

BYLAWS
OF
DOUGLASS RANCH PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

DEFINITIONS

Each term in these Bylaws with its first letter capitalized shall have the meaning defined for such term in the Declaration of Protective Covenants Conditions and Restrictions for Douglass Ranch (the "Declaration"), recorded or to be recorded in the records of Jefferson County, Colorado.

ARTICLE II

OFFICES

The principal office of the Association shall be at 1725 Blake Street, 3rd Floor - Denver, CO 80202. The Association may also have offices and may carry on its purposes at such other places within and outside the State of Colorado as the Board may from time to time determine.

ARTICLE III

MEMBERSHIP, VOTING, QUORUM AND PROXIES

1. Members. The Members of the Association shall be as set forth in the Articles as from time to time in force and effect.
2. Voting Rights. The voting rights of the Members shall be as set forth in the Articles as from time to time in force and effect.
3. Record Date. The Board shall have the power to fix in advance a date as a record date for the purpose of determining Members entitled to notice of or to vote at any meeting or to be furnished with any other information or material, or in order to make a determination of Membership, for any purpose other than Assessments which are provided for in Article IV herein. The Members existing on any such record date shall be deemed Members for such notice, vote, meeting, furnishing of information or material or other purpose and for any supplementary notice or information or material with respect to the same matter and for any adjournment of the same

meeting. A record date shall not be less than 10 or more than 50 days prior to the date on which the particular action requiring determination of Membership is proposed or expected to be taken or to occur. If no record date is established for a meeting, the date on which notice of such meeting is first given to any Member shall be deemed the record date for the meeting.

4. Quorum. Except as otherwise provided in the Articles or these Bylaws, the presence in person or by proxy of Members of a class who are entitled to vote more than thirty percent of the total votes of all Members shall constitute a quorum.

5. Proxies. Votes may be cast in person or by proxy. Every proxy must be executed in writing by the Member or his duly authorized attorney-in-fact. Except as provided in Article X herein, no proxy shall be valid after the expiration of eleven months from the date of its execution, and every proxy shall automatically cease at such time as the Member granting the proxy no longer qualifies as a Member.

6. Majority Vote. Except as otherwise set forth in the Articles or the Declaration, the Class A and Class B Members shall vote as one class and the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of such combined class. At any meeting of Members where a vote by class is required, if a class quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the Members of such class unless the vote of a greater number is required by law, the Articles, the Declaration or these Bylaws as from time to time in force and effect.

ARTICLE IV

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF ASSOCIATION LAND

Each Owner shall be entitled to the use and enjoyment of Common Areas as set forth in the Declaration as from time to time in force and effect, subject to the Douglass Ranch Rules as may be adopted by the Board from time to time.

ARTICLE V

ADMINISTRATION

1. Annual Meeting. The annual meeting of the Members shall be held at a time designated by the Board the second week in the month of November in each year, or at such other date as may be designated by the Board, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in Colorado, such meeting shall be held on the next succeeding business day.

2. Special Meetings. Special meetings of any class of Members or the combined classes of Members, for any purpose, unless otherwise prescribed by statute, may be called by the president or by the Board, and shall be called by the president at the request of the Members entitled to vote 30 percent or more of the total votes of such class or combined classes of Members.

3. Place of Meeting. The Board may designate any place, either within or outside Colorado, as the place for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or outside Colorado, as the place for such meeting. If no designation is made, or if a special meeting shall be called otherwise than by the Board, the place of meeting shall be the principal office of the Association in Jefferson County, Colorado.

4. Notice of Meeting. Written or printed notice of any meeting of the Members stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally or by mail to each Member entitled to vote at such meeting not less than 10 nor more than 50 days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears in the office of the Association, with postage thereon prepaid. If requested by the person or persons lawfully calling such meeting, the secretary shall give the notice thereof at corporate expense.

5. Informal Action by Members. Any action required or permitted to be taken at a meeting of the 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.

