

*AMENDED AND RESTATED
BYLAWS
OF
FOUNDERS VILLAGE MASTER ASSOCIATION, INC.*

I. GENERAL

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of Founders Village Master Association, Inc. (the "Association"). The Association has been organized as a Colorado corporation under the Colorado Nonprofit Corporation Act to be and constitute the Owners' Association under the Master Declaration of Covenants, Conditions and Restrictions for Founders Village in the Villages at Castle Rock ("Declaration"). The Declaration relates to real property in Douglas County, Colorado which becomes annexed and subject to the Declaration ("Property").

1.2 Terms Defined in Declaration. Capitalized terms used herein shall have the same meaning as defined in the Declaration unless otherwise defined herein.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Master Declaration for Founders Village recorded in the real property records of Douglas County, Colorado, the Colorado Revised Nonprofit Corporation Act, and the Articles of Incorporation of the Association filed with the Secretary of State of Colorado, as any of the foregoing may be amended from time to time.

II. OFFICES

2.1 Principal Office. The Board of Directors, in its discretion, may fix and may change, from time to time, the location of the principal office of the Association.

2.2 Registered Office and Agent. The Colorado Revised Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The registered office and the registered agent are currently; Mark L. Eames c/o PCMS at 8100 South Quebec Street, Suite B210, Englewood, CO 80112, but may be changed by the Board of Directors at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law with the Office of the Secretary of State of Colorado.

III. MEMBERS

3.1 Members. "Members" shall be such persons or entities defined as "Members" in the Declaration.

3.2 Memberships Appurtenant to Sites. Every person or entity who is a record owner of a lot or condominium unit which is subject to the Declaration shall be a member. Membership shall be appurtenant to the lot or condominium unit and shall automatically pass with fee simple title to the property.

3.3 Voting Rights of Members. Each Member shall have the right to cast votes for the election of a Delegate to the Association who will exercise the voting power of the Delegate

District in which the Member's property is located. The Supplemental Declaration by which property is annexed to the Property shall define the Delegate District within which each Member's property is located and shall state whether or not the Delegate District is to be governed by a Subassociation. If a Delegate District is governed by a Subassociation, then Members shall have the same voting rights for the election of a Delegate from that Delegate District as for the election of a member of the Board of Directors of the Subassociation. If the Delegate District is not governed by a Subassociation, then Members in that Delegate District shall have voting rights for the election of a Delegate to represent the Delegate District as provided in the following section of these Bylaws.

3.4 Voting in Absence of Subassociation. Within any Delegate District without a Subassociation, votes shall be allocated as one vote per lot or condominium unit within the Delegate District.

3.5 Voting by Joint Owners. If there is more than one Person owning property which entitles such Person to membership in the Association, the vote for such property shall be governed by **Section 6.03B** of the Master Declaration, but each such Person shall be entitled to attend any meeting of Members of a Delegate District. If more than one of the Owners is present, the vote allocated to the Lot or Condominium Unit may be cast only in accordance with the agreement of a majority of those Owners. Majority agreement exists if any one of the Owners casts the vote allocated to the Lot without protest being made promptly to the person presiding over the meeting by another Owner of the Lot. The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the board of directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust Owner is qualified to vote. Votes allocated to Lots or Condominium Units owned by the Association may not be cast. Votes shall not be divided pro rata among several Owners but shall only be cast as a single vote.

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

3.7 Suspension of Voting Rights. The Board of Directors may suspend the voting rights of any member for the non-payment of assessments and may also suspend, after Notice and the opportunity for a Hearing, the voting rights of a Member during and following any breach

by such Member or any family member, guest, tenant, or invitee of such Member of any provision of the Declaration, Articles and Bylaws or of any Founders Village Restrictions, Rules or Regulations.

3.8 Transfer of Memberships on Association Books. Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the property to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous Owner as the Member of the Association.

