

BYLAWS OF
SOUTH CREEK SEVEN HOMEOWNERS' ASSOCIATION

ARTICLE I
Name and Location

The name of the corporation is SOUTH CREEK SEVEN HOMEOWNERS' ASSOCIATION, hereinafter referred to as "Association." The principal office of the Association is located at the residence of the president of the Association in Boulder, Colorado, but meetings of Officers and Directors may be held at such places within the state of Colorado as may be designated from time to time by the Board of Directors.

ARTICLE II
Eligibility for Membership

1. Membership. Every record owner, whether one or more persons or entities, of a fee simple title to any lot in South Creek Seven shall be a Member of the Association. The foregoing shall include contract buyers but shall exclude persons or entities who hold such interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of a lot and ownership of a lot shall be the sole qualification for Membership.

2. Transfer of Membership. A Membership in the Association shall not be assigned, encumbered, or transferred in any manner except as an appurtenance to transfer of title to a lot to which the Membership pertains; provided, however, the rights of Membership may be assigned to the holder of a mortgage, deed of trust or other security instrument on a lot as further security for a loan secured by a lien on such lot. A transfer of Membership shall occur automatically upon the transfer of the lot to which the Membership pertains but the Association shall be entitled to treat the person or persons in whose name or names the Membership is recorded on the books and records of the Association as a Member for all purposes until such time as evidence of a transfer of title, satisfactory to the Association, has been submitted to the Secretary.

ARTICLE III
Meetings of Members

1. Annual Meetings. Annual meetings of the Members of the Association shall be held in December of each year. At such meeting the Members shall elect a Board of Directors in accordance with the requirements of Article IV of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

2. Special Meetings. Special meetings of the Members for any purposes other than those regulated by statute may be called by the President as directed by resolution of the Board of Directors or upon petition signed by those holding one-fourth of the votes in the Association entitled to be cast by Members. Such petition shall state the purpose or purposes of such proposed meeting. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of

four-fifths of the votes entitled to be cast by Members present, either in person or by proxy.

3. Notice of Meetings. The Secretary shall give written notice of each meeting by delivering such notice by mail, electronic mail, or hand at least ten but not more than fifty days prior to such meeting, unless a different period is required by statute, to each Member at the respective addresses of said Members as they appear on the records of the Association. The notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. As used in this paragraph and elsewhere in these Bylaws, the word "Declaration" refers to the Declaration of Covenants, Conditions and Restrictions affecting the above described property, which Declaration is recorded in the real estate records of the county of Boulder, State of Colorado, and any amendments thereto.

4. Quorum. The presence, either in person or by proxy, of ten percent of the votes entitled to be cast by Members shall constitute a quorum for all purposes unless the representation of a larger number of votes shall be required by statute, by the Declaration, by the Articles of Incorporation or by these Bylaws and in that event representation of the number so required shall constitute a quorum.

5. Voting Rights. Each Member shall be entitled to one vote for each lot in which it holds the interest required for Membership as prescribed by Article II above. Votes may be cast by proxy as provided in Article III.7.

6. Adjournment of Meeting. Subject to the limitations set forth in the Declaration, if the number of Members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the Chairman of the meeting, or a majority in interest of the Members present in person or by proxy, may adjourn the meeting from time to time without notice other than an announcement at the meeting until the necessary number of Members shall be attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

7. Proxies. At all meetings of Members, each Member may vote in person or by proxy. A Member may appoint as proxy only a spouse, a joint owner, a partner in the event of partnership ownership, or an Officer of a corporation in the event of corporate ownership. Should the terms of a deed of trust or mortgage so provide, the mortgagee or beneficiary of said deed of trust may be appointed as proxy. All proxies shall be in writing and filed with the Secretary before the time of each meeting or upon the calling of the meeting to order. Every proxy shall be revocable and shall cease automatically upon conveyance of his lot by a Member.

8. Waiver of Notice. Any Member at any time may waive any notice required to be given under these Bylaws, or by statute or otherwise. The presence of a Member in person at any meeting of the Members shall be deemed such a waiver.

9. Conduct of Meetings. All Member meetings are open to every Member or to any proxy designated by a Member pursuant to Article III.7, and all Members or proxies so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings. Votes on any matter affecting the Association on which all Members are entitled to vote shall be by secret ballot unless, without objection, all Members waive the right to vote by secret ballot. Secret

ballots shall be counted by a Member who is selected at random from a pool of two or more Members. The results of the vote shall be reported without reference to names, addresses, or other identifying information.

ARTICLE IV
Board of Directors

1. Number and Qualification. The business, property and affairs of the Association shall be managed, controlled and conducted by a Board of Directors consisting of not less than three and not more than seven Members, the exact number to be determined by the Members of the Association at the annual meeting. Only Members of the Association shall serve on the Board of Directors.