Such consent shall have the same force and effect as a unanimous vote of the Members and may be stated as such in any Articles or document filed with the Secretary of the State of Colorado.

6. Voting. In the election of directors each Member shall have the right to vote as set forth in the Articles as from time to time in force and effect.

ARTICLE VI

BOARD OF DIRECTORS

1. Number, Tenure and Qualifications. The business and affairs of the Association shall be managed by a Board consisting of 3 directors. The initial directors shall hold office until the election or appointment of their successors as set forth in the Articles. Thereafter, directors shall be elected or appointed annually by the Members at the annual meeting. Each director shall hold office until the election or appointment and qualification of his successor. If an initial director resigns, his replacement shall hold office only until the next annual meeting of the Association. This paragraph 1 of Article VI may not be amended without the prior written consent of Declarant.

2. Resignations, Vacancies. Any director may resign at any time by giving written notice to the president or to the secretary of the Association. Such resignation shall take effect at the time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the Board by reason of resignation, death or an increase in the number of Class A directors may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A director elected to fill such a vacancy shall be elected to serve until the next annual meeting of the Members.

3. General Powers. The Board shall have and may exercise all the powers of the Association except such as are expressly conferred upon the Members by law, by the Articles, the Declaration or these Bylaws as from time to time in force and effect.

4. Additional Powers and Responsibilities. In addition to its general powers, the Board shall have the authority and the responsibility, acting through the Association's officers, and subject to the provisions of the Declaration:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the articles of incorporation, the Declaration or the bylaws as from time to time in force and effect.

(b) To establish, make, amend, publish and enforce compliance with such reasonable rules and regulations governing the operation and use of Common Areas and services and the personal conduct of the Members and their guests, and to establish, make, amend, publish and enforce payment of reasonable charges for the use of Common Areas and services.

(c) To maintain in good order, condition and repair Common Areas and all items of personal property used in the enjoyment of such property.

(d) To obtain and maintain insurance in connection with Common Areas and related personal property in the manner and the amounts provided in the Declaration, and such other insurance as the Board may consider appropriate.

(e) To fix, determine, levy and collect Annual Assessments, Special Assessments and Maintenance Charges to meet the Common Expenses and costs of the Association, and to create a reasonable reserve therefor.

(f) To collect promptly all delinquent Assessments and charges by suit or otherwise and to enjoin or seek damages from a Member.

(g) To collect any other charges and fees set forth in the Declaration and otherwise provided for in the Association's articles and these bylaws, as in effect from time to time.

(h) To issue, or cause an appropriate officer to issue, upon written demand of any Member, a certificate setting forth whether any assessment, charge, fine or penalty has been paid by such Member. Such certificate shall be conclusive evidence against the Association for all purposes, except in the case of fraud. The Association may charge a reasonable fee for such certificate.

(i) To protect and defend Common Areas from loss and damage by suit or otherwise.

(j) To borrow funds in order to pay for any expenditure or outlay authorized by these bylaws, the Declaration and the articles as from time to time are in force and

effect, including but not limited to funds borrowed from Declarant or an affiliate thereof, and to execute all such instruments evidencing such indebtedness as may be necessary or advisable.

(k) To enter into contracts within the scope of their duties and powers.

(l) To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board.

(m) To maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Association. Any Member may inspect such records upon reasonable notice at any reasonable time.

(n) To prepare and upon request deliver to any requesting Member an annual statement showing all receipts, expenses or disbursements since the last such statement.

5. Compensation. By resolution of the Board, any director may be paid any one or more of the following: his reasonable expenses incurred, if any, in furtherance of the business or affairs of the Association; a fixed sum for attendance at meetings; or a stated salary as director. No such payment shall preclude any director from serving the Association in any other capacity and receiving compensation therefor.

6. Regular Meetings. Regular meetings of the Board may be held without call or formal notice at such places within the State of Colorado, and at such times as the Board may from time to time by vote determine. Any business may be transacted at a regular meeting. Until further determination, the regular meeting of the Board for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of Members, or any special meeting of Members at which a Board is elected.