IV. MEETINGS OF MEMBERS.

4.1 Delegate Districts with Subassociation. Matters relating to meetings of Members within a Delegate District which is governed by a Subassociation shall be governed by the Bylaws of the Subassociation. Except to the extent contrary to or inconsistent with the Bylaws of the Subassociation, the following sections of these Bylaws shall be applicable to meetings of members within a Delegate District which is governed by a Subassociation. The Bylaws of the Subassociation shall, in any event, provide for an annual meeting of Members to elect a Delegate to the Association and for the holding of such annual meeting within the time periods specified hereinafter for annual meetings of Members in Delegate Districts.

4.2 Delegate Districts Without a Subassociation. The following sections of these Bylaws shall govern matters relating to meetings of Members in Delegate Districts not governed by a Subassociation.

4.3 Place of Member's Meetings. Meetings of Members in a Delegate District shall be held at the principal office of the Association or at such other place, within or convenient to the Property, as may be fixed by the Board of Directors and specified in the notice of the meeting.

4.4 Annual Meetings of Members. An annual meeting of the Members shall be held during each of the Association's fiscal years, at a date and time as determined by the Board and set forth in the notice of the meeting. At these meetings, the Delegate for the Delegate District shall be elected by ballot of the Members, in accordance with the provisions of these Bylaws, the Declaration and Articles of Incorporation, or as otherwise determined by the Members present in person at the meeting. The Members may transact other business as may properly come before them at these meetings. Failure to hold an annual meeting shall not be considered a forfeiture or dissolution of the Association.

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

4.6 Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members in any Delegate District, or in order to make a determination of

such Members for any other proper purpose, the Board of Directors of the Association may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than fifty (50) days prior to the meeting of Members or the event requiring a determination of Members.

4.7 Notice of Members' Meetings. Written notice stating the day, time and place of any meeting in any Delegate District shall be delivered at least ten (10) days and not more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each Member entitled to vote at such meeting. The notice of an annual meeting shall include the names of any known candidate for Delegate and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at the address which appears on the records of the Association, with postage prepaid. Such notice may be posted in a conspicuous place in Founders Village, and such notice shall be deemed to be delivered to any Member upon such posting if such Member has not given the Association an address for mailing of notice.

4.8 Proxies. A Member entitled to vote in any Delegate District may vote in person or by proxy executed in writing by the Member or a duly authorized attorney-in-fact and filed with the Chairman or Secretary of the meeting prior to the time the proxy is exercised. Any proxy shall be revoked by attendance of a Member in person at a meeting or by revocation in writing filed with the Chairman or Secretary of the meeting prior to the time the proxy is exercised. A proxy shall automatically cease upon the conveyance by a Member of the property of the Member and the transfer of the Membership on the books of the Association. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy, and no proxy shall be valid in any event for more than three years after its date of execution.

4.9 Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least ten percent (10%) of the votes of all Members in any Delegate District shall constitute a quorum at any meeting of such Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum. If the required quorum is not present in person or by proxy at any such meeting of Members, the members present shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, and the presence, in person or by proxy, of Members entitled to cast at least five percent (5%) of the votes of all Members, shall, except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

4.10 Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum shall be present in person or by proxy, without notice other than announcement at the meeting. At any adjourned meeting which is held without notice other than announcement at the

originally called meeting, the quorum requirement shall be five percent (5%) of the votes of all Members, and any business may be transacted which might have been transacted at the meeting as originally called.

4.11 Votes Required at Members' Meetings. At any meeting of a Delegate District, if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

4.12 Cumulative Voting Not Permitted. Since only one Delegate is to be elected from any Delegate District, cumulative voting in an election for a Delegate is not permitted.

4.13 Order of Business. The Board of Directors or the Members calling the meeting may establish the order of business and prescribe reasonable rules and regulations to conduct the meeting.

4.14 Officers of Meetings. At any meeting of a Delegate District, the Members present may select a Chairman and Secretary of the meeting.

4.15 Certification of Election After Meeting. Promptly after any meeting of Members to elect a Delegate, the Chairman of the meeting shall certify in writing to the Association the name and address of the Delegate elected, the Delegate District which the Delegate represents and the time and place of the meeting at which the Delegate was elected.

4.16 Expenses of Meetings. The Association shall bear the expenses of all meetings of Members in Delegate Districts without a Subassociation and of special meetings of Members in Delegate Districts governed by a Subassociation which are held to elect a Delegate or to instruct a Delegate as to the manner in which he or she is to vote on any issue.

