

**BYLAWS
OF
COYOTE HILLS
HOMEOWNERS ASSOCIATION**

ARTICLE I **NAME AND LOCATION**

The COYOTE HILLS HOMEOWNERS ASSOCIATION, (“Association”) is a nonprofit corporation organized under the Colorado Nonprofit Corporation Act to operate in accordance with the Colorado Common Interest Ownership Act. The Association’s principal office is the address of its Registered Agent, who is registered with the Secretary of State of the State of Colorado. These bylaws are adopted for the administration, regulation, and management of the affairs of the Association. Meetings of the Association and its Board of Directors (“Board”) shall be held within Elbert County, Colorado at locations as may be designated by the Board.

ARTICLE II **PURPOSE**

The purpose for which the Association is formed is to govern, in accordance with the Colorado Common Interest Ownership Act and the Colorado Nonprofit Corporation Act, the residential community known as COYOTE HILLS FILING 6B, located in Elbert County, Colorado. This community is subject to the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF COYOTE HILLS HOMEOWNERS ASSOCIATION (“Declaration”) and any amendments thereto, recorded in the office of the Elbert County, Colorado Clerk and Recorder. These bylaws are controlled by and shall be consistent with the provisions of the Colorado Nonprofit Act, the Colorado Common Interest Ownership Act, the Declaration, and the Articles of Incorporation of the Association, as any of the foregoing may be amended or supplemented from time to time.

ARTICLE III **MEMBERSHIP**

Any Person who is a record Owner of a fee interest in any residential Dwelling or unimproved lot which is subject by covenants of record to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any residential Dwelling. Ownership of such residential Dwelling or lot shall be the sole qualification for membership. Where more than one person holds interest in any residential Dwelling, all such persons shall be Members. Members shall be entitled to one vote for each residential Dwelling owned. Regardless of ownership, no more than one vote for each of the thirty-two platted lots will be allowed.

ARTICLE IV **MEETINGS OF MEMBERS**

4.1 Bi-Annual Member Meetings

A bi-annual meeting of the Members shall be held in January and June of each year or as soon thereafter as is feasible. The specific date, time and location of the annual meeting shall be designated by the Board. At each Annual Meeting the Members shall elect Directors to fill vacancies on the Board, vote to ratify or reject the Board approved annual budget, and conduct such other business as may properly come before the meeting.

4.2 Special Member Meetings

Special meetings of the Members may be called at any time by the President or by a majority of the Board members or by Residential Dwelling Owners having twenty percent (20%) of the votes of the Association. The notice of such meeting shall specify the purpose and no other business shall be conducted.

4.3 Notice of Meetings

Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary of the Association or person authorized to call the meeting. Not less than ten (10) nor more than fifty (50) days in advance of such meeting, the person giving such notice, as aforesaid, shall cause notice of the meeting to be hand delivered, or sent prepaid by United States mail to the mailing address of each Residential Dwelling or to any other mailing address designated in writing by the Residential Dwelling Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board. In addition notices of meetings shall be physically posted in a conspicuous place to the extent feasible and practical and electronic notices shall be provided to all Residential Dwelling Owners who so request and furnish their electronic mail address. Notices shall also be posted to the Association's web site, if available.

4.4 Quorum

A quorum is deemed present throughout any meeting of the Association if persons entitled to cast fifty percent (50%) of the votes which may be cast are present in person or by proxy at the beginning of the meeting. Unless otherwise specifically provided by the Declaration, the Articles of Incorporation, these Bylaws, or by statute, all matters coming before a meeting of Members at which a proper quorum is in attendance, in person or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting.

4.5 Proxies

Votes allocated to a Residential Dwelling may be cast pursuant to a proxy duly executed by a Residential Dwelling Owner. If a Residential Dwelling is owned by more than one Person, each Residential Dwelling Owner of the Residential Dwelling may vote or register protest to the casting of votes by the other Residential Dwelling Owners of the Residential Dwelling through a duly executed proxy. A Residential Dwelling Owner may not revoke a proxy given pursuant to this Section except by actual attendance or by notice of revocation to the Person presiding over the meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice.

4.6 Security Interest Holders

Each Security Interest Holder shall have the right to designate a representative to attend all meetings of Members.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

5.1 Number and Term

The affairs of this Association shall be managed by a Board of five (5) directors. Directors shall be Members. The term of service of each elected Director shall be as listed below. Initial terms of service for 2007 will be staggered to ensure board continuity. Date of term starts effective April 2nd, 2007.