7. Special Meetings. Special meetings of the Board may be held at any place within Colorado at any time when called by the president, or by 2 or more directors, upon at least 3 days' prior notice of the time and place thereof being given to each director by leaving such notice with him or at his residence or usual place of business, or by mailing or telegraphing it prepaid, and addressed to him at his post office address as it appears on the books of the Association, or by telephone. Notices shall state the purposes of the

meeting. No notice of any adjourned meeting of the directors shall be required.

8. Quorum. A majority of the number of directors then in office shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time. When a quorum is present at any meeting, a majority of the directors in attendance shall, except where a larger number is required by law, by the articles, by the Declaration or by these bylaws as from time to time in force and effect, decide any question brought before such meeting.

9. Waiver of Notice. Before, at or after any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him except when a director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

10. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors.

11. Meetings by Telephone. Unless otherwise provided by the Articles, one or more members of the Board or any committee thereof may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

12. Executive Committee. An executive committee may be appointed pursuant to the Articles as from time to time in force and effect.

ARTICLE VII

OFFICERS AND AGENTS

1. General. The officers of the Association shall be a president, one or more vice presidents, a secretary and a treasurer. The Board may appoint such other officers, assistant officers, committees and agents, including assistant

secretaries and assistant treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board. The salaries of all the officers of the Association shall be fixed by the Board. One person may hold any two offices, except that no person may simultaneously hold the offices of president and secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or the Board, such officer, agent or employee shall follow the orders and instructions of the president.

2. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board then in office, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

3. Vacancies. A vacancy in any office, however occurring, may be filled by the Board for the unexpired portion of the term.

4. President. The president shall be the chief executive officer of the Association. He shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees.

5. Vice Presidents. The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the Board. In the absence of the president, the vice president designated by the Board, or (if there be no such designation) designated in writing by the president, shall have the powers and perform the duties of the president. If no such designation shall be made all vice presidents may exercise such powers and perform such duties.

6. The Secretary. The secretary shall:

(a) Keep the minutes of the proceedings of the Members, executive committee and the Board;

(b) See that all notices are duly given in accordance with the provisions of these bylaws, the articles, the Declaration and as required by law;

(c) Be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board;

(d) Keep at its registered office or principal place of business within or outside Colorado a record containing the names and registered addresses of all Members, the designation of the property owned or leased by each Member, and if such property is mortgaged and the mortgagee has given the Association notice thereof, the name and address of the mortgagee;

(e) In general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

7. Treasurer. The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the Board. He shall receive and give receipts and acquittances for moneys paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity. He shall perform all other duties incident to the office of the treasurer and, upon request of the Board, shall make such reports to it as may be required at any time. He shall, if required by the Board, give the Association a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Board or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

ARTICLE VIII

OBLIGATIONS OF THE MEMBERS

1. Assessments. (a) Each Owner shall be obligated to pay and shall pay to the Association the Annual Assessment levied under the Declaration and Article IX with respect to such Owner's Lot, and each Owner shall comply with any determinations made by the Board with respect to such Assessments.

(b) Each Member shall be obligated to pay and shall pay to the Association any Special Assessment imposed under the Declaration and Article IX hereof, as the amount of such assessments applicable to each Member are determined under the provisions thereof. Each Member shall comply with any determinations made by the Board with respect to such assessments.

(c) Each Member shall pay all Maintenance Charges, fines, penalties, interest or other amounts payable to the Association under the Declaration, the Articles or these Bylaws.

2. Time for Payments. The amount of any Assessment, Maintenance Charge, fine, penalty or other amount payable with respect to any Member or any Member's Lot shall become due and payable as specified in Article IX hereof or by the Board, and any such amount which is delinquent shall bear interest at any rate established by the Board from time to time which does not exceed the maximum legal rate then in effect in Colorado, from the date due and payable.

