

AMENDED AND RESTATED BYLAWS
OF
THE CONSERVATORY HOMEOWNERS ASSOCIATION, INC.

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**AMENDED AND RESTATED BYLAWS
OF
THE CONSERVATORY HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE 1
INTRODUCTION, PURPOSES, AND DEFINITIONS**

1.1 Introduction. These are the Amended and Restated Bylaws (the "Bylaws") of The Conservatory Homeowners Association, Inc., (the "Association"), which Association operates under the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended (the "Act"). These Bylaws supersede and replace entirely the Bylaws of the Association adopted by the Directors on July 29, 2003 for the purpose of reflecting revisions to the Act made in June, 2005.

1.2 Purposes. The purposes for which the Association was formed are to preserve and enhance the value of the properties of Owners and to operate, govern, manage, supervise, and care for The Conservatory (the "Community") situated in Arapahoe County, Colorado, as the Community was created pursuant to Declaration of Covenants, Conditions, and Restrictions for The Conservatory recorded August 15, 2003 at Reception No. B3179575 in the Office of the Clerk and Recorder of Arapahoe County, State of Colorado (the "Declaration").

1.3 Definitions. Terms beginning with a capital letter and not otherwise defined herein shall have the meanings set forth in the Declaration.

**ARTICLE 2
MEMBERSHIP**

2.1 Membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership. Such membership shall terminate without any formal action whatsoever when such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under the Declaration or in any way connected with the Association during the period of such ownership, nor shall such termination impair any rights or remedies that the Executive Board or others may have against such former Owner arising out of the ownership of a Lot, membership in the Association, and the covenants and obligations incident thereto.

2.2 Suspension of Rights. During any period in which an Owner is in default of the payment of any Assessment levied by the Association, the voting rights of such Owner shall be deemed suspended by the Executive Board, without notice or hearing, until such Assessment has been paid. Such rights of an Owner may also be suspended, after notice or hearing, during any period of violation of any other provision of the Declaration, the Articles of Incorporation, these Bylaws, or any rules and regulations established by the Executive Board.

2.3 Membership Certificates. No certificates of stock or other form of membership certificates shall be issued by the Association.

2.4 Voting Rights. Votes are part of the Allocated Interests appurtenant to each Lot as provided in the Act. Each Lot shall be allocated the number of votes in the affairs of the Association as set forth in the Declaration.

ARTICLE 3 MEETINGS OF OWNERS

3.1 Annual Meetings. An annual meeting of the Owners 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 ("Annual Meeting"). At Annual Meetings, the members of the Executive Board (the "Directors") shall be elected by ballot of the Owners, in accordance with the provisions of these Bylaws, the Declaration, and the Articles of Incorporation. The Owners 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.

3.2 Special Meetings. Special meetings of the Association ("Special Meetings") may be called by the president of the Association (the "President"), by a majority of the Directors, or by a petition signed by Owners comprising 20% of the Allocated Interests in the Association.

3.3 Budget Meetings. Meetings to consider proposed budgets shall be called in accordance with the Act. The Executive Board shall prepare and approve a budget at least annually. Within 30 days after the Executive Board's adoption of the proposed budget, the Executive Board shall mail or deliver a summary of the budget to all Owners and set a date for a Special or Annual Meeting to consider ratification of the budget. Notice for the meeting at which the budget will be considered by the Owners must be mailed not less than 14 days nor more than 60 days before the meeting. At the meeting, unless a majority of the Owners reject the budget, the budget is ratified. A quorum of Owners need not be present at the meeting, if the meeting is just a budget meeting, but a quorum is required if the meeting is also an Annual Meeting. If the proposed budget is rejected by a majority of Owners, the budget last ratified by the Owners is continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

3.4 Notice of Meetings. Written notice of each meeting of Owners shall be given to each Owner entitled to vote by, or at the direction of, the secretary of the Association ("Secretary") or other person authorized to call the meeting at least 14 days, but not more than 60 days, before such meeting. Notice may be provided by telephone, telecopy, e-mail, or by first class mail, postage pre-paid. 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. No matters shall be heard nor action adopted at a Special Meeting except as stated or allowed in the notice.

