

**BYLAWS
OF
JAY STREET TOWNHOME OWNERS ASSOCIATION, INC.**

These are the Bylaws of Jay Street Home Owners Association, Inc. (the "Association"), a corporation formed under the Colorado Nonprofit Corporation Act, as amended, to operate in accordance with the Colorado Common Interest Ownership Act, as amended. The Colorado Nonprofit Corporation Act and the Colorado Common Interest Ownership Act are referred to herein as the "Acts". Unless otherwise indicated, capitalized terms used herein are defined in the Acts.

ARTICLE I

Purpose

The primary purpose of the Association is to operate the Common Interest Community known as Jay Street Townhomes in Jefferson County, Colorado (the "Community"), pursuant to that certain Condominium Declaration dated 7-29-98, 1998, and recorded 7-29, 1998, under Reception No. F0660918 in the real property records of such county (the "Declaration"). The Association shall have all the powers granted by the Acts and the Declaration for the Achievement of this purpose. The Community consists of twelve townhomes. The Association may fulfill its purpose in part by entering into one or more agreements with the owners association representing the remainder of the Jay Street Townhome Development for performance of some or all of the Association's duties hereunder.

ARTICLE II

Unit Owners

- 2.1 Annual Meetings. Annual meetings of the Unit Owners shall be held on or about February 15 of each year for the purpose of electing Directors and transacting such other business as may properly come before them at these meetings. The location, date and time of each annual meeting shall be set forth in a notice pursuant to section 2.5 below.
- 2.2 Budget Meetings. Special meetings of Unit Owners to consider proposed budgets shall be called in accordance with the Acts. Budget matters may also be considered at annual meetings or special meetings called for other purposes.
- 2.3 Special Meetings. Special meetings of the Unit Owners may be called by the President of the Association, by a majority of the Directors or by Unit Owners comprising at least 20 percent of the votes in the Association.

- 2.4 Place of Meetings. Meetings of the Unit Owners shall be held at the Community or at some other suitable place, convenient to the Unit Owners, as may be designated by the president of the Association or the Executive Board.
- 2.5 Notice of Meetings. The secretary of the Association or other officer specified in these Bylaws shall cause notice of each meeting of Unit Owners to be hand-delivered or sent by United States mail, postage prepaid, to the mailing address of each Unit (or other mailing address designated in writing by the Unit Owner) not less than 10 nor more than 60 days in advance of the meeting. No action shall be adopted at a meeting except as stated in the notice of such meeting.
- 2.6 Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of Unit Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.
- 2.7 Adjournment of Notice. At any meeting of Unit Owners, a majority of the Unit Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.
- 2.8 Order of Business. The order of business at all meetings of Unit Owners shall be as follows:
- (a) roll call (or check-in procedure);
 - (b) proof of notice of meeting;
 - (c) reading of the minutes of the preceding meeting;
 - (d) reports;
 - (e) establishment of the number and term of Directors (if required and noticed);
 - (f) election of inspectors of election (when required);
 - (g) election of Directors (when required);
 - (h) ratification of budget (if noticed and required);
 - (i) unfinished business; and
 - (j) new business
- 2.9 Voting
- (a) If only one of several owners of a Unit is present at a meeting of the Unit Owners, the owner present is entitled to cast all the votes allocated to the Unit. If more than one of the owners is present, the votes allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the owners casts the votes allocated to the

Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

- (b) Votes allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this subsection only by actual notice of revocation to the person presiding over the meeting. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after the date it is signed or otherwise effective, unless it specifies a shorter term.
- (c) 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 representative 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 thereof in the absence of express notice of the designation of a specific representative by the owning partnership. The vote of a limited liability company may be cast by any manager thereof in the absence of express notice of the designation of a specific representative by the owning limited liability company. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or business trust Unit Owner is qualified to vote.
- (d) Votes allocated to a Unit owned by the Association may not be cast.