President / Secretary – 2 years
Vice President / Treasurer – 3 years
Director – 1 year

5.2 Nomination

Nomination for election to the Board may be made by a Nominating Committee if such a Committee is appointed, from time to time, by the Board. Nominations may also be made by any Member prior to the annual meeting or from the floor at any Member meeting.

5.3 Election

At each annual meeting the Members shall elect by secret ballot the same number of directors as there are directors whose terms are expiring. Also, if there is a vacancy on the Board, the Members may, by a separate secret ballot, elect a director to complete the remaining term for that vacancy. At such election the Members or their proxies may cast, in respect to each vacancy, the number of votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Ballots shall be counted by two or more neutral persons who are not candidates and who are selected at random from a pool of available people. The results of the vote shall be reported without reference to voters' names, addresses, or other identifying information. Cumulative voting is not permitted.

5.4 Removal

The Residential Dwelling Owners, by eighty percent (80%) vote of all Members present in person or by proxy and entitled to vote at any meeting of the Residential Dwelling Owners at which a quorum is present, may remove any member of the Board with or without cause. In the event of death, resignation or removal of a director, his or her successor may be elected by receiving a majority vote by the member present who shall vote by secret ballot. The Board member elected shall serve for the unexpired term of the director being replaced.

5.5 Compensation

No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of the director's duties. Any expense reimbursement disbursement must be pre-approved by the board

ARTICLE VI MEETINGS OF THE BOARD

6.1 Regular Board Meetings

Regular meetings of the Board shall be held not less often than quarterly at such place and hour as may be fixed from time to time by the Board. Board meetings shall be open to Residential Dwelling Owners or to any person designated by a Residential Dwelling Owner in writing as the Owner's representative. They shall be permitted to attend, listen, and to speak at such times as the Chair deems appropriate during the deliberations and proceedings. The Board shall reserve the right to go into executive session for legal matters.

6.2 Special Board Meetings

Special meetings of the Board shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

6.3 Quorum: Actions of Board

A quorum is deemed present throughout any meeting of the Board if directors entitled to cast fifty percent (50%) of the votes are present. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

6.4 Action Taken Without a Meeting

The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors. Such actions shall be recorded in the minutes of the next Board meeting.

6.5 Conflict of Interest

If any action taken by the Board would financially benefit a director or a member of their family, that director shall declare a conflict of interest for that issue. The director shall not participate in discussion nor influence other Board members in any manner and shall not vote on that issue. This shall not be construed to invalidate any provision of the Declaration, or other documents that more strictly defines conflicts of interest or contains further limits on participation by a director who may have a conflict of interest. Any conflict entered into in violation of this section shall be void and unenforceable.

ARTICLE VII POWERS AND DUTIES OF THE BOARD

The Board of Directors shall act in all instances on behalf of the Association, except as provided in the Nonprofit Corporation Act, the Colorado Common Interest Ownership Act, the Declaration, or these Bylaws. The Board shall have, subject to the limitations contained in these said documents, the powers and duties necessary for the administration of the affairs of the Association, including the following powers and duties:

- a) administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions as set forth in the Nonprofit Corporation Act, the Colorado Common Interest Ownership Act, the Declaration, these Bylaws, and the Rules and Regulations;
- a) procure and maintain insurance coverage as may be required to comply with the Declaration and additional insurance which the Board deems prudent after evaluating cost versus risk, insurance may include liability, property, fidelity, and broad Directors' and Officers' insurance which covers the Association, current and former Directors and Officers, Management Company, Agents, Committee members and other persons performing for the Association;
- b) adopt and publish rules and regulations governing the use of the Lots, the Common Areas, the Common Interest Community, or any portion thereof, and any facilities thereon and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- c) enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description. Acquire, hold, encumber and convey in the name of the Association any right, title or interest to real or personal property, provided, however, that Common Areas may be conveyed or subjected to a security interest upon the consent of Members to which at least eighty percent of the votes in the Association are allocated and in accordance with C.R.S. § 38-33.3-312;
- d) provide for maintenance, repair and/or reconstruction of the Common Elements, other parcels of real property, and Improvements, as more fully provided in the Declaration;
- e) cause to be kept a complete set of records of all its acts and corporate affairs, financial records shall be maintained in accordance with generally accepted accounting practices, records shall be reasonably available for copying and examination by an Owner or such Owner's authorized agent during working hours upon requesting specific records and the purpose of the request;
- f) as more fully provided in the Declaration, to:
 - 1) determine the amount of the annual assessment against each Lot, from time to time, in accordance with the Association operating and reserve budgets, and revise the amount of the annual assessment when necessary if such budget is rejected by the Owners;
 - 2) collect all assessments as levied by the Board of Directors from the Owners as are authorized in the Declaration and foreclose the lien against any Lot for which assessments are not paid within one hundred eighty (180) days after the due date, or bring an action at law against the Owner personally obligated to pay the same;

