

BY-LAWS
OF
VALLEY PARK OWNERS ASSOCIATION, INC.

The following By-Laws correctly set forth the provisions of the By-Laws, of VALLEY PARK OWNERS ASSOCIATION, INC., and were duly adopted pursuant to the Colorado Non-Profit Corporation Act:

ARTICLE I

NAME AND LOCATION

The name of the corporation is VALLEY PARK OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 5455 North Union Boulevard, Colorado Springs, Colorado, but meetings of members and Directors may be held at such places within the County of El Paso as may be designated by the Board of Directors, which shall also be known and referred to sometimes herein as the "Board".

ARTICLE II

DEFINITIONS

All terms which are defined in the Declaration of Covenants, Conditions and Restrictions of VALLEY PARK (hereinafter called the "Declaration" and incorporated herein by this reference) shall have the same meaning herein.

ARTICLE III

MEETING OF MEMBERS

Section 1. Membership and Voting Rights. The requirements and conditions of membership and of voting rights shall be as provided in the Declaration and the Articles of Incorporation. Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint the Board of Directors and to operate the Association until Declarant's Class B membership is terminated, and the Association shall not begin to function through its other Members until such time, unless the Declarant otherwise consents in writing.

Section 2. Annual Meetings. The first annual meeting of the Members shall be held within one year of the date of incorporation, and each subsequent annual meeting of the Members shall be held during the same month of each year thereafter at a place, date and time, within the State of Colorado, as the Board of Directors may determine.

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) but not more than sixty (60) days prior to such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5. Action Taken Without Meeting. Notwithstanding any provision to the contrary, any action required or permitted to be taken at any meeting of Members may be taken without a meeting, prior notice or a vote, if a consent in writing, setting forth the action so taken is signed by a majority of the Members.

Section 6. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-third (1/3) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 7. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to the meeting. Every proxy shall be revocable upon written notice to the Secretary and shall automatically cease upon conveyance by the Member of his Lot.

Section 8. Majority of Members. As used in these By-Laws, the term "majority of Members" shall mean fifty-one percent (51%) of the combined votes cast by all Members of both classes present at a meeting containing a quorum. An affirmative vote of a majority of the Members present, in person or by proxy, shall be required to transact the business of the meeting and shall be valid and binding upon all Owners.

Section 9. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and certifying proxies
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading and disposal of unapproved minutes
- (d) Reports of officers
- (e) Reports of committees
- (f) Election of directors
- (g) Unfinished business
- (h) New business
- (i) Adjournment

ARTICLE IV

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

Section 1. Number. The property, business and affairs of the Association shall be managed by a Board of Directors. The initial Board of Directors shall be composed of three (3) directors, who shall be appointed by the Declarant. At the first annual meeting of Members which follows the termination of control by the Declarant, the Members shall elect three directors as provided in Section 2 of this Article. The number of directors may be subsequently increased by an affirmative vote of a majority of Members.

Section 2. Term of Office. At that first annual meeting, the Members shall elect one-third (1/3) of the directors for a one-year term, one-third (1/3) of the directors for a two-year term and (1/3) one-third of the directors for a three-year term, and at each annual meeting thereafter, the Members shall elect the same number of directors as there are directors whose terms are then expiring, for terms of three years.

Section 3. Resignation. Any Director may resign at any time by giving written notice of such resignation to the President or the Secretary. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by such officer.

Section 4. Removal. Any director appointed by the Declarant may be removed, with or without cause, by the Declarant in its sole discretion. Any other director may be removed from the Board, with or without cause, by at least a majority vote of the Members of each class. In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the remaining directors of the Board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. After the termination of Declarant's Class B membership, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine but not less than the number of vacancies that are to be filled.

Section 2. Election. After the termination of Declarant's Class B membership, election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held with such frequency and at such times and places as shall be determined by a majority of the directors. Notice of regular meetings of the Board of Directors shall be given to each director personally or by mail, telephone or telegraph, at least seven (7) days prior to the day named for such meeting.

Section 2. Organizational Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the Members shall be held within ten (10) days thereafter at such place as shall be fixed by the directors at the meeting at which such

directors were elected and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Association, or by any two or more directors, upon three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, the place and the purpose of the meeting.

Section 4. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 5. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board, there be less than a quorum present, those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) ~~adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof. A rule or regulation shall not be in conflict with the Declaration or these By-Laws. A copy of such rules and regulations shall be delivered by hand to each Lot or mailed to each Member upon the adoption thereof;~~

(b) suspend any Member's right to vote and to use of any Common Area facilities during any period in which such Member shall be in default under the Declaration including without limitation the non-payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration, necessary for the administration of the affairs of the Association and for the operation and maintenance of the Project;

(d) Incur such costs and expenses as may be necessary to keep in good order, condition and repair all of the Common Area and facilities and all items of common personal property;

(e) declare the office of a director of the Board of Directors to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(f) employ a property manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties; provided however, the Board when so delegating shall not be relieved of its responsibilities under the Declaration.

