the date of the recordation of the declaration, and after this period, only upon written approval of two-thirds (2/3) of the entire Class A membership.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

SECTION 1 NUMBER The affairs of this association shall be managed by a board of seven (7) directors. All newly re-elected or board appointed directors shall be members of the association beginning October 14, 1980.

SECTION 2 ELECTION At the first annual meeting the members shall elect two directors for a term of one year, two directors for a term of two years and three directors for a term of three years; and at each annual meeting thereafter the members shall elect directors to replace those directors whose terms expire that election year.

SECTION 3 REMOVAL Any director may be removed from the board, with or without cause, by a majority vote of the members of the association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

SECTION 4 COMPENSATION No director shall receive compensation for any service he may render to the association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

SECTION 5 ACTION TAKEN WITHOUT A MEETING The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

MEETINGS OF DIRECTORS

SECTION 1 REGULAR MEETINGS Regular meetings of the board of directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

SECTION 2 SPECIAL MEETINGS Special meetings of the board of directors shall be held when called by the president of the association, or by any two directors, after not less than three (3) days notice to each director.

SECTION 3 QUORUM A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or mad a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

SECTION 1 NOMINATION: 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 meeting. The nomination 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, and two or more members of the association. The nominating committee shall be appointed by the board of directors three (3) months prior to each annual meeting of the members, to serve until the close of the annual meeting. Nominating committee members 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. Such nominations may be made from among members only.

SECTION 2 ELECTION: Election to the board of directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provision of the declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

POWER AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1 POWERS The board of directors shall have the power to:

(A) Adopt and publish rules and regulations governing the use of the common properties and facilities. and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof. Suspend the rights and right to use of the recreation facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the association. Such rights may also be suspended after notice and hearing, for a period not to exceed 30 days for infraction of published rules and regulations;

(B) Exercise for the association all powers, duties and authority vested in or delegated to this association and not reserved to the membership by other provisions of these by-laws, the articles of incorporation, or the declaration;

(C) Declare the office of a member of the board of directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the board of directors; and

(D) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties. However, the board of directors may not place this association under a property management system unless such change shall have the assent of two-thirds (2/3) of the homeowners (members) of the association, who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members of the association not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

(E) Supervise all officers, agents and employees of this association, and to see that their duties are properly performed.

SECTION 2 DUTIES It shall be the duty of the board of directors to:

(A) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(B) Supervise all officers, agents and employees of this association and to see that their duties are properly performed;

(C) As more fully provided herein, and in the declaration, to:

(1) Fix the amount of the monthly assessment against each lot at least thirty (30) days in advance of the initial monthly assessment, and in advance of a change in subsequent monthly assessment as hereinafter provided in Article XII, and

(2) Send written notice of the assessment to every owner subject thereto at least 10 days in advance of the initial assessment and 10 days in advance of the effective date of any assessment changes.

(D) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(E) Procure and maintain adequate liability and hazard insurance on property owned by the association;

(F) Cause all officers or employees having fiscal responsibilities to be bonded, and

(G) Cause the common properties to be maintained.

ARTICLE IX

COMMITTEES

SECTION 1 The association shall appoint an Architectural Control Committee, as provided in the declaration, and a Nominating Committee, provided in these by-laws. In addition, the board of directors shall appoint other committees as deemed appropriate in carrying out its purposes, such as:

(A) A RECREATION COMMITTEE which shall advise the board of directors on all matters pertaining to the recreational program and activities of the association and shall perform such other functions as the board, in its discretion determines;

(B) A PUBLICITY COMMITTEE which shall inform the members of all activities and functions of the association, and shall, after consulting with the board of directors, make such public releases and announcements as are in the best interests of the association; and

(C) An AUDIT COMMITTEE which shall supervise the annual audit of the association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, as provided in Article XI. Section 8(D). The

treasurer shall be an Ex Officio member of the committee.

SECTION 2 It shall be the duty of each committee to receive complaints from members on any matter involving association functions, duties, and activities within its field of responsibility. It shall dispose of such Complaints as it deems appropriate or refer them to such other committee, director or officer of the association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

SECTION 1 ANNUAL MEETINGS The first annual meeting of the members shall be held on the 2nd Tuesday, October, 1977 and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

SECTION 2 SPECIAL MEETINGS Special meetings of the members may be called at any time by the president or by the board of directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the Class A Membership.

SECTION 3 NOTICE OF MEETINGS written notice of each meeting of each meeting of the members 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 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the association or supplied by such member to the association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

SECTION 4 QUORUM The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the articles of incorporation, the declaration, or these by-laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

SECTION 5 PROXIES At all meetings of members each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE XI

OFFICERS AND THEIR, DUTIES

SECTION 1 ENUMERATION OF OFFICES The officers of this association shall be a president and vice-president, who shall at all times be members of the board of directors, a secretary, and a treasurer, and such other officers as the board may from time to time by resolution create.

SECTION 2 ELECTION OF OFFICERS The election of officers shall take place at the first meeting of the board of directors following each annual meeting of the members.

SECTION 3 TERM The officers of this association shall be elected annually by the board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

SECTION 4 SPECIAL APPOINTMENTS The 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 board may, from time to time, determine.

SECTION 5 RESIGNATION AND REMOVAL Any officer may be removed from office with or without cause by the board. Any officer may resign at any time by giving written notice to the 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, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6 VACANCIES A vacancy in any office may be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

SECTION 7 MULTIPLE OFFICES The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this article.

