

**AMENDED AND RESTATED BYLAWS OF
CEDAR HEIGHTS COMMUNITY ASSOCIATION, INC.**

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AMENDED AND RESTATED BYLAWS
OF
CEDAR HEIGHTS COMMUNITY ASSOCIATION, INC.

ARTICLE I

OFFICES:

Section 1.1 Principal Office: The principal office and mailing address of the Cedar Heights Community Association, Inc., a Colorado nonprofit corporation (the "Association"), is located at 2250 Black Canyon Road, Colorado Springs, Colorado 80904.

Section 1.2 Registered Office: The registered office of the Association is as filed from time to time with the Colorado Secretary of State.

ARTICLE II

MEMBERS:

Section 2.1 Membership: The Association shall have one class of voting Members. The qualifications for and terms of membership, and the rights, powers and privileges, including voting rights of the Members, shall be as set forth from time to time in the Declaration of Covenants, Conditions, Restrictions and Easements for Cedar Heights recorded in the office of the Clerk and Recorder of El Paso County, Colorado, on June 16, 1993, including amendments thereto (the "Declaration").

Section 2.2 Assessments: Members shall be obligated to pay assessments to the Association as provided in the Declaration, these Bylaws, and the Rules of the Association.

Section 2.3 Suspension and Termination of Membership: A Member who violates any of the governing documents may, subject to due process as set forth in the governing documents, be suspended from membership until compliance is achieved. During any period of suspension, a Member shall not be entitled to exercise the rights and privileges of membership, including without limitation, the right to vote.

Section 2.4 Transfer of Membership: Membership in the Association is nontransferable except in connection with the transfer of the Member's lot. Members shall have no ownership rights or beneficial interests of any kind in the assets of the Association, except as expressly provided in the Declaration.

Section 2.5 Annual Meeting of Members: In addition to the meeting on the budget as provided in the Declaration, an annual meeting of the Members shall be held in the last two weeks of February in each year, but not on a legal holiday in Colorado, at the time and place, in accordance with section 2.7, for the purpose of selecting directors in accordance with the provisions of section 3.2; and for the transaction of such other business as may come before the meeting. If the selection of directors shall not be held on the day designated herein for the annual meeting of the Members, or at any adjournment thereof, the selection of directors shall take place at a meeting of the

Members as soon thereafter as may be convenient. Failure to hold an annual meeting as required by these Bylaws shall not work a forfeiture or dissolution of the Association or invalidate any action take by the Board of Directors or officers of the Association.

Section 2.6 Special Meetings: Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or a majority vote of the Board of Directors, and shall be called by the president upon presentation of a petition calling for a special meeting. Such petition must have valid signatures of Members entitled to cast at least twenty percent of the votes that may be cast at such meetings.

Section 2.7 Place of Meeting: Each meeting of the Members shall be held at such a place within, or within twenty-five miles of, Colorado Springs, Colorado, as may be designated in the notice of meeting, or, if no place is designated in the notice, at the principal office of the Association.

Section 2.8 Notice of Meeting: Except as otherwise prescribed by statute, written notice of each meeting of the Members stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally, by private commercial delivery service, or by first class, certified or registered mail, by or at the direction of the president, or the secretary, or the other officer or person calling the meeting, to each Member entitled to attend such meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail, addressed to each Member at such Member's address as it appears in the records of the Association, with postage thereon prepaid. Any Member may waive notice of any meeting before, at or after such meeting. The attendance in person or by proxy of a Member at a meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 2.9 Proxies: At each meeting of the Members, a Member entitled to vote thereat may vote by proxy executed in writing and dated by the Member or by such Member's duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Association, or other designated person, before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. The proxy may be either a general proxy or a directed proxy. A directed proxy is one wherein the Member granting the proxy directs the person who will attend the meeting how to vote on the issue. In the event of electing Directors of the Association, a Member granting a directed proxy recognizes that their vote will not remain secret since the proxy will be retained in the records of the Association, unless the directed proxy directs the proxy holder to cast a secret ballot delivered to the proxy holder

Proxies are not valid if obtained through fraud. The Association may reject votes, ballots, or proxies if the person tabulating votes has reasonable basis to doubt their validity. The person who rejects a vote, ballot, or proxy is not subject to damages. All

actions of the Association regarding such rejections are valid unless a court determines otherwise.

