

BYLAWS
OF
BANBURY CROSS
HOMEOWNERS ASSOCIATION

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BYLAWS
OF
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HOMEOWNERS ASSOCIATION

I. GENERAL.

1.1 Purpose of Bylaws. These bylaws (the “Bylaws”) are adopted for the regulation and management of the affairs of Banbury Cross Homeowners Association, a Colorado non-profit corporation (the “Association”) organized to be the Association to which reference is made in the Declaration of Covenants, Conditions and Restrictions for Banbury Cross (“Declaration”), to perform the functions as provided in the Declaration and to further the interests of Owners of Lots within the Project Area.

1.2 Terms Defined in Declarations. Capitalized terms in these Bylaws shall have the same meaning as any similarly capitalized terms in the Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Revised Nonprofit Corporation Act, the Declaration and the Articles of Incorporation of the Association filed with the Secretary of State of Colorado, as any of the foregoing may be amended from time to time.

II. OFFICES.

2.1 Principal Office. The principal office of the corporation shall be at 3550 Gilpin St., Englewood, CO 80110. The Executive Board, in its discretion, may change, from time to time, the location of the principal office.

2.2 Registered Office and Agent. The Colorado Revised Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association but may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the Office of the Secretary of State of Colorado.

III. MEMBERS.

3.1 Members. A “Member,” as provided in the Declaration, is the Person, or if more than one, all Persons collectively, who constitute the Owner of a Lot within the Project Area.

3.2 Memberships Appurtenant to Sites. Each Membership shall be appurtenant to the fee simple title to a Lot. The Person or Persons who constitute the Owner of fee simple title to a Lot shall automatically be the holder of the Membership appurtenant to that Lot and the Membership shall automatically pass with fee simple title to the Lot.

3.3 Members' Voting Rights. All Members shall be entitled to one vote for each Lot which he or it owns within the Project Area.

3.4 Voting by Joint Owners. If there is more than one Person who constitutes the Owner of a Lot, each such Person shall be entitled to attend any meeting of Members of the Association but the voting power attributable to the Lot shall not be increased. In all cases in which more than one Person constitutes the Owner of a Lot, including instances in which a Lot is owned by a husband and wife, then, unless written notice to the contrary, signed by any one of such Persons, is given to the Executive Board of the Association prior to the meeting, any one such Person shall be entitled to cast, in person or by proxy, the vote attributable to the Lot. If, however, more than one Person constituting such Owner attends a meeting in person or by proxy, and seeks to cast the vote attributable to the Lot, then the act of those Persons owning a majority in interest in such a Lot shall be entitled to cast the vote attributable to such Lot.

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

3.6 Suspension of Voting Rights. The Executive Board may suspend, after Notice and Hearing, the voting rights of a Member during and for up to 60 days following any breach by such Member or a Related User of such Member of any provision of the Declaration or of any Rule or Regulation adopted by the Association unless such breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues and for up to 60 days thereafter.

3.7 Transfer of Memberships on Association Books. Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Lot to which the Membership is appurtenant, and payment of any fee assessed by the Association in accordance with the Rules and Regulations to cover costs incurred by the Association to record such transfer. Prior to presentation of such evidence and payment of such fee, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the rights to vote and to receive notice.

3.8 Assignment of Voting Rights to Tenants and Mortgagees. A Member may assign his right to vote to a tenant occupying his Lot or to a mortgagee of his Lot for the term of the lease or the mortgage and any sale, transfer or conveyance of the Lot shall, unless otherwise provided in the document of sale, transfer or conveyance, be subject to any such assignment of voting rights to any tenant or mortgagee. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association.

IV. MEETING OF MEMBERS.

4.1 Place of Members' Meetings. Meetings of Members shall be held at the principal office of the Association or at such other place, within or convenient to the Project Area, as may be fixed by the Executive Board and specified in the notice of the meeting.