3. Lien for Assessments and Other Amounts. In addition to the rights set forth in Article IX hereof, the Association shall have a lien against each Lot to secure payment of any assessment, charge, fine, penalty or other amount due and owing to the Association with respect to the Owner of that Lot, plus interest from the date due and payable, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees. Such lien may be foreclosed in the manner for foreclosures of mortgages in the State of Colorado.

4. Compliance with the Declaration, Articles of Incorporation, Bylaws and Rules and Regulations. Each Member shall comply with all provisions of the Declaration, the articles, these bylaws and the Douglass Ranch Rules issued by the Board as from time to time in force and effect. The membership rights and privileges, including, but not limited to, the right to vote and the right to use Common Areas of any Member, may be suspended by action of the Board during the period when any assessments or other amounts due relating to such Member's Lot remain unpaid; but, upon payment of such assessments or other amounts, such rights and privileges shall be automatically restored. If the Board has adopted and published rules and regulations governing the use of Common Areas and the personal conduct of any person related thereto, the directors or the officers of the Association may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed 30 days, or

if such person is in continuous violation of such rules and regulations for a period until such time as the violation ceases. At the time such continuous violation ceases, the 30-day suspension may be applied to such person.

ARTICLE IX

ASSESSMENTS

1. Annual Assessments. The Board in each year, commencing with the year in which this Declaration is recorded, shall assess against and subsequently collect from the Owner of each Lot, an Annual Assessment. The Annual Assessment shall be determined by the Board in accordance with the Declaration and with budget estimates for the forthcoming fiscal year. The Board shall send by first class mail, postage prepaid, a notice or notices to each Owner at the address of said Owner as shown on the records of the Association, setting forth the Annual Assessment relative to each Lot owned by such Owner. Any portion of any Annual Assessment not paid when due and payable shall be secured by a lien on and against all of the real property owned by such Owner in Douglass Ranch, including any Lots owned by such Owner other than the Lot with respect to which the Annual Assessment has not been fully paid. The Board in cases of extreme hardship may release any such lien if it receives other security for the payment of the delinquent Annual Assessments which it deems sufficient to protect the interests of the Association.

2. Special Assessments. In addition to the Annual Assessments, the Association may levy, in any assessment period, a Special Assessment applicable to that period only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses, provided that any such assessment shall have the assent of a majority of the total number of votes held by each class of Members who are voting in person or by proxy at a meeting duly called for such purpose.

3. Establishment of Annual Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period shall commence upon the filing of this Declaration and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period by recording with the County an instrument specifying the new Assessment Period.

4. Collection Costs. Any Assessment or installment thereof not paid when due shall be deemed delinquent and in the discretion of the Board may bear interest from thirty days after the due date until paid at a reasonable rate to be determined by the Board, and the Member shall be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting the same. The applicable interest rate on delinquent Assessments shall be determined on a daily basis. The Board may also record a Notice of Delinquent Assessment against any Lot as to which an Assessment is delinquent and constitutes a lien and may establish a fixed fee to reimburse the Association for the Association's cost in recording such Notice, processing the delinquency and recording a release of said lien, which fixed fee shall be treated as a collection cost of the Association secured by the Assessment Lien.

5. Evidence of Payment. Upon receipt of a written request by a Member or any other person, the Association within a reasonable period of time thereafter shall issue to such Member or other person a written certificate stating (a) that all Annual and Special Assessments and Maintenance Charges (including applicable interest, costs and attorney's fees, if any) have been paid with respect to a specified Lot as of the date of such certificate, or (b) if all Assessments and charges have not been paid, the amount of such Assessments and charges (including interest, costs and attorney's fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on, the Lot in question.

6. Limitation on Amendment. The provisions of this Article IX may not be amended without the consent of Declarant during any period when Declarant is the Class B Member.

ARTICLE X

EVIDENCE AND DETERMINATION OF MEMBERSHIP, REGISTRATION OF MAILING ADDRESS AND LIEN HOLDERS.