4.17 Waiver of Notice. A waiver of notice of any meeting of members of a Delegate District, signed by a Member, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting except when the Member attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.18 Voting by Mail in Lieu of a Meeting. The Board of Directors may decide that voting of the Members on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by mail instead of at a meeting. In case of a vote by mail, the Secretary shall mail written notice to all Members at each Member's address as it appears in the records of the Association. The notice shall include: (i) a proposed written resolution setting forth a description of the proposed action, (ii) a statement that Members are entitled to vote by mail for or against such proposal, and (iii) a date at least thirty (30) days after the date such notice shall have been given on or before which all votes must be received at the office of the Association at the address designated in the notice. Voting by mail shall be acceptable in all instances in the Declaration, Articles or these Bylaws requiring the vote of Members at a meeting. If the Board of Directors conducts an election of Delegates by mail, the Board of Directors shall

be required to provide an additional thirty (30) days notice prior to the ballot being mailed allowing Members to nominate candidates for the Delegate position.

A vote by mail shall be sufficient if the Association receives returned ballots from at least a quorum of Members, of which at least a majority of those votes approve the action or pursuant to such higher voting requirements as may be set forth in the Declaration, Articles of Incorporation or Bylaws.

V. DELEGATES

5.1 Delegates. A "Delegate" is an owner within Founders Village or, if the owner of any lot or condominium unit is not a natural person, must be an authorized agent of such owner, selected by Members within a Delegate District to represent such Delegate District and to cast votes on behalf of Members within such Delegate District. The Delegates so selected and the Grantor and Principal Owners owning a lot(s) or condominium unit(s) within Founders Village constitute the "members" of the Association, as that term is used in the Colorado Revised Nonprofit Corporation Act, notwithstanding the fact that, in the Declaration and these Bylaws, all the Owners of property within Founders Village are referred to and designated as Members.

5.2 Voting Rights of Delegates. Each Delegate shall have the votes allocated to all the Members within such Delegate's Delegate District under the Declaration. The Delegate may cast one vote for each Member in the Delegate District which the Delegate has been elected to represent, except that the Delegate shall not be entitled to cast a vote on behalf of any Member whose voting rights have been suspended. Each Delegate may cast the votes which he or she represents in such manner as the Delegate may, in his or her sole discretion, deem appropriate, acting on behalf of all of the Members owning property in the Delegate District; provided, however, that if Members representing at least a majority of the votes of the Members in any Delegate District shall determine, at any duly constituted meeting of the Members of such Delegate District, to instruct their Delegate as to the manner in which the Delegate is to vote on any issue to be voted on by the Delegates, then the Delegate representing such Delegate District shall cast all of the voting power in such Delegate District in the same proportion, as nearly as possible without counting fractional votes, as the Members in such Delegate District shall have cast their voting power "for" and "against" such issue in person or by proxy. When a Delegate is voting in his or her own discretion, without instruction from the Members whom the Delegate represents, then all of the votes may be cast as a unit, or the Delegate may apportion some votes in favor of a given proposition and some votes in opposition to such proposition. It shall be conclusively presumed for all purposes that any Delegate casting votes will have acted with the authority and consent of all of the Members in such Delegate's Delegate District.

5.3 Qualifications of Delegates. A Delegate must be an Owner within Founders Village or, if the Owner of any such site is not a natural person, must be an authorized agent of such Owner. If a Delegate conveys or transfers title to his or her property, or if a Delegate who is an authorized agent of a legal entity ceases to be such authorized agent, or if the entity of which a Delegate is an agent transfers title to its property, such Delegate's term as Delegate shall immediately terminate and a new Delegate shall be elected as promptly as possible to

take such Delegate's place. A Delegate may be re-elected, and there shall be no limit on the number of terms a Delegate may serve.

5.4 Term of Office of Delegates. Each Delegate elected at an annual meeting of Members in a Delegate District shall continue in office until the next annual meeting of the Delegate District or until a successor is elected, whichever is later, unless such Delegate resigns, is removed, or becomes disqualified to be a Delegate. The term of a Delegate shall be independent of a Delegate's term as a Director of the Association. In the case of a Delegate being elected to the Board of Directors for a term greater than one year, the Delegate District may elect another Delegate representative at the next Annual Meeting of the Delegates or may re-elect the Delegate also serving as a Director.