4.2 Annual Meetings of Members. Annual meetings of the Members shall be held in November of every year, on such day in November and at such time of day as is fixed by the Executive Board of the Association and specified in the notice of meeting. Annual meetings shall not be required to be held prior to such date. The annual meeting shall be held to elect any Directors of the Association that are to be elected by the Members in accordance with the Declaration, and to transact such other business as may properly come before the meeting.

4.3 Special Meetings of Members. Special meetings of the Members may be called by the President or the Executive Board of the Association or by Members holding not less than one-third (1/3rd) of the total votes of all Members, excluding votes of Declarant, or by Declarant if it holds at least 5% of the total votes of all Members. No business shall be transacted at a special meeting of Members except as indicated in the notice thereof.

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

4.5 Notice of Members' Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each member entitled to vote at such meeting. The notice of an annual meeting shall include the names of any known candidate for Director and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. Such notice may be posted in a conspicuous place in the Project Area, such as on a notice board outside the principal office of the Association, and such notice shall be deemed to be delivered to any Member upon such posting if such Member has not furnished an address for mailing of notice to the Association.

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

years after its date of execution. Any form of proxy furnished or solicited by the Association and any form of written ballot furnished by the Association shall afford an opportunity thereon for Members to specify a choice between approval and disapproval of each matter or group of related matters which is known at the time the form of proxy or written ballot is prepared, may come before the meeting and shall provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

4.7 Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least 40% of the votes of all Members shall constitute a quorum at any meeting of such Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum. If the required quorum is not present in person or by proxy at any such meeting of Members, another meeting may be called, subject to the notice requirements hereinabove specified, and the presence, in person or by proxy, of Members entitled to cast at least 25% of the votes of all Members, shall, except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

4.8 Adjournment of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum shall be present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods of not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called.

4.9 Vote Required at Members' Meetings. At any meeting if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws, except that in the case of elections in which there are more than two candidates the persons receiving the highest number of votes cast shall be elected.

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

4.11 Order of Business. The order of business at any meeting of Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) election of Directors (at annual meetings or special meetings held for such purpose) and (e) any other business of Association.

4.12 Expenses of Meetings. The Association shall bear the expenses of all meetings of Members and of special meetings of Members.

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

4.14 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of Members 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. In addition, any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting if and to the extent permitted by the Colorado Revised Nonprofit Corporation Act.

V. EXECUTIVE BOARD.

5.1 General Powers and Duties of Executive Board. The Executive Board shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Executive Board shall have the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of the Association not reserved to Members in the Declaration, the Articles of Incorporation, these Bylaws or the Colorado Non-Profit Corporation Act.

5.2 Special Powers and Duties of Executive Board. Without limiting the foregoing statement of general powers and duties of the Executive Board or the powers and duties of the Executive Board as set forth in the Declaration, the Executive Board of the Association shall be vested with and responsible for the following specific powers and duties:

(a) Assessments. The duty to fix and levy from time to time Common Assessments, Special Assessments, Supplemental Common Assessments, Transfer Assessments, Reimbursement Assessments and assessments to fund the Reserve Fund upon the Members of the Association as provided in the Declaration; to determine and fix the due date for the payment of such Assessments and the date upon which the same shall become delinquent; and to enforce the payment of such delinquent assessments as provided in the Declaration.

(b) Insurance. The duty to contract and pay premiums for fire and casualty and liability and other insurance in accordance with the provisions of the Declaration.

(c) Common Area. The duty to manage and care for the Common Area, and to employ personnel necessary for the care and operation of the Common Area, and to contract and pay for necessary Improvements on property acquired by the Association.

(d) Agents and Employees. The power to select, appoint, and remove all officers, agents, and employees of the Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws; and to fix their compensation and to require from them security for faithful service as deemed advisable by the Executive Board.

(e) Borrowing. The power, with the approval of the Members representing at least 67% of the voting power of the Association, to borrow money and to incur indebtedness for the purpose of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(f) Enforcement. The power to enforce the provisions of the Declaration, the Rules and Regulations of the Association, these Bylaws or other agreements of the Association.