1. Evidence of Membership and Registration of Mailing Address. Any party on becoming a Member shall furnish to the Association a photocopy or a certified copy of the recorded instrument, or a copy of other documentation, vesting that party with the interest required to make it a Member of

the Association. Each such Member shall at the same time give a single name and address to which notices to such Member may be sent. The Member shall state in such notice the number of votes to which it believes it is entitled and the basis for such determination. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Member shall give a new written notice to the Association containing all the information required to be covered by the original notice. As against any Member, and any party claiming by, through or under such Member, the Association may, but shall not be obligated to, rely, for any and all purposes, on the information reflected in the most recent written notice furnished with respect to such Member. The Association shall keep and preserve the most recent written notice received by the Association with respect to each Member.

2. Determination as to Membership. The Association, based upon written notices furnished by Members as aforesaid and based upon its own investigation, shall have the right, authority and obligation to fix and determine the number of votes existing with respect to each Member. The Association shall make such determination at least annually and, in any event, as of any record date and shall make supplemental determinations from time to time as may be necessary after any record date in the light of changes which may come to its attention. The Association shall keep records of its determinations hereunder which shall be used and may be relied upon by it for any and all purposes. No party shall be entitled to any notice or the right to vote until it has been determined by the Association that such party is a Member. Any party aggrieved by any determination of the Association with respect to its voting rights may contest such action within 45 days after it has notice thereof by commencing a legal action in the District Court of Jefferson County within such 45-day period. If such action is not commenced in such period, the determination of the Association shall be final.

3. Liens. Any Member who mortgages or grants a deed of trust covering his Lot shall notify the Board of the name and address of the mortgagee or beneficiary of the deed of trust and shall file conformed copies of the note and security instrument with the Board. Such notice shall include an agreement by the lending institution that it will notify the Association when its lien has been released. The Board, when giving notice to a Member of default in paying an assessment or other default, shall send a copy of such notice to each mortgagee or beneficiary of a deed of trust covering such Member's Lot whose name and address has theretofore been filed with the Association, and which has not been removed by appro-

priate notice that the lien has been released. However, failure to give such notice to a mortgagee shall not invalidate the notice to a Member.

ARTICLE XI

SECURITY INTEREST IN MEMBERSHIP

Members shall have the right irrevocably to constitute and appoint the mortgagee or the beneficiary of a trust deed their true and lawful attorney-in-fact to vote in the Association at any and all meetings of the Association and to vest in the mortgagee or the beneficiary any and all rights, privileges and powers that they have as Members under the articles and these bylaws or by the virtue of the Declaration as from time to time in force and effect. Such proxy and vesting shall become effective upon the filing of notice by the mortgagee or the beneficiary with the secretary of the Association at such time or times as the mortgagee or the beneficiary shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Association, the Board or the Members to carry out their duties as set forth in the Declaration. A release of the mortgage or the beneficiary's deed of trust shall operate to revoke such proxy and vesting. Nothing contained in this Article XI shall be construed to relieve Members, as mortgagors, of their duties and obligations as Members or to impose upon the mortgagee or the beneficiary of the deed of trust the duties and obligations of an Owner.

ARTICLE XII

DESIGN REVIEW BOARD

The Board shall establish a Design Review Board consisting of an odd number of Members, at the discretion of the Board, and in accordance with the Declaration as from time to time in force and effect which shall have the duties and perform the functions described therein. Each Member and the Association shall be bound by the Design Review Board's rules and regulations, a copy of which shall be maintained in the records of the Association and available for inspection by Members of the Association at all reasonable times.

ARTICLE XIII

AMENDMENTS

The Board shall have sole power to make, amend and repeal the bylaws of the Association at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented, except as otherwise provided by law, the articles, the Declaration or these bylaws.

ARTICLE XIV

MISCELLANEOUS

1. Seal. The corporate seal of the Association shall be circular in form and shall contain the name of the corporation, the year of its organization and the words "Seal, Colorado."
2. Fiscal Year. The fiscal year of the Association shall be the calendar year.