3.5 Owner Addresses for Notices. Unless an Owner has 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 by first-class, registered, or certified mail to the address of the Lot shown upon the Association's records as being owned by such Owner. If more than one Owner owns a particular Lot, then any notice or other written instrument may be addressed to all 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.

3.6 Place of Meetings. Meetings of the Owners shall be held in the Community or elsewhere in Arapahoe County, Colorado and may be adjourned to a suitable place convenient to the Owners, as may be designated by the Executive Board or the President.

3.7 Quorum of Owners. The presence at the meeting of Owners, in person or by proxy, entitled to cast ten percent of all the votes 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 at a meeting, the Owners who are present, in person or by proxy, shall have power to adjourn the meeting to another time. At said adjourned meeting, if a quorum is not present, the Owners then present, in person or by proxy, may vote on all matters brought before said Owners, and such votes shall have the same effect on any action to be taken by the Association as if a quorum had been present.

3.8 Adjournment of the Meeting. At any meeting of Owners, the meeting may be adjourned to another time by a vote of a majority of Owners present in person or by proxy and eligible to cast votes regardless of whether a quorum is present.

3.9 Voting.

(a) At all meetings of Owners, each Owner may vote in person or by proxy. If only one of several Owners of a Lot is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to the Lot. If more than one of the Owners of a Lot is present, the vote allocated to that Lot 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 Lot without protest being made promptly to the person presiding over the meeting by another Owner of that Lot.

(b) Upon the request of one or more Owners, a vote on any matter affecting the Community on which all Owners are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party or by an Owner who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more such Owners. The results of the vote shall be reported without reference to names, addresses, or other identifying information.

3.10 Proxies.

(a) The vote(s) allocated to a Lot may be cast under a proxy duly executed by an Owner. All proxies shall be in writing and filed with the Secretary or designee of the Association. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of the vote by the other Owners of the Lot through a duly executed proxy. An Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates six months after its date, unless it specifies a shorter term or a specific purpose.

(b) A proxy shall not be valid if obtained through fraud or misrepresentation. Unless otherwise provide in the Declaration, Bylaws, or the Rules and Regulations, appointment of proxies may be made substantially as provided in C.R.S. § 7-127-203.

(c) The Association is entitled to reject a vote, consent, written ballot, waiver, proxy, appointment, or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Owner.

(d) The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation in good faith and in accordance with the standards of this Section 3.10 are not liable in damages for the consequences of acceptance or rejections.

(e) Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation under this Section is valid, unless a court of competent jurisdiction determines otherwise.

3.11 Majority Vote. A vote of the Owners representing a majority of the Allocated Interests shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws, the Articles of Incorporation, or by law, provided said Owners are present in person or by proxy at a meeting at which a quorum is present.

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

3.13 Voting by Mail. The Executive Board may decide that voting of the Owners on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by mail. In case of a vote by mail, the Secretary shall mail written notice to all Owners at the Owner's address as it appears in the records of the Association. The notice shall include: (a) a proposed written resolution setting forth a description of the proposed action; (b) a statement that Owners are entitled to vote by mail for or against such proposal; and (c) a date, at least 30 days after the date such notice has been given, on or before which all votes must be received at the office of the Association at the address designated in the notice. Voting by mail shall be acceptable in all matters requiring the vote of Owners under the Declaration, the Articles of Incorporation, or these Bylaws.

ARTICLE 4 EXECUTIVE BOARD

4.1 Number and Qualification. The affairs of the Community and the Association shall be governed by an Executive Board which shall consist of at least three, but no more than seven, Directors, each of whom, except Directors elected to the Executive Board by Declarant, must be an Owner. At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures that are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

4.2 Election.

(a) Election of Directors during the Declarant Control Period. The Declaration shall govern the election of Directors to the Executive Board during the Declarant Control Period, as allowed under the Act.