5.5 Removal of Delegates. At any duly called meeting of Members of a Delegate District, the notice of which indicates such purpose, the Delegate representing that Delegate District may be removed, with or without cause, by a vote of the majority of the votes of Members present at such meeting in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. Delegates sought to be removed shall have the right to be present at such meeting and shall be given the opportunity to address the members prior to a vote to remove being taken.

5.6 Resignation of Delegates. Any Delegate may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors of the Association stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

5.7 Vacancies. Any vacancy occurring in the office of a Delegate shall, unless filled in accordance with Section 5.5, be filled at a special meeting, called for such purpose, of Members of the Delegate District represented by such Delegate. A Delegate elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

VI. MEETINGS OF DELEGATES.

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

6.2 Annual Meetings of Delegates. Annual meetings of Delegates shall be held once a year, on such month, day and time as may be fixed by the Board of Directors and specified in the notice of meeting. Annual meetings of Delegates shall be held to elect directors of the Association and to transact such other business as may properly come before the Delegates at the meeting.

6.3 Special Meetings of Delegates. Special Meetings of Delegates may be called by the Board of Directors or by Delegates representing at least ten percent (10%) of the total voting power of Delegates. No business shall be transacted at a special meeting of Delegates except as indicated in the notice thereof.

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

6.5 Notice of Delegates' Meetings. Written notice stating the place, day and hour of any meeting of Delegates shall be delivered at least ten (10) and not more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each Delegate entitled to vote at such meeting. The notice of an annual meeting shall include the names of any known candidates for Director and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Delegate at his or her address as it appears on the records of the Association, with postage thereon paid. Such notice may be posted in a conspicuous place in Founders Village, and such notice shall be deemed to be delivered to any Delegate upon such posting if such Delegate has not given the Association an address for mailing of notice.

6.6 Proxies. A Delegate entitled to vote in any Delegate District may vote in person or by proxy executed in writing by the Delegate or a duly authorized attorney-in-fact and filed with the Chairman or Secretary of the meeting prior to the time the proxy is exercised. Any proxy shall be revoked by attendance of a Delegate in person at a meeting or by revocation in writing filed with the Chairman or Secretary of the meeting prior to the time the proxy is exercised. A proxy shall automatically cease at the end of the Delegate's term, regardless of whether the Delegate is subsequently reelected or upon the conveyance by a Delegate of the property of the Delegate. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy.

6.7 Quorum at Delegates' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting of Delegates, the presence in person or by proxy of Delegates entitled to cast at least fifty-one percent (51%) of the votes of all Delegates shall constitute a quorum at any meeting of Delegates. Delegates present at a duly organized meeting of Delegates may continue to transact business until adjournment, notwithstanding the withdrawal of Delegates so as to leave less than a quorum.

6.8 Adjournments of Delegates' Meetings. Delegates present at any meeting of Delegates may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting. At any adjournment meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

6.9 Vote Required at Delegates' Meetings. At any meeting of Delegates, if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

6.10 Cumulative Voting Not Permitted. Cumulative voting by Delegates in the election of Directors shall not be permitted.

6.11 Order of Business. The Delegates calling the meeting may establish the order of business and prescribe reasonable rules and regulations to conduct the meeting.

6.12 Officers of Meetings. The President of the Association shall act as Chairman and the Secretary of the Association shall act as secretary of any meeting of Delegates. In the absence of the President, then the Vice President, the Secretary or the Treasurer, in that order, shall act as chairman of the meeting. In the absence of the Secretary, then any Assistant Secretary, the Treasurer, or any Assistant Treasurer, in that order, shall act as secretary of the meeting.