(g) Delegation of Powers. The power to delegate its powers according to law.

(h) Rules and Regulations. The power to adopt such rules and regulations with respect to the interpretation and implementation of the Declaration, use of Common Area, and use of any property within the Project Area, including Lots; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles and these Bylaws.

5.3 Qualifications of Directors. Except for any Directors appointed by Declarant during the Declarant Control Period, a Director must be an Owner of a Lot within the Project Area or, if the Owner of any such Lot is a partnership, corporation, limited liability company or other entity, must be a designated representative of such partnership, corporation, limited liability company or other entity. If a Director conveys or transfers title to his Lot, or if a Director who is a designated representative of a partnership, corporation, limited liability company or other entity ceases to be such designated representative, or if the partnership, corporation, limited liability company or other entity of which a Director is a designated representative transfers title to its Lot, such Director's term as Director shall immediately terminate and a new Director shall be selected as promptly as possible to take such Director's place. A Director may be re-elected and there shall be no limit on the number of terms a Director may serve.

5.4 Number of Directors. The number of Directors of the Association shall be not less than three (3) and not more than five (5). Subject to such limitations, the number of Directors shall be three (3) until changed by resolution of the Executive Board. Notwithstanding the foregoing, however, during the Declarant Control Period, the number of directors shall be established by Declarant.

5.5 Term of Office of Directors. The initial Directors named in the Articles of Incorporation shall hold office until their successors are appointed by the Declarant or elected by the Members, as provided in the Declaration. Each Director elected by the Members shall hold office until the first annual meeting after such Director's election. Directors shall continue in office until the expiration of their term or until their successors have been elected, whichever is later, unless a Director resigns, is removed or his term of office terminates because he is no longer qualified to be a Director. Directors may be elected for successive terms.

5.6 Removal of Directors. At any meeting of the Members, the notice of which indicates such purpose, any Director (other than a Director appointed by Declarant) may

be removed, with or without cause, by vote of a majority of the Members and a successor may be then and there elected to fill the vacancy thus created.

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

5.8 Vacancies in Directors. Except for any vacancy created by a resignation, removal or other absence of a Director appointed by Declarant (which shall be filled by appointment by Declarant), any vacancy occurring in the Executive Board shall, unless filled in accordance with Section 5.6 or by election at a special meeting of Members, be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Executive Board. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. A Directorship to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Members.

5.9 Executive Committee. The Executive Board, by resolution adopted by a majority of the Directors in office, may designate and appoint an Executive Committee, which shall consist of three or more Directors and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Executive Board except authority with respect to those matters specified in the Colorado Revised Nonprofit Corporation Act as matters which such committee may not have and exercise the authority of the Executive Board.

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

5.11 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Executive Board, or any individual Director, of any responsibility imposed upon it or him by law.

The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of Directors shall be applicable to meetings of committees of the Executive Board.

5.12 Manager or Managing Agent. The Executive Board, by resolution adopted by a majority of the Directors in office, may, at any time at or prior to, or as soon as reasonably possible after, the first annual meeting of the Executive Board, designate and appoint a manager or a managing agent, or both, which manager or managing agent shall have and exercise those powers and shall fulfill those duties of the Executive Board as shall be specified in any such resolution. Any such resolution may delegate all or substantially all of the powers and duties of the Executive Board to any such manager or managing agent but the Executive

Board, in delegating powers and duties to any such manager or managing agent, shall not be relieved of its responsibilities under the Declaration.

VI. MEETINGS OF DIRECTORS.

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

6.2 Annual Meeting of Directors. Annual meetings of the Executive Board shall be held on the same date as, or within 10 days following, the annual meeting of Members. The business to be conducted at the annual meeting of Directors shall consist of the appointment of officers of the Association and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Executive Board shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of Members at which the Executive Board is elected or if the time and place of the annual meeting of the Executive Board is announced at the annual meeting of such Members.