(b) Election of Directors by Owners after the Declarant Control Period.

(i) The Executive Board shall be elected by the Owners at the Annual Meeting. The Owners may adopt specific procedures that are not inconsistent with these Bylaws or the Act for conducting the elections by written ballot. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The Executive Board elected by the Owners after the Declarant Control Period has terminated must consist of at least three but no more than seven Directors. No tenant of any Lot may be elected to serve as a Director on the Executive Board.

(ii) Votes for positions on the Executive Board shall be taken by secret ballot. Ballots shall be counted by a neutral third party or by an Owner who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more such Owners. The results of the vote shall be reported without reference to names, addresses, or other identifying information.

4.3 Term of Office for Directors. The terms of office of each Director shall be three years or until such time as a successor is elected, except the initial Executive Board. The terms of at least one-third of the Directors shall expire annually.

4.4 Removal of Directors. The Owners, by a vote of at least two-thirds of the votes at any meeting of the Owners at which a quorum of Owners is present, may remove a Director, other than a Director appointed by Declarant, with or without cause, during that Director's term. Directors appointed by Declarant may not be removed by the Owners under this section of the Bylaws. Directors sought to be removed shall have the right to be present at such meeting and shall be given the opportunity to speak to the Owners prior to a vote to remove being taken. The Owners by majority vote shall then elect such new Directors to the Executive Board to replace those Directors removed and designate the unexpired term to which each new Director is elected.

4.5 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. Only 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.

4.6 Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority of the votes in the Association at a Special or Annual Meeting. Any Director may be reimbursed for expenses incurred 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 Executive Board prior to entering into such contract, and such contract was approved by a majority of the disinterested Directors.

ARTICLE 5 MEETINGS OF THE EXECUTIVE BOARD

5.1 Regular Meetings. Regular meetings of the Executive Board shall be held at least annually at such place and hour as may be fixed by the Executive Board. The Executive 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.

5.2 Special Meetings. Special meetings of the Executive Board shall be held when called by the President, or by any two Directors, after not less than one day's 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.

5.3 Location of Meetings and Open Meetings. All meetings of the Executive Board shall be open to attendance by the Owners, as provided by applicable Colorado law. All meetings of the Executive Board shall be held within Arapahoe County, Colorado, unless all Directors consent in writing to another location.

5.4 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Executive 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.

5.5 Quorum. At all meetings of the Executive Board, a majority of the Directors, in person or by proxy, shall constitute a quorum for the transaction of business. The votes of a majority of the Directors present at a meeting at which a quorum is present, in person or by proxy, shall constitute a decision of the Executive Board. If at any meeting there is less than a quorum present, a majority of those present may adjourn the meeting.

5.6 Proxies. 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 a proxy in writing 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 that 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 Executive Board.

5.7 Consent to Corporate Action. The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of a majority of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. The Secretary shall file these consents with the minutes of the meetings of the Executive Board.

5.8 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 Directors and may hear the deliberations of the other Directors 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.

ARTICLE 6 POWERS AND DUTIES OF THE EXECUTIVE BOARD

6.1 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws, the Act, and the Colorado Nonprofit Corporations Act. The Executive Board shall have, subject to the limitations contained in the Declaration, the Act, and the Colorado Nonprofit Corporations 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) adopt and amend these Bylaws and any rules and regulations for the Association;

(b) 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);

(c) as a part of the adoption of the regular budget, the Executive Board shall include an amount that, 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, and the quantity and replacement cost of major Common Element improvements;

(d) collect Assessments from Owners;

(e) hire and discharge managing agents, provided that any agreement for professional management of the Community may not exceed one year, and 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;

(f) hire and discharge employees, independent contractors, and agents other than managing agents;

(g) institute, defend, or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, these Bylaws, or any rules and regulations promulgated by the Executive Board in the Association's name, on behalf of the Association, or on behalf of two or more Owners on matters affecting the Community;

(h) make contracts and incur liabilities;

(i) regulate the use, maintenance, repair, replacement, and modification of Common Elements;