6.13 Waiver of Notice. A waiver of notice of any meeting of Delegates, signed by a Delegate, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Delegate. Attendance of a Delegate at a meeting of Delegates shall constitute waiver of notice of such meeting except when the Delegate attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

6.14 Vote by Mail in Lieu of a Meeting. The Board of Directors may decide that voting of the Delegates on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by mail instead of at a meeting. In case of a vote by mail, the Secretary shall mail written notice to all Delegates at each Delegate's address as it appears in the records of the Association. The notice shall include: (i) a proposed written resolution setting forth a description of the proposed action, (ii) a statement that Delegates are entitled to vote by mail for or against such proposal, and (iii) a date at least thirty (30) days after the date such notice shall have been given on or before which all votes must be received at the office of the Association at the address designated in the notice. Voting by mail shall be acceptable in all instances in the Declaration, Articles or these Bylaws requiring the vote of Delegates at a meeting. If the Board of Directors conducts an election of Directors by mail, the Board of Directors shall be required to provide an additional thirty (30) days notice prior to the ballot being mailed allowing Delegates to nominate candidates for the Director positions to be filled.

A vote by mail shall be sufficient if the Association receives returned ballots from at least a quorum of the Delegates, of which at least a majority of those votes approve the action or pursuant to such higher voting requirements as may be set forth in the Declaration, Articles of Incorporation or Bylaws.

6.15 Members' Right to Attend. Any Member of a Delegate District shall be entitled to attend any Meeting of Delegates.

VII. BOARD OF DIRECTORS.

7.1 General Powers and Duties of Board. The Board may act in all instances on behalf of the Association, except as provided in the Declaration and these Bylaws or the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, *et seq.*, to the extent such provisions are applicable to communities created prior to July 1, 1992. The Board shall have, subject to the limitations contained in the Declaration, and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Founders Village Community, and for the operation and maintenance of the community as a first class residential property, including the following powers and duties:

(a) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy reasonable fines or default assessments for a violation of the Declaration, Bylaws, Rules and Regulations of the Association;

(b) Exercise any other powers conferred by the Declaration, Bylaws or Articles of Incorporation;

(c) Adopt and amend rules and regulations, including penalties for infraction thereof;

(d) Adopt and amend budgets for revenues, expenditures and reserves;

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

(f) Collect assessments as provided by the Declaration and Act;

(g) Employ a manager, an independent contractor, or such other employees as it deems necessary, and prescribe their duties;

(h) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws or Rules, and, in the Association's name, on behalf of the Association or two or more Owners, on matters affecting the Founders Village Community;

(i) Make contracts, open bank accounts and incur liabilities in the name of the Association;

(j) Acquire, hold, encumber and convey, in the Association's name and in the ordinary course of business, any right, title or interest to real estate or personal property other than the Common Area, as set forth in the Declaration and Articles of Incorporation;

(k) Borrow funds and secure such loans with an interest in future assessments as set forth in the Declaration and Articles of Incorporation;

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

(m) Provide for the indemnification of the Association's Officers, Directors and volunteers and maintain Directors' and Officers' liability insurance;

(n) 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, which absences have not been excused by the remaining Directors;

(o) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(p) Procure and maintain adequate liability and hazard insurance on property owned by the Association or as required by the Declaration;

(q) Cause all officers or employees having fiscal responsibilities to be insured, as it may deem appropriate; and

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

7.2 Manager. The Board may employ a manager for the Founders Village Community, at a compensation established by the Board, to perform duties and services authorized by the Board. Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Board and to fulfill the requirements of the budget. Regardless of any delegation to a manager or managing agent, the members of the Board shall not be relieved of responsibilities under the Declaration, the Articles of Incorporation, these Bylaws or Colorado law. The Board shall have the authority to delegate any of the powers and duties set forth in this Article to a manager.

7.3 No Waiver. The omission or failure of the Association or an Owner to enforce the covenants, conditions, easements, uses, limitations, obligations, or other provisions of the Declaration, the Bylaws, or the rules and regulations shall not constitute or be deemed a waiver, modification, or release thereof, and the Board or the Managing Agent shall have the right to enforce the same at any time.

7.4 Qualifications of Directors. A Director must be an Owner of property within Founders Village or, if the Owner of any such property is not a natural person, must be an authorized agent of the Owner. If a Director conveys or transfers title to the Director's property, such Director's term as Director shall immediately terminate, and a new Director shall be selected as promptly as possible to take such Director's place. A Director shall not be required to be a Delegate.