- 3) impose late charges and interest for late payment of assessments, recover reasonable attorney fees and other costs for collection of assessments and other actions to enforce the power of the Association, and, after Notice and Hearing, levy reasonable Individual Assessments and Fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association in accordance with the Declaration;
- g) cause to be issued at a reasonable charge, upon demand by any Owner, a Certificate of Status of Assessment, which shall be conclusive evidence of such payment as to all persons who rely thereon in good faith, and the Certificate of Status of Assessment shall include a request, that upon title transfer, to provide a copy of the new deed and a copy of the Seller's disclosure statement which has been signed by the Buyer as specified in statute 38-35.7-102(1)(b);
 - h) elect a Member to the Board to fill a vacancy on the Board. At the Boards' discretion, the Board may declare a board position to be vacant in the event the Member holding that office is absent from two meetings of the Board in any twelve month period;
 - i) hire and terminate a managing agent or other contractors as they deem necessary, and to prescribe their duties. All of the powers and duties granted to the Board hereunder may be delegated to a managing agent; provided however that such delegation shall not relieve the Board of Directors of responsibility thereof;
 - j) supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
 - k) provide for Architectural Design Review and approval of all modifications within the planned community and for the enforcement of restrictions as set forth in the Declaration and Rules and Regulations;
 - l) enter upon a Lot when necessary without being guilty of trespass in the performance of its duties as outlined in the Declaration;
 - m) institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or an Owner on matters affecting the properties;
 - n) borrow money, providing such security as is necessary, providing that such borrowing has the prior written approval of Members who are entitled to cast at least eighty percent (80%) of the votes in the Association;
 - o) exercise any other powers conferred by the Declaration, Articles or Bylaws; and
 - p) exercise all other powers necessary for the proper governing and operation of the Association. The full extent of these powers shall not be restricted by implication, nor shall any enumeration or description of powers, obligations, duties or procedures, or any other provision of the Declaration, Articles, Bylaws, Rules and Regulations or other applicable documents, limit or restrict the full extent of the powers unless expressly and specifically identified as such a restriction or limitation.

ARTICLE VIII RIGHTS OF THE ASSOCIATION

The Association may exercise any and all rights and privileges given to it under the Declaration, the Articles of Incorporation and these Bylaws, and as may otherwise be given to it by law, and every other right and privilege reasonably to be implied there from or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX OFFICERS AND THEIR DUTIES

9.1 Enumeration of Offices

The officers of this Association shall be a president, vice-president, secretary, treasurer, and such other offices as the Board may from time to time by resolution create.

9.2 Election and Term of Officers

The election of officers shall take place at the first Board meeting following each annual meeting of the Members. Officers shall be elected every year as terms expire.

9.3 Special Appointments

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

9.4 Resignation and Removal

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

9.5 Vacancies

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

9.6 Multiple Offices

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9.3 of this Article.

9.7 Duties

The duties of the officers, which are delegable to other persons or the managing agent, are as follows:

(A) President:

The president shall preside at all meetings of the Board and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments.

(B) Vice-President:

The vice-president shall act in the place and stead of the president in the event of the president's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of the vice-president by the Board.

(C) Secretary:

The secretary or a designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the names of the Members together with their addresses; shall prepare, execute, certify and record amendments to the Declaration, Articles of Incorporation, and Bylaws on behalf of the Association; and shall perform such other duties as required by the Board.