Section 2.10 Quorum: Except as otherwise required by the laws of Colorado, section 2.13(c) of the Bylaws or the Articles of Incorporation, fifty percent of the Members entitled to vote shall constitute a quorum at each meeting of the Members, and, except as otherwise expressly provided in the Declaration, the articles of incorporation or these Bylaws, the affirmative vote of a majority of the Members represented (either in person or by proxy) at a meeting at which a quorum is present (either in person or by proxy) and entitled to vote on the subject matter shall be the act of the Members; provided, however, that an affirmative vote of two-thirds of the Members shall be required to amend the Articles of Incorporation, amend the Declaration or to adopt a plan of merger, consolidation or liquidation. If less than a quorum of the Members is represented at a meeting, a majority of the Members so represented may adjourn the meeting from time to time for a period not to exceed sixty days at any one adjournment without further notice other than an announcement at the meeting. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. Notwithstanding the absence of a quorum at a meeting held pursuant to Section 11.5(a) of the Declaration to consider the Association's annual budget, Common Assessments or Special Assessments, the proposed annual budget, Common Assessment or Special Assessment, as the case may be, shall be deemed ratified at that meeting unless it is rejected by a majority of the Members of the Association, as provided in Section 11.5(a) of the Declaration.

Section 2.11 Voting:

(a) Eligible voting Members are entitled to cast a total of one vote per Lot in the Association in accordance with Section 7.4 of the Declaration, on each matter submitted to a vote of the Members entitled to vote thereon either at a meeting thereof or pursuant to Section 2.13. Cumulative voting shall not be allowed.

(b) The right to vote of any Member which is a corporation or unincorporated association may be exercised by such officer, agent or proxy as the bylaws, constitution or other governing instrument of such corporation or association may prescribe or, in the absence of such provision, as the board of directors or similar governing body of such corporation or association may determine.

(c) Members may vote by mail for or against ratification of the annual budget or special assessments. If a vote of members is to be taken without a meeting, then Members may vote by mail for or against any matter for which a general membership vote is to be taken.

(d) Voting in connection with the election of directors shall be by secret ballot unless the number of candidates seeking election is less than or equal to the number of director positions to be filled.

- (e) On any motion before the meeting, if twenty percent or more of the members present or represented by proxy request a secret ballot, then the vote on the motion shall be by secret ballot.

Section 2.12 Action Without a Meeting: Any Action required or permitted to be taken at a meeting of the Members, or any committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof or by mail in ballot as provided for in C.R.S. 7-127-109. Such consent (which may be signed in counterparts) or action by mail in ballot shall have the same force and effect as a unanimous vote of the Members entitled to vote thereon.

Section 2.13 Conduct of Meetings of Members: Order of Business. The order of business at all meetings of the Association Members is as follows:

- (a) Roll call (or check-in procedure) of Members attending in person and by proxy;
- (b) Proof of notice of meeting;
- (c) Determination of quorum (Note: By operation of law, there is no need for a quorum for "ratification" of the Association's budget and assessments);
- (d) Reading of minutes of preceding meeting, unless the majority of those in attendance vote to dispense with such reading;
- (e) Reports;
- (f) Establish number and terms of memberships on the Board (when there is an election);
- (g) Selection of inspectors of election or tellers (when there is an election);
- (h) Election of directors to serve on the Board (when there is an election)(by secret ballot if more candidates are running than there are vacancies on the Board);
- (i) Ratification of coming year's budget and assessment (if required);
- (j) Unfinished business;
- (k) New business;
- (l) Adjournment.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 General Powers: The business and affairs of the Association shall be managed by its Board of Directors (the "Board"), except as otherwise provided in the Colorado Revised Nonprofit Act, the Articles of Incorporation or these Bylaws.

Section 3.2 Directors: The number of directors of the Association shall be at least five but not more than nine as determined by the members of the Board of Directors from time to time. Any action of the Members or Board of Directors to increase or decrease the number of directors, whether expressly by resolution or by implication through the election of additional directors, shall constitute an amendment of these

Bylaws effecting such increase or decrease. Directors shall be elected by the eligible Members at each annual meeting of the Members. The nominations for directors to be voted on at the annual meeting shall be closed on or before January first of each year. Any eligible Member may vote at the annual meeting of the Members by voting in person or by proxy as provided in Section 2.9, submitted to the designated teller prior to the collection of the ballots at the annual meeting. At each annual meeting of the Members, the number of directors equal to the number of directors whose terms are expiring shall be elected by the eligible Members to hold office for a term of two years or until his or her successor is duly qualified and elected, or until such director's earlier death, resignation, or removal. Directors must be at least eighteen years old and all directors must be Members of the Association. Directors shall be removable in the manner provided by the statutes of Colorado.