7.5 Number of Directors. The number of Directors of the Association shall be three (3). The number of Directors may be increased or decreased from time to time by amendment to these Bylaws, provided that the number of Directors shall not be less than three and no decrease in number shall have the effect of shortening the term of any Incumbent Director.

7.6 Term of Office of Directors. Beginning with the Annual Meeting in the year 2000, the Delegates shall elect one Director for one year, one Director for two years and one Director for three years, and at each Annual Meeting thereafter the Delegates shall elect the same number of Directors whose terms are expiring for terms of three years. At the Annual Meeting in the year 2000, the candidate for the Board of Directors receiving the largest

number of votes shall be elected for three years, the candidate who receives the next largest number of votes shall be elected for two years, and the candidate who receives the next largest number of votes for one year.

7.7 Removal of Directors. At any meeting of Delegates, the notice of which indicates such purpose, any Director may be removed, with or without cause, by vote of Delegates representing a majority of the voting power present at the meeting, and a successor may be then and there elected to fill the vacancy thus created. Directors sought to be removed shall have the right to be present at such meeting and shall be given the opportunity to address the members prior to a vote to remove being taken.

7.8 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary, or to the Board of Directors, stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.9 Vacancies in Directors. Vacancies on the Board caused by any reason (other than removal) may be filled by appointment by a majority vote of the Board at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. Each person so appointed shall be a Director who shall serve for the remainder of the unexpired term. A Directorship to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Delegates.

7.10 Executive Committee. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint an Executive Committee, which shall consist of three or more Directors and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Board of Directors except with respect to those matters which the Colorado Nonprofit Corporation Act prohibits delegating to an Executive Committee.

7.11 Other Committees of Association. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more other committees, which may consist of or include Members or Delegates who are not Directors. Any such committee shall have and exercise such authority as shall be specified in the resolution creating such committee, except such authority as can only be exercised by the Board of Directors.

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

VIII. MEETINGS OF DIRECTORS.

8.1 Regular Directors' Meeting. Meetings of the Board of Directors shall be held at the principal office of the Association or at such other place, within or convenient to Founders Village, as may be fixed by the Board of Directors and specified in the notice of the Meeting. Regular meetings of the Board of Directors shall be held at such times, place and hour as may be fixed by the Board. The Board may set a schedule of regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

8.2 Special Meetings of Directors. Special meetings of the Board of Directors may be called by the President or by any two members of the Board of Directors.

8.3 Notice of Directors' Meetings. Except regular meetings of the Directors, notice stating the place, day and hour of the meeting shall be delivered at least three (3) and not more than fifty (50) days before the date of the meeting, by mail, telegraph, telephone, personally, or in any other manner permitted by the Colorado Revised Nonprofit Corporation Act, by or at the direction of the persons calling the meeting, to each member of the Board of Directors. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors, need be specified in the notice or waiver of notice of such meeting.

8.4 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 proposal, a Director may execute, in writing, a proxy to be held by another Director. The proxy shall specify either a yes, no, or abstain vote on each particular issue for which the proxy was executed. Proxies which do not specify a yes, no, or abstain vote shall not be counted for the purpose of having a quorum present nor as a vote on the particular proposal before the Board.

8.5 Quorum of Directors. A majority of the number of Directors shall constitute a quorum for the transaction of business, unless there are fewer than three (3) Directors, in which case all Directors must be present to constitute a quorum. If at any meeting there shall be less than a quorum present, a majority of those present may adjourn the meeting.

8.6 Adjournment of Directors' Meetings. Directors present at any meeting of Directors may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

8.7 Vote Required at Directors' Meeting. The votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board unless a greater percentage is required by law, the Declaration, the Articles of Incorporation or these Bylaws. If there are fewer than three (3) Directors, unanimity of the Directors is required to constitute a decision of the Board.

8.8 Order of Business. The Board of Directors or the Chairman calling the meeting may establish the order of business and prescribe reasonable rules and regulations to conduct the meeting.