6.3 Other Regular Meetings of Directors. The Executive Board shall hold regular meetings at least quarterly and may, by resolution, establish in advance the times and places for such regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by such resolution.

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

6.5 Notice of Directors' Meetings. In the case of all meetings of Directors for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than three nor more than 50 days before the date of the meeting, by mail, email, facsimile, telephone or personally, by or at the direction of the persons calling the meeting, to each member of the Executive Board. If mailed, such notice shall be deemed to be delivered at 5:00 p.m. on the second business day after it is deposited in the mail addressed to the Director at his home or business address as either appears on the records of the Association, with postage thereon prepaid. If by facsimile, such notice shall be deemed delivered at 5:00 p.m. on the next calendar day after it is transmitted to the Director at either such address, with all charges thereon prepaid. If by telephone, such notice shall be deemed to be delivered when given by telephone to the Director or to any person answering the phone who sounds competent and mature at his home or business phone number as either appears on the records of the Association. If given personally, such notice shall be deemed to be delivered upon delivery or a copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at his home or business address as either appears on the records of the Association.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Executive Board need be specified in the notice or waiver of such meeting.

6.6 Proxies. A Director shall not be entitled to vote by proxy at any meeting of Directors.

6.7 Quorum of Directors. A majority of the number of Directors fixed in these Bylaws shall constitute a quorum for the transaction of business.

6.8 Adjournment of Directors' Meetings. Directors present at any meeting of Directors may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

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

6.10 Order of Business. The order of business at all meetings of Directors shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) unfinished business; and (g) new business.

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

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

6.13 Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

VII. OFFICERS.

7.1 Officers, Employees and Agents. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as may be deemed necessary by the Executive Board. Officers other than the President need not be Directors. No person shall simultaneously hold more than one office except the offices of Secretary and Treasurer.

7.2 Appointment and Term of Office of Officers. The officers shall be appointed by the Executive Board at the annual meeting of the Executive Board and shall hold office, subject to the pleasure of the Executive Board, until the next annual meeting of the Executive Board or until their successors are appointed, whichever is later, unless the officer resigns, or is removed earlier.

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

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

7.5 Vacancies in Officers. Any vacancy occurring in any position as an officer may be filled by the Executive Board. An officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

7.6 President. The President shall be a member of the Executive Board and shall be the principal executive officer of the Association and, subject to the control of the Executive Board, shall direct, supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Executive Board and of the Members of the Association. The President may prepare, execute and record amendments to the Declaration on behalf of the Association.

7.7 Vice Presidents. The Vice Presidents, if any, may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Executive Board or by the President.

7.8 Secretary. The Secretary shall be the custodian of the records and the seal of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of Members, of the Executive Board and of committees of the Executive Board; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Executive Board or by the President. All amendments to the Declaration that are adopted by the Association shall be certified by the Secretary as having been adopted in conformance with the Act and the Declaration. The Executive Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his death, absence or inability to act.

7.9 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Executive Board; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the

Executive Board may, from time to time, require; shall arrange for the annual report required under Section 9.4 of these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Executive Board or by the President. The Executive Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence or inability to act.

7.10 Bonds. The Association may, at the discretion of the Executive Board, require fidelity bonds covering officers or other persons handling funds of the Association as required in the Declaration. The Association shall pay the premiums for such bonds.

VIII. INDEMNIFICATION OF OFFICIALS AND AGENTS.

8.1 Certain Definitions. A “Corporate Official” shall mean any Director or officer and any former Director or officer of the Association. A “Corporate Employee” shall mean any employee and any former employee of the Association. “Expenses” shall mean all costs and expenses including attorneys’ fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. “Proceeding” shall mean any claim, action, suit or proceeding, civil or criminal, whether threatened, pending or completed, and shall include appeals.