(j) cause additional improvements to be made as a part of the Common Elements;

(k) acquire, hold, encumber, and convey in the Association's name 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 the Declaration and Section 312 of the Act;

(l) 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;

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

(n) impose a reasonable charge for late payment of Assessments and, after notice and hearing, levy reasonable fines or Reimbursement Assessments provided for or allowed in the Declaration, these Bylaws, and any Rules and Regulations;

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

(p) borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and to execute all such instruments evidencing such indebtedness as the Executive Board may deem necessary and give security therefor;

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

(r) provide for the indemnification of the Association's officers and the Executive Board and maintain Directors' and officers' liability insurance;

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

(t) cause all Directors, officers, employees, or agents of the Association having fiscal responsibilities to be bonded or insured, as it may deem appropriate and in such amounts as it may deem appropriate;

(u) declare the office of a Director to be vacant if such Director is absent from three consecutive regular meetings of the Executive Board;

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

(w) exercise any other powers conferred by the Declaration or these Bylaws.

6.2 Managing Agent. The Executive Board may employ a manager or managing agent, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. Licenses, concessions, and contracts may be executed by the managing agent pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget. Regardless of any delegation to a manager or managing agent, the Directors shall not be relieved of responsibilities under the Declaration, the Articles of Incorporation, these Bylaws, or Colorado law.

6.3 Limits on Delegation, Requirements for Association Funds, and Financial Statements. Pursuant to the Act, if at any time the Association has 30 or more Lots, and the Association delegates powers of the Executive Board or officers relating to collection, deposit, transfer, or disbursement of Association funds to other persons or to a manager or managing agent, the Association requires the following:

(a) that the other persons or managing agent maintain fidelity insurance coverage or a bond in an amount not less than \$50,000 or such higher amount as the Executive Board may require;

(b) that the other persons or managing agent maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other persons or managing agent, and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and

(c) that an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

ARTICLE 7 OFFICERS AND THEIR DUTIES

7.1 Enumeration of Offices. The officers of this Association shall be a President, vice-president ("Vice President"), Secretary, treasurer ("Treasurer"), and such other officers as the Executive Board may from time to time create by resolution. The offices of Secretary and President may not be held by the same person. Otherwise, one person may simultaneously hold more than one of any of the other offices.

7.2 Election of Officers. The officers shall be elected 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.

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.

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 vote of the Executive Board.

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

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

(a) 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 ensure that orders and resolutions of the Executive Board are carried out. 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.

(b) 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.

(c) Secretary. The Secretary shall have charge or shall keep the minutes of all meetings of the Owners and proceedings of the Executive Board. 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 Colorado nonprofit corporation. 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.

(d) 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. The Treasurer 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 Colorado nonprofit corporation. 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.

(e) Delegation of Duties. The duties of any officer may be delegated to the manager or to a Director. If an officer delegates his or her duties, the officer shall not be relieved of any responsibility under these Bylaws or under Colorado law.

7.7 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.

7.8 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 Lot for which the certificate or statement is furnished.

7.9 Compensation. Compensation of officers shall be subject to the same limitations as imposed in these Bylaws on compensation of Directors.

ARTICLE 8 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 by the Executive Board or as delegated by the President.

ARTICLE 9 ENFORCEMENT

9.1 Abatement and Enjoinment of Violations by 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 Lot 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 Owner any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Lot) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Declaration, Articles of Incorporation, these Bylaws, or any rules and regulations of the Association, and 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 of the Declaration, Articles of Incorporation, these Bylaws, or any rules and regulations of the Association.

9.2 Fines for Violation. Following notice and a hearing, the Executive Board may levy reasonable fines for a violation of the Declaration, Articles of Incorporation, these Bylaws, or any rules and regulations of the Association, but this amount shall not exceed that amount necessary to insure compliance with the same.

9.3 Judicial Proceedings. The Association shall have no authority to initiate, maintain, or prosecute any legal or equitable proceeding except to enforce the provisions of the Declaration and to collect Assessments due and payable under Article VII of the Declaration, unless the Owners approve such proceeding by a vote of at least 51% of all of the Allocated Interests in the Association taken at a Special Meeting.