8.9 Officers at Meetings. The President shall act as chairman, and the Board of Directors shall elect a Director to act as secretary at all meetings of Directors.

8.10 Waiver of Notice. A waiver of notice of any meeting of the Board of Directors, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. Attendance in person of a Director at a meeting shall constitute waiver of notice of such meeting except when the Director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

8.11 Action of Directors Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting, which they could otherwise have taken at a meeting, by obtaining the written vote of all of the Directors, with at least a majority of the Directors approving the action. Any action so approved shall have the same effect as though taken at a meeting of the Directors. The Secretary shall file such consents with the minutes of the meetings of the Board of Directors.

8.12 Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Board by using an electronic or telephonic communication method whereby the Director may be heard by the other Members and may hear the deliberations of the other Members on any matter properly brought before the Board. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

IX. OFFICERS.

9.1 Officers, Employees and Agents. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as the Board of Directors deems necessary. Officers other than the President need not be Directors. Any person may simultaneously hold more than one office except the offices of Secretary and President.

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

9.3 Removal of Officers. Any officer, employee or agent may be removed by the Board of Directors, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby. The removal of an officer, employee or agent shall be without prejudice to the contract rights, if any, of the officer, employee or agent so removed. Election or appointment of an officer, employee or agent shall not of itself create contract rights.

9.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary, or to the Board of Directors of the Association stating the

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

9.5 Vacancies in Officers. Any vacancy occurring in any position as an Officer may be filled by the Board of Directors. An Officer appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

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

9.7 Vice President. The Vice President may act in place of the President in case of the President's death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the President.

9.8 Secretary. The Secretary shall be the custodian of the records; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law, and shall see that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of Delegates, of the Board of Directors and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Delegates and Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him or her by the Board of Directors or by the President.

9.9 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Board of Directors; shall keep correct and complete financial records and books of account and records of financial transactions and of the financial condition of the Association, and shall submit such reports thereof as the Board of Directors may from time to time require; shall arrange for the annual compilation report required under Section 10.4 of these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned by the Board of Directors or by the President.

9.10 Delegation. The duties of any Officer may be delegated to the manager or another Board Member; *provided, however,* the Officer shall not be relieved of any responsibility under this Section or under Colorado law.

X. MISCELLANEOUS.

10.1 Amendment of Bylaws. The Delegates, at a meeting called for that purpose, shall have the sole power to alter, amend or repeal these Bylaws and to adopt new Bylaws by a majority of votes present at the meeting, if a quorum is present. The Bylaws may contain any

provision for the regulation or management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation.

10.2 Compensation of Officers, Directors and Delegates. No Director or Delegate shall have the right to receive any compensation from the Association for serving as such Director or Delegate except for reimbursement of reasonable expenses as may be approved by resolution of disinterested members of the Board of Directors. Officers, agents and employees shall receive such reasonable compensation as may be approved by the Board of Directors, except that no officer, director or employee of Grantor or of any affiliate of Grantor may receive compensation as a Corporate Official, Corporate Employee or Delegate. Appointment of a person as an officer, agent or employee shall not, of itself, create any right to compensation.

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

- (a) An account for each Lot or Condominium Unit, which shall designate 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 common expense assessment, the dates on which each assessment comes due, any other fees payable by the Owner, the amounts paid on the account and the balance due;
- (b) An account for each Owner showing any other fees payable by the Owner;
- (c) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (d) The current operating budget;
- (e) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (f) A record of insurance coverage provided for the benefit of Owners and the Association;
- (g) Tax returns for state and federal income taxation;
- (h) Minutes of proceedings of meetings of the Owners, Directors, committees of Directors and waivers of notice; and
- (i) A copy of the most current versions of the Declaration, Articles of Incorporation, Bylaws, rules and resolutions of the Board, along with their exhibits and schedules.

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 Member, at their expense, for any proper purpose, except documents determined by the Board to be confidential pursuant to a written policy. The Board of Directors or the manager shall determine reasonable fees for copying.