SECTION 8 DUTIES The duties of the officers are as follows:

PRESIDENT

(A) The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

VICE-PRESIDENT

(B) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be

required of him by the board.

SECRETARY

(C) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; keep the corporate seal of the association and affix it on all papers requiring said seal; serve notice of meetings of the board and of the members; keep appropriate current records showing the members of the association together with their addresses, and shall perform such other duties as required by the board.

TREASURER

(D) The treasurer shall receive and deposit in appropriate bank accounts all monies of the association and shall disburse such funds as directed by resolution of the board of directors; keep proper books of account; cause an annual audit of the association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members. The treasurer shall sign all checks and promissory notes of the association.

ARTICLE XII

ASSESSMENTS

SECTION 1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS By the declaration each member is deemed to covenant and agrees to pay to the association: (1) monthly assessments or charges, and (2) special assessments for capital improvements. The monthly and special assessments, together with such interest thereof and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due and shall not pass to his successors in title unless expressly assumed by them.

SECTION 2 PURPOSE OF ASSESSMENTS The assessments levied by the association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the properties and in particular for the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common area, and of the homes situated upon the properties.

SECTION 3 BASIS AND MAXIMUM OF ANNUAL ASSESSMENTS Each lot shall be subject to a monthly assessment of not more than \$50.00. The board of directors shall fix the monthly assessment within the maximum amount, and may raise or lower said monthly assessment amount within said maximum as they may deem necessary in their discretion.

(A) From and after July 1, 1979, the maximum monthly assessment may be increased or

decreased by vote of the members, as hereinafter provided.

(B) The association may change the maximum of the assessment fixed by Section 3 hereof provided that any change shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 4 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS In addition to the monthly assessments authorized above, the association may levy in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the common area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting.

SECTION 5 UNIFORM RATE Both monthly and special assessments must be fixed at a uniform rate for all lots, provided that the rate set for the lots owned by developer shall be fixed at one-third (1/3) the assessment rate for the other lots.

SECTION 6 QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 and 4 At the first meeting called, as provided in Sections 3 and 4 hereof, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 4, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 7 DATE OF COMMENCEMENT OF MONTHLY ASSESSMENTS: DUE DATES The monthly assessment provided for herein shall commence as to all lots on the first day of the month following the conveyance of the common properties. The board of directors shall fix the amount of the monthly assessment against lot at least thirty (30) days in advance of said commencement date and any change in the monthly assessment must be fixed by the board of directors at least thirty (30) days in advance of the commencement of the changed assessment amount. Written notice of the assessment shall be sent to every owner subject thereto. The due dates shall be established by the board of directors. The association shall upon demand at any time furnish a certificate in writing, signed by an officer of the association, setting forth whether said monthly assessments are current. A reasonable charge may be made by the board for the issuance of these certificates. Such certificate shall be conclusive evidence of the facts stated therein.

SECTION 8 EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION If the assessments are not paid on the date due, then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as

hereinafter provided thereupon become a continuing lien on the property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquent date, the assessment shall bear interest from the date of delinquency at the rate of eight (8) percent per annum, and the association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

SECTION 9 SUBORDINATION OF THE LIEN TO MORTGAGES The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property –from liability for any assessments thereafter becoming due, nor from the lien –of any such subsequent assessment.

SECTION 10 EXEMPT PROPERTY The following property subject to the declaration shall be exempt from the assessment charges and liens created herein: (A) All properties to the extent of any easement or other interest therein dedicated to and accepted by the local public authority and devoted to public use; (B) all common properties as defined in Article II, Section 3 hereof.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the association shall at all times during reasonable business hours, be subject to inspection by any member. The declaration, the articles of incorporation and the by-laws of the association shall be available for inspection by any member at the principal office of the association, where copies may be purchased at reasonable cost.

ARTICLE XIV

CORPORATE SEAL

The board of directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation.

ARTICLE XV

AMENDMENTS

SECTION 1 These by-laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration and Veterans Administration shall have the right to veto amendments while there is Class B Membership.

SECTION 2 In the case of any conflict between the articles of incorporation and these by-laws, the articles shall control; and in the case of any conflict between the declaration and these by-laws, the declaration shall control.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

This is an amended set of By-Laws prepared this 6th day of October, 1983 which are now incorporated with the original By-Laws dated August 20, 1976.

IN WITNESS WHEREOF, WE, BEING ALL OF THE DIRECTORS OF THE KNOLLS VILLAGE TOWNHOUSE ASSOCIATION, HAVE HEREUNTO SET OUR HANDS THIS 6th DAY OF OCTOBER 1983.

(signed) Mary Sue Tate

(signed) Albert J. Bauer

(signed) Philip R. Wolf

(signed) Robert J. Van Male

(signed) D. R. Smiley

(signed) Carrol B. Snodgrass

(signed) Gordon Y. Conley

CERTIFICATION

I, THE UNDERSIGNED, DO HEREBY CERTIFY:

That I am the duly elected and acting secretary of the Knolls Village Townhouse Association, a Colorado Corporation, and, that the foregoing By-Laws constitute the original By-Laws of said association, as duly adopted at a meeting of the board of directors thereof, held on the 6th day of October, 1983.

(signed) Mary Sue Tate

Secretary