8.2 Right of Indemnification. The Association shall indemnify any Corporate Official and may, in the discretion of the Executive Board, indemnify any Corporate Employee against any and all Expenses actually and reasonably incurred by or imposed upon him in connection with, arising out of, or resulting from, any Proceeding in which he may be involved or to which he is or may be made a party by reason of (a) actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty while acting in his official capacity as a Corporate Official or Corporate Employee, or (b) any matter claimed against him solely by reason of his being a Corporate Official or Corporate Employee. The right of indemnification shall extend to all matters as to which a majority of disinterested directors of the Association by resolution, or independent legal counsel in a written opinion, shall determine that the Corporate Official or Employee acted in good faith and had no reasonable cause to believe that his conduct was improper or unlawful. The right of indemnification shall not extend to matters as to which the Corporate Official or Employee is finally adjudged in an action, suit or proceeding to have been liable for gross negligence or willful misconduct in the performance of his duty except to the extent that a court may determine, upon application, that despite such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The right of indemnification shall not extend to any matter as to which said indemnification would not be lawful under the laws of the State of Colorado.

8.3 Advances of Expenses and Defense. The Association may advance Expenses to, or where appropriate, may undertake the defense of, any Corporate Official or Employee in a Proceeding provided that the Corporate Official or Employee shall undertake, in writing, to reimburse the Association for the Expenses advanced or for the costs and expenses of such defense if it should ultimately be determined that the Corporate Official or Employee is not entitled to indemnification under this Article.

8.4 Rights Not Exclusive. The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Employee may be entitled.

8.5 Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Corporate Official or Employee against any liability asserted against him and incurred by him as a Corporate Official or Employee or arising out of his status as such, including liabilities for which a Corporate Official or Employee might not be entitled to indemnification hereunder.

IX. MISCELLANEOUS.

9.1 Amendment of Bylaws. The Executive Board shall have the power to alter, amend or repeal these Bylaws or to adopt new Bylaws. The Members, at a meeting called for that purpose, shall also have the power to alter, amend or repeal the Bylaws and to adopt new Bylaws by two-thirds of the votes present at the meeting, if a quorum is present. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation.

9.2 Compensation of Officers, Directors and Members. No Director shall have the right to receive any compensation from the Association for serving as such Director except for reimbursement of expenses as may be approved by resolution of disinterested members of the Executive Board. Officers, members of the Architectural Review Committee, agents and employees shall receive such reasonable compensation as may be approved by the Executive Board except that no officer, director or employee of Declarant or of any affiliate of Declarant may receive compensation as an officer, agent, employee or Director. Appointment of a person as an officer, agent or employee shall not, of itself, create any right to compensation.

9.3 Books and Records. The Association shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its Members, its Executive Board, and any committee having any of the authority of the Executive Board, and shall keep, at its principal office in Colorado, a record of the names and addresses of its Members, and copies of the Declaration, the Articles of Incorporation and these Bylaws which may be purchased by any Member at reasonable cost. All books and records of the Association, including the Articles of Incorporation, Bylaws as amended and minutes of meetings of Members and Directors, may be inspected by any Member, or his agent or attorney, and any First Mortgagee of a Member for any proper purpose at any reasonable time. The right of inspection shall be subject to any reasonable rules adopted by the Executive Board requiring advance notice of inspection, specifying hours and days of the week during which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished.

9.4 Annual Report. The Executive Board shall cause to be prepared and distributed to each Member who has filed a written request therefor, not later than 90 days after the close of each fiscal year of the Association containing (a) an income statement reflecting income and expenditures of the Association for such fiscal year; (b) a balance sheet as of the end of such fiscal year; (c) a statement of changes in financial position for such fiscal year; and (d) a statement of the place of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Members, may be found. The financial statements of the Association shall, if required by a Government Mortgage

Agency, be audited by an independent public accountant and a report based upon such audit shall be included in the annual report.