10.4 Audited Annual Report. At the close of each fiscal year of the Association, the Board of Directors shall cause to be prepared at their discretion either an annual audit, review or compilation report, of the accounts of the Association containing (a) an income statement reflecting income and expenditures of the Association for such fiscal year; (b) a balance sheet as of the end of such fiscal year; (c) a statement of changes in financial position for such fiscal year; and (d) a statement of the location of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Members, may be found. The annual report shall be prepared by a certified public accountant if so determined by the Board of Directors. Copies of the report shall be made available to any Member who requests them upon payment of the copying cost by such Member.

10.5 Biennial Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, biennial corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law, and shall pay the fees for such filings as prescribed by law.

10.6 Fiscal Year. The fiscal year of the Association shall begin on January 1 and end the succeeding December 31 except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Board of Directors without amending these Bylaws.

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

10.8 Loans to Directors, Officers and Delegates Prohibited. No loan shall be made by the Association to its Delegates, Directors or Officers, and any Director, Officer or Delegate who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

10.9 Limited Liability. As provided in the Declaration, the Association, the Board of Directors, the Master Architectural Committee, Grantor, any Delegate and any member, agent or employee of any of the same, shall not be liable to any person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

10.10 Minutes and Presumptions Thereunder. Minutes or any similar record of the meetings of Members in a Delegate District of Delegates, or of the Board of Directors, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to evidence truthfully the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

10.11 Record of Mortgages. Under the Declaration, First Mortgagees have rights, under certain circumstances, to approve amendments to the Declaration. Therefore, any such First

Mortgagee or, upon the failure of such First Mortgagee, any Member who has created or granted a First Mortgage, shall give written notice to the Association, through its Manager, or through the Secretary in the event there is no Manager, which notice shall give the name and address of the First Mortgagee and describe the property encumbered by the First Mortgage. The Association shall maintain such information in a book entitled "Record of First Mortgagees". Any such First Mortgagee or such Member shall likewise give written notice to the Association at the time of release or discharge of any such First Mortgage.

10.12 Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner, as shall be determined from time to time by resolution of the Board of Directors.

10.13 Execution of Documents. The Board of Directors, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

10.14 Conflicts. In the case of any conflicts between the Declaration and these Bylaws, the terms of the Declaration shall control. In the case of any conflicts between the Articles of Incorporation and these Bylaws, the terms of the Articles of Incorporation shall control.

10.15 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.

XI. INDEMNIFICATION

11.1 Actions Other Than By or In the Right of the Association. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he 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 which such individual 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 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 conduct was unlawful.

11.2 Actions By Or In The Right of The Association. The Association shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right 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; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or 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, despite 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 if such court deems proper.

11.3 Successful on the Merits. To the extent that a Director, manager, Officer, project manager, employee, fiduciary or agent of the Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in paragraphs 11.1 or 11.2 of this Article 11, 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 him or her in connection therewith.

11.4 Determination Required. Any indemnification under paragraphs 11.1 or 11.2 of this Article 11 (unless ordered by a court) and as distinguished from paragraph 11.3 of this Article 11, 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 in paragraphs 11.1 or 11.2 above. Such determination shall be made by the Board of Directors by majority vote of a quorum consisting of those members of the Board who were not parties to such action, suit or proceeding or, if a majority of disinterested members of the Board of Directors so directs, by independent legal counsel in a written opinion or by Members entitled to vote thereon.

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 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 paragraphs 11.1 or 11.2 of this Article 11, the Director or Officer furnishes to the Association a written understanding, 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 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 paragraph 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 by this Article 11 shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Members or disinterested members of the Board of Directors, or otherwise, nor by any rights which are granted pursuant to *C.R.S. §38-33.3-101, et seq.*, and the Colorado Revised Nonprofit Corporation Act.

11.7 Directors and Officers Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Member of the Board of Directors 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 provisions of this Article 11.


CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of Founders Village Master Association ("Association"); and
2. The foregoing Bylaws constitute the Bylaws of the Association duly adopted at the meeting of the Delegates of the Association duly held on December 29, 1999 which Bylaws were approved by a majority of the votes present at the meeting, at which at least a quorum of the Delegates were present.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this 30th day of December, 1999.

FOUNDERS VILLAGE MASTER ASSOCIATION,
a Colorado nonprofit corporation


Secretary