Section 3.3 Vacancies: Any director may resign at any time by giving written notice to the president or to the secretary of the Association. A director's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. If a vacancy in the Board of Directors occurs because of the death, resignation or removal of a director elected by the Members, the vacancy may be filled by the affirmative vote of the majority of directors then in office. Alternatively, by affirmative vote of the majority of the directors then in office, the directors may decide that the vacancy shall be filled by an election of the Members held for that purpose. A director elected to fill a vacancy, either by the Board or by the Members, shall be elected for the unexpired term of such director's predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office or by an election at a meeting of the Members called for that purpose. The Board of Directors shall set one or two-year terms for such additional directorships so as to assure as nearly as possible that the same number of director's terms expire each year.

Section 3.4 Regular Meetings: A regular meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of the Members, or as soon as practicable thereafter at the time and place determined by the Board, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. The Board of Directors may provide by resolution the time and place within, or within twenty-five miles of, the City of Colorado Springs, Colorado, for the holding of additional regular Board meetings.

Section 3.5 Special Meetings: Special meetings of the Board of Directors may be called by the President on his own initiative or shall be called by the Secretary upon the request of any two directors. The President shall fix any place within, or within twenty-five miles of the City of Colorado Springs, Colorado, as determined by the person or persons calling the meeting as the place for holding any special meeting of the Board.

Section 3.6 Notice: Notice of each meeting of the Board of Directors stating the place, day and hour of the meeting shall be given to each director at such director's home address at least five days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least one day prior thereto by personal delivery of written notice, by e-mail, telephonic, or facsimile notice (and the method of notice need

not be the same as to each director). If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid. If transmitted by e-mail or facsimile, such notice shall be deemed to be given when the transmission is complete. The foregoing notice requirements do not apply to regular meetings of the Board of Directors for which the time and place have been established by resolution of the Board, provided that all directors have actual notice of such resolution. No notice is required for such regularly scheduled meetings. Any director may waive notice of any meeting before, at or after such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board need be specified in the notice or waiver of notice of such meeting unless otherwise required by statute.

Section 3.7 Presumption of Assent: A director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting or unless such director shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent either by hand delivery to or by registered mail to the secretary of the Association within thirty-six hours after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 3.8 Quorum and Voting: A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The vote of a majority of the directors present in person at a meeting at which a quorum is present shall be the act of the Board. If less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. No director may vote or act by proxy at any meeting of directors.

Section 3.9 Compensation: Directors shall not receive compensation for their services as such, although the reasonable expenses of directors incurred on behalf of the Association may be paid or reimbursed by the Association.

Section 3.10 Executive and Other Committees: By one or more resolutions adopted by a majority of the directors then in office, the Board of Directors may designate from among its Members an executive committee and one or more other committees, each of which, to the extent provided in the resolution establishing such committee, shall have and may exercise all of the authority of the Board, except as prohibited by statute. Either the Board of Directors or the members of the committee shall elect a chairperson who shall preside at all meetings of the committee and generally supervise the conduct of the committee's affairs. The delegation of authority to any committee shall not operate to relieve the Board or any director from any responsibility imposed by law. Rules governing procedures for meetings of any committee of the Board shall be as established by the Board or in the absence thereof, by the committee itself. Committees and committee members serve at the discretion of the Board. The Board of Directors may dissolve any such committee at any time.

Section 3.11 Meetings by Telephone: Members of the Board of Directors or any committee thereof may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 3.12 Action Without a Board Meeting: Any action required or permitted to be taken at a meeting of the Board (including amendment of these Bylaws) or of any committee may be taken without a meeting by a written vote of each member of the Board. The written vote must indicate the directors for the action, against the action or an abstention from voting. The written vote must contain a waiver that the director waives his right to require the action be taken at a meeting. The written vote may be communicated to the Association by electronic means, provided the document contains the signature of the director. Action is taken by written vote if the affirmative vote constitutes a majority of the directors.