2.10 Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy at any meeting of Unit Owners (so long as the Unit Owners present comprise at least 20 percent of the votes in the Association) shall constitute a quorum at that meeting.

2.11 Majority vote. The vote of a majority of the Unit Owners present in person or by proxy at a meeting at which a quorum is present shall be binding on all Unit Owners for all purposes, except where a higher percentage vote is required by the Declaration, these Bylaws or the Acts.

ARTICLE III

Executive Board

3.1 Number, Qualification and Declarant Control.

- a) The affairs of the Community and the Association shall be governed by an Executive Board which shall consist of three persons (the "Directors"), the majority of whom (excepting the Directors appointed by the Declarant) shall be Unit Owners (provided, however, that if any Unit is owned by a partnership, corporation, or limited Liability company, any officer, partner, manager or employee of that Unit Owner shall be considered a Unit Owner for purposes of this subsection and shall be eligible to serve as a Director). Directors shall be elected by the Unit Owners, except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Unit Owners may, by resolution, adopt specific procedures for conducting the elections, so long as such procedures are consistent with these Bylaws and the provisions of the Acts.
- b) The terms of at least one-third of the Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Unit Owners.
- c) At any time after Unit Owners, other than the Declarant, are entitled to elect a Director, the Association shall call a meeting for that purpose, and shall give not less than 10 nor more than 60 days prior notice of such meeting to the Unit Owners. The Declaration shall govern appointment of Directors to the Executive Board during Declarant control. Directors shall take office upon election or appointment.
- d) The Executive Board shall elect officers of the Association annually at the organizational meeting of each new Executive Board described in section 3.6 below.

3.2 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Acts. The Executive Board shall have, subject to the limitations contained in the Declaration and the Acts, the powers and duties necessary for the administration of the affairs of the Association and the Community, including without limitation the following powers and duties:

- a) adopt and amend these Bylaws, and rules and regulations pertaining to the Community (the "Rules");

- b) adopt and amend budgets for revenues, expenditures and reserves;
- c) collect assessments for Common Expenses from Unit Owners;
- d) hire and discharge managing agents;
- e) hire and discharge employees, independent contractors and agents other than managing agents;
- f) institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, these Bylaws or the Rules, in the Association's name, on behalf of the Association or two or more Unit Owners on matters affecting the Community;
- g) make contracts and incur liabilities;
- h) regulate the use, maintenance, repair, replacement and modification of Common Elements;
- i) cause additional improvements to be made as a part of the Common Elements;
- j) acquire, hold, encumber and convey, in the Association's name, any right, title or interest to or in real or personal property [provided, however, that Common Elements may be conveyed or subjected to a security interest only pursuant to C.R.S. § 38-33.3-312 (1973, as amended)];
- k) 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;
- l) impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements, other than any Limited Common Elements described in C.R.S. § 38-33.3-202 (1) (b) and - (d);
- m) impose a reasonable charge for late payment of assessments and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, these Bylaws or the Rules;
- n) impose a reasonable charge for the preparation and recording of amendments to the Declaration, or statements of unpaid assessments;

- o) provide for the indemnification of the Executive Board and the officers of the Association, and maintain directors' and officers' liability insurance;
- p) exercise any other powers conferred by the Declaration, these Bylaws or the Acts;
- q) exercise any other power which may be necessary and proper for the governance and operation of the Association; and
- r) by resolution, establish committees of Directors, permanent and standing, to perform any of the foregoing functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Boards. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within 45 days after publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

3.3 Manager. The Executive Board may employ a Manager for the Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the Manager only the powers granted to the Executive Board by subsections 3.2 (c), - (e), - (g), and -(h) of these Bylaws. Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.

3.4 Removal of Directors. The Unit Owners, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Unit Owners at which a quorum is present, may remove any Director, other than a Director appointed by the Declarant, with or without cause.