(D) Treasurer:

The treasurer or a designated agent shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board; sign promissory notes and checks of the Association; keep proper books of account; cause an annual compilation report of the Association books to be made by a Certified Public Accountant at the completion of each fiscal year or, at the option of the Board, or as required, an annual review or audited financial statement; and prepare an annual budget to be presented to the membership, and deliver a copy of each to the Members.

(E) Director:
Directors shall be members-at-large of the Board and will have full voting power. Directors can fill the role of any other office on a temporary basis.

(F) Any officer of the Association may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

ARTICLE X: NOTICE AND HEARING PROCEDURE

The Board shall not impose a Fine, Individual Assessment, suspend voting rights, or infringe upon any other rights of a Member for violations of Rules and Regulations of the Association or of the Bylaws or of the Declaration unless and until the following procedure is followed:

(A) Demand Written demand to cease and desist from the alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period, not less than ten days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any additional similar violation may result in the imposition of a sanction, after Notice and a Hearing if requested, if the violation is not continuing.

(A) Notice If the Owner does not concur that there is a violation, they may submit a written request for a Hearing. Such request must be received within ten days of the date of the Demand letter. Upon receipt of a request for a Hearing the Board shall serve the alleged violator with a written notice of a Hearing to be held by the Board. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the Hearing, which time shall not be less than ten days from the giving of the Notice;
- (iii) an invitation to attend the Hearing and produce any statement, evidence, and witness on his or her behalf; and
- (iv) the proposed sanction to be imposed.

(B) Hearing The Hearing shall be held pursuant to this Notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of Notice and the invitation to be heard shall be placed in the Minutes of the Meeting. Such proof shall be deemed adequate if a copy of the Notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered such Notice. The Notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The Minutes of the Meeting shall contain a written statement of the results of the Hearing and the sanction, if any, imposed. The decision of the Board shall be final. However, in no event shall the Board suspend a Member's right to use The Properties, or such Member's voting rights for infraction of the Association's Rules and/or Regulations for a period in excess of sixty days. These procedures shall not be necessary in order to impose any sanction or penalty for nonpayment of delinquent assessments. The Architectural Modification Review Committee shall employ the above procedures when a modification is done without such Committee's proper consent or when the modification does not conform to the approved request. Furthermore, if the Residential Dwelling Owner is not in compliance the Rules and Regulations on Enforcement of Covenants and Rules shall be applicable.

ARTICLE XI COMMITTEES

The Association shall appoint an Architectural Review Committee, subject to the provisions of the Declaration, and may appoint a Nominating Committee. In addition, the Executive Board may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE XII PUBLIC DISCLOSURE OF BOOKS AND RECORDS

12.1 Availability of Records

The records of the Association shall be reasonably available for inspection and copying during normal working hours to a Residential Dwelling Owner or their appointed representative in response to their good faith request for a proper Association purpose. The Association may withhold records such as those protected by attorney-client privilege and information which might be used for promotional mailings. No owner shall disclose Association information which can be used for promotional mailings by the post office or by electronic mail. Privacy concerns, however, are narrowly construed. For example, despite what might be embarrassing to a homeowner, delinquent account information cannot be withheld from Residential Dwelling Owners if the request is made in good faith and for a proper purpose.

12.2 Written Request to Review Records

The Owner shall submit a written request to the Registered Agent providing:

- (a) Name
- (b) Street Address
- (c) Date of Request
- (d) purposes for the request
- (e) Specific records for which copies are requested, and
- (f) Specific records for which onsite review under supervision are requested.

Upon receipt of a request the Agent shall contact the Residential Dwelling Owner to schedule a meeting within five business days and advise on the costs involved.

12.3 Public Disclosure of Records

The Association shall disclose certain information to all Residential Dwelling Owners annually and to an Owner when selling of a Residential Dwelling. When selling a Residential Dwelling, costs shall be paid by the Seller. Disclosure may be accomplished by various means:

- (1) maintaining a binder at the Registered Agent's office;
- (2) sending by E-mail upon request;
- (3) posting on an internet web page with accompanying notice of the web address via first-class mail or E-mail;
- (4) first-class mail; or (5) personal delivery. Information which shall be disclosed includes:
 - a) Name of the Association; name of the Association's designated Agent or Management Company, if any; physical address and phone number for both the Association and the designated Agent or Management Company, if any; and if the Association address, designated Agent, or Management Company changes then all Owners shall be advised within 90 days;
 - b) Declaration, amendments, and initial recorded date, and reception number or book and page.
 - c) Articles of Incorporation and amendments;
 - d) Current Bylaws and Rules and Regulations;
 - e) The date on which the fiscal year commences;
 - f) The date on which the fiscal year commences;