Section 3.13 Conduct of Board Meetings: The Order of Business for Board meetings is as follows:

- (a) Roll call of directors attending;
- (b) Proof of notice of meeting, if requested;
- (c) Determination of quorum, if requested;
- (d) Reading of minutes of preceding meeting and their approval, when appropriate;
- (e) Election of officers (when required);
- (f) Members' forum and comments on agenda items (with reasonable time limits and allocation of spokespersons, as determined by the presiding officer of the Board);
- (g) Reports of officers (where appropriate);
- (h) Report of managing agent (if applicable);
- (i) Unfinished business;
- (j) New business;
- (k) Adjournment.

Section 3.14 Open Meetings:

- (a) Meetings of the Board, with the exception of executive sessions, are open to all Members of the Association or to any person designated in writing by the Member as the Member's representative, subject to such reasonable restrictions for cause on voting, such as suspension or termination of membership, as stated in Section 2.3 of these Bylaws.
- (b) Members or their representatives are allowed to listen to Board meetings and are allowed to speak before the Board takes formal action on an item under discussion, at the designated time in the Board meeting agenda, in accordance with reasonable time restrictions set by the Board.

- (c) Members shall not interrupt or participate in the Board's deliberations during a Board meeting unless granted permission to do so by the presiding officer of the meeting, subject to the consent of the Board.
- (d) The Board may hold an executive or closed-door session and may restrict attendance to Board members and such other persons requested by the Board during a regular or specially announced meeting, which in itself can be a separate standalone executive session, or part thereof. The matters to be discussed at such an executive session shall include only the matters enumerated in the following subparagraphs:
 - 1. Matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
 - 2. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 - 3. Investigative proceedings concerning possible or actual criminal misconduct;
 - 4. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
 - 5. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.
 - 6. Review of or discussion relating to any written or oral communication from legal counsel.
- (e) Prior to the time the Board or any committee thereof convenes in executive session, the presiding officer of the meeting shall announce the general matter of discussion as enumerated in subparagraphs (d)(1) to (d)(6) above or shall otherwise cite the statutory reference that permits the subject matter to be addressed in executive session.
- (f) No rule or regulation shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session.
- (g) The minutes and reports of all meetings at which an executive session was held shall indicate that an executive session was held, the general subject matter of the executive session as defined above in items 1 through 6 of sub-section (d), and as complete a description as possible of any actions taken, including any motions or resolutions that were passed, while maintaining appropriate confidentiality.

ARTICLE IV

DUTIES OF THE BOARD OF DIRECTORS

Section 4.1 Overall: The Board of Directors shall have, but not be limited to, the duties, responsibilities, obligations and functions enumerated in this article. As provided herein, however, when appropriate the Board may engage committees, volunteers, managing agent(s) or others to perform duties and functions on its behalf. All costs of performing these shall be at the expense of the Association.

Section 4.2 General Duties: The Board of Directors shall:

(a) In general, supervise and conduct the day-to-day operations and perform the administrative functions of the Association.

(b) Administer and enforce the covenants, conditions, restrictions and other provisions of the Declaration.

(c) Prepare the Association's annual budget, and determine the Common Assessments and Special Assessments to present to the Members.

(d) Collect all assessments and other revenues of the Association and enforce the rights and remedies of the Association with respect to assessments.

(e) Pay all bills and expenses of the Association.

(f) Obtain and keep in force insurance for the Association as required by the Declaration.

(g) Maintain and keep in good repair all of the Associations Properties, including the repair and replacement of improvements, as needed.

(h) Arrange for the plowing, sanding and maintenance of the private streets in the Community Area, provided that homebuilders and other contractors shall be responsible for cleaning up any dirt and debris within the Community Area resulting from their construction activities.

(i) Repair the private streets within the Community Area as needed.

(j) Maintain, repair, replace and insure all vehicles and other personal property owned by the Association.

(k) Hire or otherwise engage and supervise all personnel necessary to conduct the operations of the Association, including the security guards.

(l) Oversee matters relating to the safety and security of the Community Area.

(m) Enter into contracts as necessary or advisable to perform the functions of the Association.

(n) Establish bank accounts as necessary to perform the functions of the Association.

(o) Keep and maintain full and accurate books and records showing all receipts, expenses and disbursements of the Association.

(p) Undertake all activities necessary or convenient to accomplish all duties, responsibilities and obligations of the Association.