ARTICLE 10 BOOKS AND RECORDS

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

(a) an account for each Lot designating the name and address of each Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Lot, the amount of each Assessment, the dates on which each Assessment comes due, any other fees payable by the Owner(s) of the Lot, 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 proceedings of meetings of the Owners, Directors, committees of the Executive Board, and waivers of notice; and

(i) a copy of the most current versions of the Declaration, Articles of Incorporation, these Bylaws, and any rules and regulations of the Association, along with their exhibits and schedules.

10.2 Examination. The books, records, and papers of the Association shall at all times, during normal business hours, and after reasonable notice be subject to inspection and copying by any Owner, at his/her/its expense, for any proper purpose as set forth in a "records policy"

duly adopted by the Executive Board in compliance with the Act and the Colorado Nonprofit Corporation Act. The Executive Board or the manager shall determine reasonable fees for copying.

ARTICLE 11 INDEMNIFICATION

11.1 Actions Other than by or on Behalf of the Association. The Association shall indemnify any person who was a party, is a party, or is threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or on behalf of the Association) by reason of the fact that he or she is or was a Director or officer of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees, and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if he or she acted 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 no reasonable cause to believe his or her conduct was unlawful. 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 he or she 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 his or her conduct was unlawful.

11.2 Actions by or on Behalf of the Association. The Association shall indemnify any person who was a party, is a party, or who is threatened to be made a party to any action, suit, or proceeding by or on behalf of the Association to procure judgment in its favor by reason of the fact that such person is or was a Director or officer of the Association or is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees, and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Association. No indemnification shall be made with respect of any claim, issue, or matter as to which such person has been adjudged to be liable for negligence or willful misconduct in the performance of his or her duty in the Association unless, and to the extent that, the court in which such action or suit was brought determines upon application that, in spite of the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as such court deems proper.

11.3 Successful on the Merits. To the extent that a Director, managing agent, officer, employee, fiduciary, or agent of the Association has been wholly successful on the merits in defense of any action, suit, or proceeding as above referred to and allowed, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees, and costs) actually and reasonably incurred by him or her in connection therewith.

11.4 Determination Required. Any indemnification under Section 11.1 and 11.2 (unless ordered by a court) shall be made by the Association only as authorized by the specific

case upon a determination that indemnification of the Director or officer is proper in the circumstances because such individual has met the applicable standard of conduct set forth above. Such determination shall be made by the Executive Board by majority vote of a quorum consisting of those Directors who were not parties to such action, suit, or proceeding or, if there is no a majority of disinterested Directors, by independent legal counsel in a written opinion.

11.5 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses incurred by a former or current Director or officer who is a party to a proceeding in advance of final disposition of the proceeding if (a) the Director or officer furnishes to the Association a written affirmation of the Director's good faith belief that he or she has met the standard of conduct described in Section 11.1 or Section 11.2, as applicable; (b) the Director or officer furnishes to the Association a written agreement, executed personally or on the Director's or officer's behalf, to repay the advance if it is ultimately determined that the Director or officer did not meet the standard of conduct; and (c) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article. The undertaking required in this Section 11.5 shall be an unlimited general obligation of the Director or officer but need not be selected and may be accepted without reference to financial ability to make repayment.

11.6 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 Owners or disinterested Directors, or otherwise, nor by any rights that are granted pursuant to the Act and the Colorado Nonprofit Corporation Act, as those statutes may be amended from time to time.

11.7 Directors and Officers Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Director or an officer of the Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under the provisions of this Article.

ARTICLE 12 AMENDMENTS

12.1 Procedure for Amendments. These Bylaws may be amended by the vote of two-thirds of the Executive Board. These Bylaws may also be amended at any Annual Meeting or at any Special Meeting called for the purpose of amending the Bylaws by the affirmative vote of Owners representing 51% of the Allocated Interests, provided said Owners are present at the meeting in person or represented by proxy and eligible to vote. Any amendment shall be binding upon every Owner.