9.5 Statement of Account. Upon payment of a reasonable fee to be determined by the Association and upon written request of an Owner of a Lot or any person with any right, title or interest in a Lot or intending to acquire any right, title or interest in a Lot, the Association shall furnish, within 10 days after the receipt of such request, a written statement of account setting forth the amount of unpaid assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Lot, the Owner of the Lot, and Related Users of such Owner and the amount of the assessments for the current fiscal period of the Association payable with respect to the Lot. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other assessments have then been levied.

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

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

9.8 Seal. The Executive Board may adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO."

9.9 Shares of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the Association shall be distributed to its Members, directors or officers.

Notwithstanding the foregoing paragraph, the Association may issue certificates evidencing membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

9.10 Loans to Directors, Officers and Members Prohibited. No loan shall be made by the Association to its Members, Directors or officers and any Director, officer or Member who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

9.11 Limited Liability. As provided in the Declaration, the Association, the Executive Board, the Architectural Review Committee, Declarant, and any member, agent or employee of any of the same, shall not be liable to any Person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

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

9.13 Record of Mortgagees. As used in these Bylaws, "First Mortgagee" shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, which mortgage or deed of trust: (a) encumbers a Lot to secure the performance of an obligation or the payment of a debt and which is required to be released upon the performance of the obligation or payment of the debt; and (b) which has priority over all other consensual liens that encumber the Lot. Under the Declaration, First Mortgagees have certain rights. Therefore, any such First Mortgagee or, upon the failure of such First Mortgagee, any Member who has created or granted a First Mortgage, shall give written notice to the Association, through its Manager, or through the Secretary in the event there is no Manager, which notice shall give the name and address of the First Mortgagee and describe the Lot encumbered by the First Mortgage. The Association shall maintain such information in a book entitled "Record of First Mortgages on Lots." Any such First Mortgagee or such Member shall likewise give written notice to the Association at the time of release or discharge of any such First Mortgage.

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

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

X. NOTICE AND HEARING PROCEDURE.

10.1 Association's Enforcement Rights. In the event of an alleged violation by a Member or a Related User of a Member ("Respondent") of the Declaration, these Bylaws or the Rules and Regulations of the Association, the Executive Board shall have the right, upon an affirmative vote of a majority of all Directors on the Executive Board, to take any one or more of the actions and to pursue one or more of the remedies permitted under the provisions of the Declaration, these Bylaws or the Rules and Regulations of the Association. If, under the provisions of the Declaration, these Bylaws, or such Rules and Regulations, Notice and Hearing is required prior to taking action or pursuing remedies, the following provisions of Article X of these Bylaws shall be applicable. The failure of the Executive Board or the Architectural Review Committee to enforce the Rules and Regulations of the Association, these Bylaws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth and provided in the Declaration, the Rules and Regulations of the Association or these Bylaws shall be cumulative and none shall be exclusive. However, any individual

Member must exhaust all available internal remedies of the Association prescribed by the Declaration, these Bylaws and the Rules and Regulations of the Association, before that Member may resort to a court of law for relief with respect to any alleged violation by another Member of the Declaration, these Bylaws or the Rules and Regulations of the Association, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Executive Board or to any Member where the complaint alleges nonpayment of Common Assessments, Special Assessments, Supplemental Common Assessments or Reimbursement Assessments.

10.2 Written Complaint. A hearing to determine whether enforcement action under the Declaration, the Rules and Regulations of the Association or these Bylaws should be taken shall be initiated by the filing with the President or the Executive Board of the Association of a written complaint (“Complaint”) by any Member of the Association, any officer, any member of the Executive Board or the Architectural Review Committee or any employee or agent of the Association. The Complaint shall contain a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged and a reference to the specific provisions of the Declaration, these Bylaws or the Rules and Regulations of the Association which the Respondent is alleged to have violated. If the charges relate to a Related User of a Member, both the Related User and the Member shall be considered as Respondents.