Section 2. Duties. It shall be the duty of the Board of Directors to:

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

(b) provide such supervision of all officers, agents and employees of this Association as the Board deems reasonably necessary and appropriate;

(c) as more fully provided in the Declaration to:

(i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, such annual assessment may be collected on a monthly basis; however,

(ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date and/or to bring an action at law against the owner personally obligated to pay the same.

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

(e) procure and maintain adequate liability insurance covering the Association's ownership, operation and maintenance of the Project and hazard insurance on the property owned by the Association, insure and keep insured all of the insurable Common Area facilities in an amount equal to the maximum replacement value for the benefit of all Lot Owners and their first mortgagees and procure and maintain all other insurance required by the Declaration;

(f) cause all officers or employees having fiscal responsibilities to furnish adequate fidelity insurance or bonds as required by the Declaration. The premiums on such insurance or bonds shall be a common expense as may be deemed appropriate by the Board;

(g) cause the Common Area (and to the extent described in the Declaration, the Lots) to be maintained and to make repairs, additions, alterations and improvements in the manner consistent with the best interests of the Lot Owners;

(h) establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable and to keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Lot Owners, and to cause a complete review of the books and accounts by a certified or public accountant, once each year; and

(i) meet as often as the Board deems reasonable and appropriate.

Section 3. No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the By-Laws or rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors, the Association or any Member shall have the right to enforce the same thereafter.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President and a Vice-President, both of whom shall at all times be Members of the Board of Directors, and a Secretary and a Treasurer, and such other officers as the Board of Directors shall, from time to time, elect. The office of Treasurer and Secretary may be held by the same person. The offices of Secretary and Treasurer need not be held by Members of the Board of Directors.

Section 2. Election of Officers. The initial officers shall serve until Declarant's Class B membership terminates; thereafter, the election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 7. Duties. The duties of the officers are as follows:

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes. Further, he shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the owners from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of any meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual review of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent not less often than once each calendar quarter.

ARTICLE IX

OFFICERS AND DIRECTORS AS AGENTS OF ASSOCIATION

Contracts or other commitments made by the Board of Directors or officers shall be made as agent for the Association, and they shall have no personal responsibility on any such contract or commitment.

ARTICLE X

COMMITTEES

The Board of Directors may appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws, and may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

BOOKS AND RECORDS

The Association shall make available to Owners and Mortgagees, current copies of the Declaration, By-Laws, other rules concerning the Project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. If the Project contains fifty (50) or more Lots, the Association shall provide an audited, annual financial statement to any First Mortgagee making a written request for it and without expense to such First Mortgagee. If the Project contains less than Fifty (50) Lots, the holders of fifty-one percent (51%) or more of First Mortgagees shall be entitled to have an audited financial statement prepared at their expense if one is not otherwise available; said financial statement shall be furnished within a reasonable time following such request.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If any assessment is not paid when due, the Association may impose an administrative fee not to exceed

Fifteen Dollars (\$15.00). If any assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and/or may foreclose the lien against the property, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, and a reasonable attorney's fee to be fixed by the court, together with the expenses and costs of the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: VALLEY PARK OWNERS ASSOCIATION, INC.

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special Meeting of the Members, with a quorum present, by a vote of seventy-five percent (75%) of each class of Members present in person or by proxy, except that any amendments shall require the prior written approval of the Federal Housing Administration or the Veterans Administration so long as there is a Class B membership. The Declarant reserves the right, until the Declarant's Class B membership is terminated, subject to the written approval of the Veterans Administration, but without the vote of the Owners, to make amendments to these By-Laws as may be approved in writing by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration or Veterans Administration so as to induce any of such organizations to make, purchase, sell, issue, or guarantee First Mortgages in the Project.

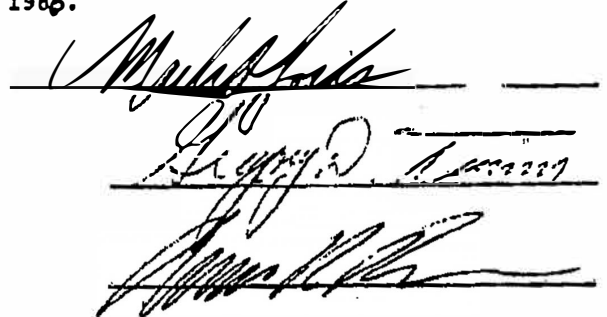
Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

MISCELLANEOUS

Unless the Board otherwise determines, 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.

IN WITNESS WHEREOF, we, being all of the Directors of the VALLEY PARK OWNERS ASSOCIATION, INC., have hereunto set our hands this 20th day of March, 1985.



CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the VALLEY PARK OWNERS ASSOCIATION, INC., a Colorado Non-Profit Corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Corporation, as duly adopted at a meeting of the Board of Directors thereof, held on the 7th day of March, 1985.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 7th day of March, 1985.


Thomas Panzer, Secretary