3.5 Vacancies. Vacancies on the Executive Board, caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

- a) as to vacancies of Directors elected by the Unit Owners and not appointed by the Declarant, by a majority of the remaining elected Directors constituting the Executive Board; and

- b) as to vacancies of Directors whom the Declarant has the right to appoint, by Declarant.
- 3.6 Regular Meetings. Each newly-elected Executive Board shall meet within 10 days after the annual meeting of Unit Owners pursuant to section 2.1 above, at a time and place to be set by the Unit Owners at such annual meeting. No notice shall be necessary to the newly-elected Directors in order to legally constitute such meeting, provided that a majority of the Directors are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute such regular meetings of the Executive Board.
- 3.7 Special Meetings. Special meetings of the Executive Board may be called by the president of the Association or by a majority of the Directors on at least three business days' notice to each Director.
- 3.8 Location. All meetings of the Executive Board shall be held at the Community, unless all Directors consent in writing to another location.
- 3.9 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.
- 3.10 Quorum of Directors. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting to a later time. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.
- 3.11 Consent to Corporate Action. If all the Directors, or all the Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Directors constitutes a quorum, that action shall be a valid corporation action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary of the Association shall file these consents with the minutes of the meetings of the Executive Board.
- 3.12 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 presence noted as if that Director were present in person on that particular matter.

ARTICLE IV

Officers

- 4.1 Designation. The principal officers of the Association shall be the president, the vice-president, the secretary and the treasurer, all of whom shall be elected by, and shall serve at the pleasure of, the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and any other officers as it finds necessary. Only a Director may be elected to the offices of president and vice-president. Any two offices except the offices of president and secretary may be held by the same person. The office of vice-president may be vacant.
- 4.2 Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose.
- 4.3 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of Unit Owners and of the Executive Board. The president shall have all the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including without limitation the power to appoint committees from among the Unit Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. 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.
- 4.4 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 the president.
- 4.5 Treasurer. The treasurer shall be responsible for Association funds and securities, 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. This officer 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 nonprofit corporation organized under the laws of the State of Colorado. 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 Executive Board. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

- 4.6 Secretary. The secretary shall keep the minutes of all meetings of Unit Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.
- 4.7 Execution of Documents. Except as provided in 4.3, 4.5, 4.6 and 4.8 of 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.
- 4.8 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association, 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 C.R.S. § 38-33.3-316 (1973, as amended). 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 Unit for which the certificate or statement is furnished.

ARTICLE V

Enforcement

- 5.1 Violations by Unit Owners. The violation of any of the Rules adopted by the

Executive Board or the breach of any provision of the Declaration or any covenant in any other instrument for the benefit of the Association shall give the Executive Board the right, after notice and hearing (except in the case of an emergency), in addition to any other rights set forth in the Declaration or these Bylaws:

- a) to enter the Unit 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 Unit Owner, any dangerous structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit), 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.

5.2 Fines for Violation. By resolution, following notice and hearing, the Executive Board may levy a reasonable fine for each day that a violation of the Declaration, the Rules or any related order of the Executive Board persists thereafter, but this amount shall not exceed that an amount reasonably necessary to insure compliance with the Rule, provision of the Declaration or order of the Executive Board.

ARTICLE VI

Indemnification

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in the Acts.

ARTICLE VII

Records

7.1 Records and Audits. The Association shall maintain the following financial and other records:

- (a) an account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit (a "Known Mortgagee"), the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;

- (b) an account of each Unit Owner showing any other fees payable by the Unit Owner;
- (c) a record of any capital expenditures in excess of \$3,000 approved by the Executive Board for the current and next succeeding fiscal years;
- (d) a record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;
- (e) the most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (f) the current operating budget adopted and ratified in accordance with the Acts;
- (g) a record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) a record of insurance coverage provided for the benefit of Unit Owners and the Association;
- (i) a record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declaration, to the extent known to the Executive Board;
- (j) a record of any violations of health, safety, fire or building codes or laws with respect to any portion of the Community, to the extent known to the Executive Board;
- (k) a record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;
- (l) balance sheet and other records as required by the Acts;
- (m) tax returns for state and federal income taxation;
- (n) minutes of proceedings of incorporators, Unit Owners, Directors, committees of Directors and waivers of notice; and

- (o) a copy of the most current versions of the Declaration, these Bylaws, the Rules and resolutions of the Executive Board, along with their exhibits and schedules.