10.3 Notice of Complaint and Notice of Defense. A copy of the Complaint shall be served on each Respondent in accordance with the notice provisions set forth in the Declaration, together with a statement which shall be substantially in the following form:

“Unless a written request for a hearing signed by or on behalf of a person named as Respondent in the accompanying Complaint is delivered or mailed to the Executive Board within 15 days after the Complaint is served upon you, the Executive Board may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled ‘Notice of Defense’ to the Executive Board at the following address:

_____.”

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Executive Board, you may contact

_____.”

A Respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Executive Board. A Respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

10.4 Tribunal. The President shall appoint a Hearing Committee (“Tribunal”) of three natural Persons upon receipt of a written Complaint. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the Respondent or any Member of the Association who are essential witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that each Respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Executive Board shall meet to determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained, the President shall appoint another member to replace the challenged member of the Tribunal. All decisions of the Executive Board in this regard shall be final. The Tribunal shall elect a Chairman and appoint a hearing officer who shall take evidence and ensure that a proper record of all proceedings is maintained.

10.5 Notice of Hearing. The Tribunal shall serve a Notice of Hearing, as provided herein, on all parties at least 10 days prior to the hearing, if such hearing is requested by a Respondent. The hearing shall be held no sooner than 30 days after the Complaint is mailed or delivered to each Respondent. The Notice of Hearing to each Respondent shall be substantially in the following form but may include other information:

“You are hereby notified that a hearing will be held before a Tribunal appointed by the President of Banbury Cross Homeowners Association, at _____ on the ____ day of _____, 20____ at the hour of _____, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to seek the attendance of witnesses and to compel the production of books, documents or other items in the possession of the Association by applying to the Executive Board of the Association.”

10.6 Hearing.

(a) Oral evidence shall be taken only on oath or affirmation administered by a member of the Tribunal. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues; to impeach any witness; and to rebut the evidence against such party. If Respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible Persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of

privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitive evidence shall be excluded.

(d) Neither the person filing the Complaint nor the Respondent must be in attendance at the hearing. The hearing shall be open to attendance by any Members of the Association to the extent of the permissible capacity of the hearing room.

(e) In rendering a decision, official notice may be taken at any time of any provision of the Declaration, these Bylaws, the Rules and Regulations of the Association or any generally understood matter within the working of the Association. Persons present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings.

(f) The Tribunal may grant continuances on a showing of good cause.

(g) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member.

10.7 Decision. If a Respondent fails to file a Notice of Defense as provided in Section 10.3 of these Bylaws, or fails to appear at a hearing, the Tribunal may take action based upon the evidence presented to it without further notice to Respondent. However, the Respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Executive Board. The Tribunal shall make its determination only in accordance with these Bylaws. After all testimony and documentary evidence has been presented by the Tribunal, the Tribunal may vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal may be posted by the Executive Board at a conspicuous place in the Project Area, and a copy shall be served by the President on each Person directly involved in the matter and his attorney, if any, in accordance with the notice provisions set forth in the Declaration. Disciplinary action, levy of a Reimbursement Assessment or other action or remedies which require Notice and Hearing under the Declaration, these Bylaws or the Rules and Regulations of the Association shall be imposed only by the Executive Board of the Association and in accordance with the findings and recommendations of the Tribunal. The Executive Board may adopt the *recommendations of the Tribunal* in their entirety or the Executive Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Executive Board impose more stringent enforcement action than recommended by the Tribunal. The decision of the Executive Board shall be in writing and shall be served and may be posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Executive Board shall become effective 10 days after it is served upon each Respondent, unless otherwise ordered in writing by the Executive Board. The Executive Board may order a reconsideration at any time within 15 days following service of its decision on the involved persons, on its own motion or on petition by any party. However, no action against a Respondent arising from the alleged violation shall take effect prior to the expiration of the later of (a) 15 days after each Respondent's receipt of the Notice of Hearing; or (b) five days after the hearing required herein.