12.2 Restrictions on Amendments. No amendment of these Bylaws shall be adopted that would affect or impair the validity or priority of any Security Interest covering any Lot or that would materially change the provisions of these Bylaws with respect to a first lien Security Interest or the interest of any Eligible Holders. The Owners shall have no power to amend the Bylaws in such a manner as to change materially the configuration or size of any Lot, to alter or modify the appurtenances to any Lot in a material manner, or to change the proportion of any

Owner's interest in the Common Elements without the unanimous consent of all Owners directly affected. No amendment shall serve to shorten the term of a specific Director, conflict with the Act, conflict with the Articles of Incorporation, or conflict with the Declaration.

ARTICLE 13 REQUIREMENTS OF THE ACT

13.1 Purpose. The purpose of this Article is to reflect recent changes in the Act, so that the Association may continue to operate in compliance with current law without the necessity of amending the Declaration. This Article may be amended by the Executive Board unilaterally from time to time in order to comply with any changes to the Act. This Article XIII, to the extent that it accurately reflects the current provisions of the Act, shall supersede any contradictory provisions in the Declaration or the Articles of Incorporation

13.2 Definitions.

(a) "Governing Documents" means the Declaration, the Articles of Incorporation, these Bylaws, and the Rules and Regulations.

(b) "Rules and Regulations" has the meaning assigned to it in Section 13.8 below.

13.3 The Executive Board.

(a) If any contract, decision, or other action taken by or on behalf of the Executive Board would financially benefit any Director or anyone who is an immediate family member of a Director, that Director or the Executive Board shall declare a conflict of interest for that issue. Such Director shall declare the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the Director may participate in the discussion but shall not vote on that issue.

(b) The Executive Board may authorize and pay for as a Common Expense the reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado and shall make reference to the applicable sections of the Act.

13.4 Signs and Advertising.

(a) Except as hereafter provided, no signs, including for sale or for rent signs, advertisements, billboards, unsightly objects, or nuisances of any kind shall be placed, erected, or permitted to remain in or on any Lot, nor shall any sign(s) be permitted in or on the Common Elements, without the prior written approval of the Association. Notwithstanding the foregoing, Project identification signs and reasonable signs, advertising, or billboards used by a Declarant in connection with its sale of Lots shall be permissible, provided that such use by a Declarant shall not interfere with the Owners' use and enjoyment of the Common Elements, their Lots, or their ingress and egress from a public way to the Common Elements or their Lots.

(b) Notwithstanding the forgoing, as long as state law requires, the Association shall not prohibit:

(i) the display of the American flag by an Owner in a window of the Owner's Lot, or on a balcony adjoining the Owner's Lot if the flag is displayed in a manner consistent with federal law, provided that the Association may adopt reasonable Rules and Regulations regarding the placement and manner of display of the flag, and the Rules and Regulations may restrict the location and size of flags and flagpoles, but shall not prohibit installation of the same;

(ii) the display by an Owner of a service flag bearing a star denoting the service of the Owner or a member of the Owner's immediate family in the active or reserve military of the Loted States during a time of war or armed conflict, on the inside of a window or door of the Owner's Lot, provided that the Association may adopt reasonable Rules and Regulations regarding the size and manner of display of service flags, except that the maximum dimensions allowed shall not be less than nine inches by 16 inches;

(iii) the display of a political sign by an Owner in a window of that Owner's Lot, except the Association may prohibit the display of political signs earlier than 45 days before the day of an election and later than seven days after election day, provided that the Association may regulate the size and number of political signs that may be placed on a Lot if the Rules and Regulations are no more restrictive than any applicable city or County ordinance. If an applicable city or county ordinance does not regulate the size and number of political signs on residential property, the Association shall permit at least one political sign per political office or ballot issue that is contested in a pending election with the maximum dimensions of 36 inches by 48 inches.