7.2 Examination Audit. All records maintained by the Association or the Manager shall be available for examination and copying by any Unit Owner, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice. The cost of any audit shall be a Common Expense unless otherwise provided in the Declaration, these Bylaws or the Acts.

ARTICLE VIII

Miscellaneous

- 8.1 Notices. 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 Unit Owners and to all Known Mortgagees. Except as otherwise provided, all notices to any Unit Owner shall be sent to the Unit Owner's address as it appears in the records of the Association. All notices to Known Mortgagees shall be sent by certified mail to their respective addresses designated to the Association in writing, unless a different manner of notice is specified in the Declaration. All notices shall be deemed to have been given when deposited in the United States mail, postage prepaid (except notices of changes of address, which shall be deemed to have been given when received).
- 8.2 Fiscal Year. The Executive Board shall establish the fiscal year of the Association.
- 8.3 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, regardless of the number of violations or breaches which may occur.
- 8.4 Office. The principal office of the Association shall be at the Community, or at such other place as the Executive Board may from time to time designate.
- 8.5 Working Capital. A working capital fund is to be established in the amount of two months' regularly budgeted initial Common Expense assessments (the "Working Capital Fund"), measured as of the date of the first assessment on the first phase, for all Units as they are created in proportion to their respective

Allocated Interests in Common Expenses. Any amounts paid into the Working Capital Fund shall not be considered as advance payment of assessments. Each Unit's share of the Working Capital Fund may be collected and then contributed to the Association by the Declarant at the time the sale of the Unit is closed or at the termination of Declarant control. Until paid to the Association, the contribution to the Working Capital Fund shall be considered an unpaid Common Expense Assessment, with a lien on the Declarant's unsold Units pursuant to the Acts. Until termination of Declarant control of the Executive Board, the Working Capital Fund shall be deposited without interest in a segregated account. While Declarant is in control of the Executive Board, the Declarant cannot use any of the Working Capital Fund to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

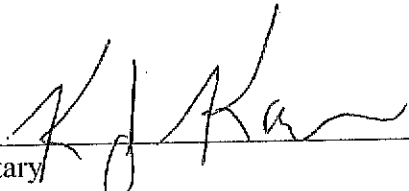
- 8.6 Reserves. As a part of the adoption of the regular budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements that the Association is obligated to maintain, based upon the community's age, remaining life and the quality and replacement cost of major Common Element improvements.
- 8.7 Headings: Number; Gender. The headings herein are inserted only for convenient reference, and in no way define, limit or describe the scope or intent of these Bylaws or in any way affect the terms or provisions hereof. The singular number includes the plural and the masculine gender includes all genders.

ARTICLE IX

Amendments to Bylaws

- 9.1 Required Vote. These Bylaws may be amended only by affirmative vote of two-thirds of the Directors, following notice to all Unit Owners including an opportunity to be heard, at any meeting duly called for such purpose.
- 9.2 No Impairment of Mortgage. No amendment of these Bylaws shall be adopted which would affect or impair the validity or priority of any mortgage encumbering any Unit, or which would change the provisions of these Bylaws with respect to institutional mortgagees of record.

The undersigned, being the duly elected secretary of Jay Street Townhome Owners Association, Inc., hereby certifies that the foregoing Bylaws were adopted by action of the Executive Board, in the form of unanimous consent of the Directors, on 7-29, 1998.


Secretary

6/19/98