Section 4.3 Financial Responsibilities: As required by Section 306(3) of the Colorado Common Interest Ownership Act, Section 38-33.3-306(3), Colorado Revised Statutes, with respect to the collection, deposit, transfer or disbursement of Association funds, the Board of Directors or any accounting firm, managing agent or other provider engaged by the Association to handle Association funds shall:

(a) Maintain fidelity insurance coverage or a bond in an amount not less than \$50,000 or such higher amount as the Board of Directors or Colorado law may require.

(b) Maintain all reserve accounts of the Association separate from operational accounts of the Association.

(c) If an accounting firm, managing agent, or other outside provider is utilized, maintain all funds and accounts of the Association separate from the funds and accounts of other associations or other businesses managed by this entity.

(d) Present to the Association, no less frequently than annually, an accounting of Association funds and a financial statement.

Section 4.4 Audits: The Board has the authority to subject the books and records of the Association to an audit using generally accepted auditing standards or to a review using statements on standards for accounting and review services. If no such audit or review has been undertaken within the past two years, such an audit or review shall be undertaken if requested in a petition with valid signatures of at least one-third of the Members. Copies of the audit or review shall be made available, upon request, to any Member no later than thirty days after its completion.

ARTICLE V

OFFICERS AND AGENTS

Section 5.1 Number and Qualifications: The elected officers of the Association shall be a president, a vice-president, a secretary and a treasurer. The Board of Directors may also elect such other officers, assistant officers and agents, including additional vice-presidents, assistant secretaries and assistant treasurers, as it may consider necessary. One person may hold more than one office at a time, except that no person may simultaneously hold the offices of president and secretary. Officers need not be directors of the Association. All officers must be at least eighteen years old.

Section 5.2 Election and Term of Office: The elected officers of the Association shall be elected by the Board of Directors annually at the first meeting of the Board held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon as convenient thereafter. Each officer shall hold office at the pleasure of the Board and until such officer's successor shall have been duly elected and shall have qualified, or until such officer's earlier death, resignation or removal.

Section 5.3 Compensation: The officers of the Association shall not receive any compensation for their services as officers. The Association shall reimburse the officers for expenses incurred on behalf of the Association upon approval by the Board of Directors. No officer shall be prevented from receiving a salary (for work done for anyone other than the Association) by reason of the fact that such officer is also a director of the Association.

Section 5.4 Removal: Any officer or agent may be removed by the Board of Directors for any reason and whenever, in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights.

Section 5.5 Vacancies: Any officer may resign at any time by giving written notice to the president or to the Board of Directors. An officer's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office, however occurring, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.6 Authority and Duties of Officers: The officers of the Association shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the president, the Board of Directors or these Bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) President: The president shall, subject to the direction and supervision of the Board of Directors: (i) be the chief executive officer of the Association and have general and active control of its affairs and business and general supervision of its officers, agents and employees; (ii) preside at all meetings of the Members and of the Board of Directors; (iii) see that all orders and resolutions of the Board of Directors are carried into effect; and (iv) perform all other duties incident to the office of president and as from time to time may be assigned to such office by the Board of Directors.

(b) Vice-President: The vice-president (or vice-presidents) shall assist the president and shall perform such duties as may be assigned to them by the president or by the Board of Directors. The vice-president (or if there is more than one, then the vice-president designated by the Board of Directors, or if there is no such designation, then the vice-presidents in order of their election) shall, at the request of the president, or in the president's absence or inability or refusal to act, perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions on the president.

(c) Secretary: The secretary shall: (i) take the written minutes of the proceedings of the Members and the Board of Directors; (ii) keep the written minutes of the proceedings of the Members and the Board of Directors and any committees of the Members of the Board; (iii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iv) be

custodian of the corporate records; (v) keep at the Associations registered office or principal place of business a record containing the names and addresses of all Members; and (vi) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to such office by the president or by the Board of Directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

(d) Treasurer: The treasurer shall: (i) be the principal financial officer of the Association and have care and custody of all its funds, securities, evidence of indebtedness and other personal property and deposit the same in accordance with the instructions of the Board of Directors; (ii) in conjunction with accountants, bookkeepers or other agents retained by the Association, receive and give receipts and acquittances for money paid in on account of the Association, and pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity; (iii) be the principal accounting officer of the Association and as such, in conjunction with accountants, bookkeepers or other agents hired by the Association, if any, prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns and related documents, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the president and the Board of Directors statements of account showing the financial position of the Association and the results of its operations; (iv) upon request of the Board, make such reports to it as may be required at any time; (v) develop the Association's annual operating budget for the coming year including the level of assessments needed, for approval by the Board of Directors, and then ratification by the membership per Section 2.10 of these Bylaws; and (vi) perform all other duties as from time to time may be assigned to such office by the president or the Board of Directors. The full duties of treasurer may be shared between two people by splitting the dues and income duties from the payment and disbursement duties of the office. Alternately, assistant treasurer(s) may be appointed, and shall have the same powers and duties, subject to the supervision of the treasurer.