13.5 Owner Education. The Association shall provide or cause to be provided to Owners on at least an annual basis, as a Common Expense, education as the general operations of the Association and the rights and responsibilities of Owner, the Association, and the Executive Board under Colorado law. The criteria for compliance with this Section 13.5 shall be determined by the Executive Board.

13.6 Books and Records of the Association.

(a) The Association shall keep as permanent records minutes of all meetings of Owners and the Executive Board, a record of all actions taken by the Owners or Executive Board by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Executive Board in place of the Executive Board on behalf of the Association, and a record of all waivers of notices of meetings of Owners and of the Executive Board or any committee of the Executive Board.

(b) The Association or its agent shall maintain a record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each Owner is entitled to vote.

(c) The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. The Association shall

make its records reasonably available for examination and copying by any Owner or such Owner's authorized agents. The Association may charge a fee not to exceed its actual cost per page for providing copies of such records to an Owner. As used in this Subsection, "reasonably available" means available during normal business hours upon five business days' notice to the extent that (a) the request is made in good faith and for a proper purpose, (b) the request describes with reasonable particularity the records sought and the purpose of the request; and (c) the records are relevant to the purpose of the request.

(d) The Association shall keep a copy of each of the following records at its principal office:

- (i) this Declaration, as it may be amended from time to time;
- (ii) the Articles of Incorporation and Bylaws, as amended from time to time;
- (iii) resolutions adopted by the Executive Board relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class or category of Owners;
- (iv) minutes of all meetings of the Association and records of all actions taken by Owners without a meeting, for the past three years;
- (v) all written communications within the past three years to the Owners generally as Owners;
- (vi) a list of the names and business or home addresses of the current Directors and officers of the Association;
- (vii) the Association's most recent annual report, if any;
- (viii) all financial audits or reviews conducted pursuant to Subsection (e) below.

(e) The books and records of the Association's shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, at least once every two years by a person selected by the Executive Board. Such person need not be a certified public accountant except in the case of an audit. Copies of such audit or review shall be made available upon request to any Owner beginning no later than 30 days after its completion. An audit is required under this Subsection (e) only when the Association has annual revenues or expenditures of at least \$250,000, and an audit is requested by the Owners of at least one-third of the Lots.

13.7 Disclosures Required.

(a) The Association shall provide to all Owner, at least once per year, a written notice stating the name of the Association, the name of the Association's managing agent, if any, and a valid physical address and telephone number for both the Association and the

managing agent, if any. The notice shall also include the name of the Community, the date of recording and reception number of recording of the Declaration. If the Association's address or that of the managing agent changes, the Association shall provide all Owners with an amended notice within 90 days after the change.

(b) Within 90 days after the termination of the Declarant Control Period, and within 90 days after the end of each fiscal year thereafter, the Association shall make the following information available to Owners upon reasonable notice in accordance with Subsection (c) below:

- (i) the date on which the fiscal year commences;
- (ii) the operating budget for the current fiscal year;
- (iii) a list, by Lot type, of the Association's current Assessments including, without limitation, any Special Assessments;
- (iv) annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (v) the results of any financial audit or review for the fiscal year immediately preceding the current annual disclosures;
- (vi) a list of all Association insurance policies including, without limitation, property, general liability, officer and director liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;
- (vii) all of the Governing Documents;
- (viii) the minutes of the Executive Board and meetings of the Owners for the fiscal year immediately preceding the current annual disclosure; and
- (ix) the Association's responsible governance policies adopted under Section 13.8 below.

(c) The Association shall have the widest possible latitude in choosing the methods and means of disclosure, provided that the information required to be provided hereunder be readily available at no individual cost to each Owner at their convenience. Disclosure shall be accomplished by one of the following means: posting on an internet web page with notice of the web address via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be a Common Expense.

13.8 Governance Policies. The Association shall maintain accounting records using generally accepted accounting principles and shall adopt rules and regulations ("Rules and Regulations") concerning:

- (a) collection of unpaid Assessments;
- (b) handling of conflicts of interest involving the Directors;
- (c) the conduct of meetings of the Owners that may refer to applicable provisions of the Colorado Nonprofit Corporations Act or other recognized rules and principles;
- (d) enforcement of the Governing Documents including notice and hearing procedures and a schedule of fines;
- (e) inspection and copying of Association records by Owners;
- (f) investment of reserve funds; and
- (g) procedures for the adoption and amendment of Rules and Regulations.