- g) The operating and reserve budgets for the current fiscal year;
- h) The current annual (regular) assessment and special assessments, if any;
- i) The annual financial statements including a Balance Sheet and an Income Statement;
- j) The results of any financial review or audit preceding the current annual disclosure;
- k) A list of all Association Insurance policies, Property, General Liability, Directors and Officers Liability, and/or Fidelity, and the Company and Agent's names, Policy limits, deductibles, additional named insureds, and expiration dates;
- l) Minutes of Member and Board meetings for the last year; and
- m) Responsible Governance Policies, which shall include:
 - (i) Collection of unpaid Assessments;
 - (ii) Enforcement of Covenants and Rules, including Notice and Hearing procedures
 - (iii) and the schedule of fines;
 - (iv) Conduct of meetings;
 - (v) Investment of reserve funds;
 - (vi) Inspection and copying of Association records by Owners;
 - (vii) Handling conflicts of interest involving Board members;
 - (viii) Procedures for the adoption and amendment of Rules and Regulations.

ARTICLE XIII CORPORATE SEAL

The Board of Directors shall adopt a seal which shall have the name of the Association and the words "Seal" and "Colorado".

ARTICLE XIV AMENDMENTS

These Bylaws may be amended, at a duly called meeting of the Members, by a vote of a majority of the votes of a quorum of Members present in person or by proxy.

ARTICLE XVI CONFLICTS OF PROVISIONS

In the case of any conflict between the Rules and Regulation and these Bylaws, the Bylaws shall control; in the event of any conflict between the Rules and Regulations and the Articles of Incorporation, the Articles of Incorporation shall control; in the event of any conflict between the Rules and Regulations and the Declaration, the Declaration shall control; in the case of any conflict between the Bylaws and the Articles of Incorporation, the Articles of Incorporation shall control; in the case of any conflict between the Bylaws and the Declaration, the Declaration shall control; in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control. In the case of any conflict between the Declaration and Colorado statutes the Colorado Statutes shall control. In the event of conflict between the Declaration and Federal statutes the Federal statutes shall control.

ARTICLE XVII INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every director, officer, agent and employee, and any former director, officer, agent and employee, against all loss, costs and expenses, including attorney's fees, reasonably incurred in connection with any action, suit, or proceeding to which such person may be made a party by reason of being or having been such a director, officer, agent or employee of the Association, except for matters in which such person shall be finally adjudged to be liable for gross negligence or fraud. Any such indemnity shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing officers and directors errors and omissions insurance coverage and any other insurance protecting the Association from liability because of the negligent acts of its

servants, including insurance covering motor vehicles or public liability, property damage, medical and other similar coverage, it being the intent and purpose of this provision to limit all payments or settlements in indemnification to the actual proceeds of insurance policies. No indemnification shall be provided for acts constituting gross negligence, or for fraud, or for more reprehensible conduct. In the event of a settlement, the settlement shall be approved by the insurance carrier and paid for by the insurance carrier out of the insurance proceeds. The foregoing rights shall not be exclusive of other rights to which such director, officer, agent or employee may be entitled.

ARTICLE XVIII FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year which began on the date of inception, April 2, 2007.

I certify that these Bylaws, as amended in their entirety, were approved at a duly called Meeting of the Board on April 2, 2007 and became effective as of that same date.


Coyote Hills
Homeowners Association
COLORADO

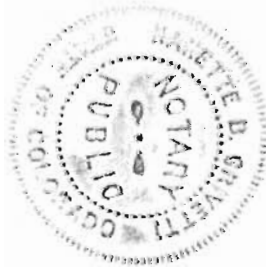
Signed By: 
Signed: Shane Hart, Secretary

STATE OF COLORADO
COUNTY OF ELBERT

The foregoing instrument was acknowledged before me this 3rd day of April, 2007, by Nanette B. Grivetti

Witness my hand and official seal.

My commission expires: May 5, 2008.
10475 Park Meadows Drive
Littleton, Colorado 80124



Exp: 5-5-08


Notary Public