Section 5.7 Surety Bonds: The Board of Directors may require an officer or agent of the Association to execute to the Association a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of such person's duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the Association.

ARTICLE VI

LIABILITY OF THE BOARD

Section 6.1 Liability Limitations: No director shall be personally liable to the Association or to its Members for monetary damages for any breach of fiduciary duty as a director, except that the foregoing shall not eliminate or limit such director's liability to the Association or to its Members for monetary damages for the following: (1) any breach of such director's duty of loyalty to the Association or to its Members, (2) any of such director's acts or omissions not in good faith or which involve intentional

misconduct or a knowing violation of law, (3) acts specified in Section 7-133-101, Colorado Revised Statutes, as it now exists or hereafter may be amended regarding a director's assent to or participation in a prohibited distribution, or (4) any transaction from which such director derived an improper personal benefit.

Section 6.2 Indemnification: The Association shall indemnify all directors, officers and their heirs, personal representatives, legal representatives, and administrators, against all loss, costs, and expense, including counsel fees, reasonably incurred by them in connection with any action, suit or proceeding to which they may be made parties by reason of being or having been directors or officers of the Association, except as to matters where they or any of them shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions, to the extent not covered by insurance, shall be treated and handled by the Association as common expenses. Nothing in this article shall be deemed to obligate the Association to indemnify any Member who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by such Member under the Declaration by virtue of the Member's ownership of a property in Cedar Heights.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Account Books, Minutes, Etc: The Association, or its designated agent(s), shall keep correct and complete books and records of account and shall keep minutes of the meetings of its Members and Board of Directors. All books and records of the Association may be inspected by any Member or director, or such person's authorized agent of attorney, in accordance with the records inspection policy of the Association.

Section 7.2 Fiscal Year: The fiscal year of the Association shall be the calendar year, beginning January 1 and ending December 31 of each year.

Section 7.3 Conveyances and Encumbrances: Property of the Association may be assigned, conveyed or encumbered by such officers of the Association as may be authorized to do so by the Board of Directors, and such authorized persons shall have power to execute and deliver any and all instruments of assignment, conveyance and encumbrance; however, the sale, exchange, lease or other disposition of all or substantially all of the property and assets of the Association shall be authorized only in the manner prescribed by applicable statute.

Section 7.4 Conflicts of Interest: If any contract, decision, or action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a member of the Board or a parent or spouse of any of these persons, of an entity in which a director is a director or officer or has a financial interest, that member of the Board shall declare a conflict of interest for that issue. The member of the Board shall declare the conflict of interest in an open meeting and disclose all material facts as to the relationship giving rise to the conflict of interest, prior to any discussion or action on that issue. After making such declaration, the member of the Board may participate in the discussion but shall not vote on that issue. Any contract entered into in violation of this Bylaw provision is void and unenforceable.

Section 7.5 Loans Prohibited: No loans shall be made by the Association to any of its directors, officers or Members. Any director or officer 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 it is repaid.

Section 7.6 Amendments to Bylaws: Subject to repeal or change by action of the Members, the power to alter, amend or repeal these Bylaws and adopt new Bylaws shall be vested in the Board of Directors; provided, however, that no change to these Bylaws shall limit or repeal the voting rights of any Member, unless such change is adopted by the affirmative vote of a majority of the Members and unless the Declaration is also amended accordingly in accordance with the requirements of the Declaration.

Section 7.7 Severability: The invalidity of any provision in these Bylaws shall not affect the other provisions hereof, and in such event these Bylaws shall be construed in all respects as if such invalid provision were omitted.

Section 7.8 Definitions: Capitalized terms used in these Bylaws and not expressly defined herein shall have the meanings set forth in the Declaration.

I, William Tieman, Secretary of the Cedar Heights Community Association, Inc., hereby certify that these Amended and Restated Bylaws were adopted by a majority vote of the directors present at a meeting held February 13, 2007 and were effective upon passage at that meeting.

ATTEST:

Secretary