13.9 Special Provisions Regarding Meetings.

(a) The Association may provide all notices and agendas required by this Article XIII in electronic form, by posting on a web site or otherwise, in addition to printed form. If such electronic means are available, the Association shall provide notice of all Annual and Special Meetings by electronic mail to all Owners who so request and who furnish the Association with their e-mail addresses. Electronic notice of a Special Meeting shall be given as soon as possible but at least 24 hours before the meeting.

(b) All meetings of the Association and the Executive Board are open to every Owner or to any person designated by an Owner in writing as such Owner's representative, and all Owners or designated representatives so desiring shall be permitted to attend, listen and speak at an appropriate time during the deliberations and proceedings; except that, regular and special meetings of the Executive Board, Owners who are not Directors may not participate in any deliberation or discussion unless expressly authorized by a vote of the majority of a quorum of the Executive Board.

(c) The Executive Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit an Owner or an Owner's designated representative to speak before the Executive Board or the Association, as applicable, takes formal action on an item under discussion, in addition to any other opportunities to speak. The Executive Board shall permit a reasonable number of persons to speak on each side of an issue.

(d) Upon the final resolution of any matter for which the Executive Board has received legal advice or that concerns pending or contemplated litigation, the Executive Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

13.10 Eligible Holder Consents to Amendments to Declaration. The Association shall send to each Eligible Holder, by certified mail at its most recent address shown on the First Mortgage or recorded assignment thereof, a dated, written notice and a copy of any proposed amendment to the Declaration that, pursuant to Article XIV of the Declaration, must be voted

upon by Eligible Holder. In addition, the Association shall cause the dated notice, together with information on how to obtain a copy of the proposed amendment, to be printed in full at least twice, on separate occasions at least once a week apart, in a newspaper of general circulation in Arapahoe County, Colorado. An Eligible Holder that does not deliver to the Association a negative response within 60 days after the date of the notice shall be deemed to have approved the proposed amendment. Nothing in this Section 13.10 shall be deemed to require the Association to wait 60 days for any Eligible Holder's response to a proposed amendment, however, as long as the Association otherwise obtains the required votes for Eligible Holder consent set forth in Article XIV of the Declaration.

13.11 Full Force and Effect. Except as amended by the provisions of this Article XIII in compliance with the requirements of the Act, the Declaration remains in full force and effect.

ARTICLE 14 MISCELLANEOUS

14.1 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.

14.2 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.

14.3 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.

14.4 Working Capital Fund. A Working Capital Fund is established pursuant to the Declaration. Any amounts paid into this fund shall not be considered as advance payment of Assessments. Each Lot's share of the Working Capital Fund may be collected and then contributed to the Association by Declarant at the time the sale of the Lot is closed or at the termination of the Declarant Control Period. Until paid to the Association, the contribution to the Working Capital Fund shall be considered an unpaid Assessment.

14.5 Compliance with the Act. These Bylaws are intended to comply with the requirements of the Act. If any of these Bylaws conflict with the provisions of the Act, the provisions of the Act will govern the Association.

14.6 Corporate Seal. The Association may have a seal or stamp in circular form and including the words, "The Conservatory Homeowners Association, Inc."

14.7 Fiscal Year. 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 and end on December 31st of that year.

14.8 Interpretation. The provisions of these Bylaws shall be liberally construed to ensure that the Community shall at all times be operated and maintained in a manner so as to optimize and maximize its enjoyment and utilization by each Owner.

IN WITNESS WHEREOF, the undersigned, being the initial Directors, have approved and executed these Bylaws as of the 15th day of March, 2006.

By: Matt Lamm
Matt Lamm

By: Mary W. Lewis
Mary Lewis

By: Patrick McGinty
Patrick McGinty