2. Nomination of Directors. Nominations for election to the Board of Directors to be elected at the annual Membership meeting shall be made from the floor at said meeting.

3. Election and Term of Office. At the annual meeting of Members, the Members shall elect the number of Directors they have agreed upon as provided in paragraph 1 of this Article IV. The Directors shall be divided into three classes so that terms of one-third of the Directors shall expire every three years. If one-third of the Directors is a number which includes a fraction, the fraction shall be dropped for purposes of computing how many Directors shall be elected in the first two years. At each annual meeting thereafter a number of Directors equal to that of those whose terms have expired or such lesser number as the Membership may determine shall be elected for a term of three years. At the expiration of any term of three years, any Director may be reelected. Votes for positions on the Board shall be taken by secret ballot unless, without objection, all Members waive the right to vote by secret ballot. Ballots shall be counted by a Member who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more such Members. The results of the vote shall be reported without reference to names, addresses, or other identifying information.

4. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and shall exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by statute, other provisions of these Bylaws, the Articles of Incorporation or the Declaration. Such powers and duties shall include, but not be limited to, the power to:

a. Adopt and publish rules and regulations governing the use of the Common Area and facilities;

b. Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such member is in default in the payment of any assessment levied by the Association and for a period not to exceed 60 days for any infraction of these Bylaws;

c. Employ a manager, an independent contractor or such other employees as it deems necessary and to prescribe their duties;

d. Cause to be kept a complete record of all its acts and corporate affairs and present a

statement thereof to the Members at their annual meeting or at any special meeting when such a statement is requested by those holding one-fourth of the votes in the Association entitled to be cast by Members;

e. Supervise all Officers, agents and employees of the Association and see that their duties are properly performed;

f. Fix the amount of the annual assessment against each lot, give notice of such assessment and have all rights with respect to failure to pay such assessment all as more fully provided in the Declaration;

g. Issue or caused to be issued, upon demand by any person, a certificate stating whether or not any assessment has been paid;

h. Procure and maintain adequate liability and hazard insurance on the Association's property;

i. Cause the Common Area to be maintained;

j. Impose fines for the late payment of assessments in accordance with the following procedures. Assessments are payable April 1 of each year. Members can pay their assessments in monthly installments between April 1 and December 31; however, the board encourages Members to pay the full balance on April 1 to allow the Association to pay its bills, most of which are landscaping and maintenance costs that typically are incurred from early spring to early fall, from current revenues. Members who have not paid assessments in full by December 31 shall be assessed a \$100 fine. If the full amount of the assessments plus the \$100 fine has not been paid by January 31, the Member shall incur a \$25 fine. Delinquent Members shall incur a \$25 per month fine on the last day of each month their assessments remain delinquent. The assessments and fines shall be a continuing statutory lien against the delinquent Member's real estate pursuant to section 38-33.5-316 (1), Colo.Rev.Stat. A delinquent Member's voting rights shall be suspended until such member fully pays all outstanding assessments and fines; and

k. After notice and an opportunity to be heard, levy reasonable fines for a violation of the declaration, bylaws, or rules of the Association. At least fourteen calendar days prior to any hearing held pursuant to this paragraph (k), the Secretary shall provide each Member with written notice of the facts constituting the alleged violation, the citation of the specific portion of the Declaration, bylaws, or rules of the association that were allegedly violated, and the date, time, and address of the hearing. If, at least three days before the date of the hearing, the Member who is subject to the proposed fine provides any Director with a written request to postpone such hearing because of a scheduling conflict, the Board shall postpone such hearing to a date no later than thirty calendar days after the originally noticed date. At the hearing, any Member may be present and may speak, a quorum of the Board shall be present, and the Member who is subject to the proposed fine shall have the opportunity to present written evidence and oral testimony regarding the alleged violation. If the Board determines by a two-thirds majority of the Directors present at the hearing that a violation

occurred, the Board may assess a reasonable fine, suspend the Member's voting rights for a period not to exceed sixty days, or both, and shall provide the Member with written notice of its action. If the Member does not pay the fine within thirty calendar days after receipt of the notice, the fine shall accrue interest at eight percent annually and shall become a statutory lien upon the Member's lot located in South Creek Seven without the necessity of recording a lien, pursuant to section 38-33.3-316, Colo. Rev. Stat.

The Board of Directors may delegate such duties as appear to be in the best interests of the Association to the extent permitted by law.

5. Vacancies. Vacancies on the Board of Directors caused by any reason shall be filled by vote of a majority of the remaining Directors even though they may consist of less than a quorum and each person so elected shall be a Director until a successor is elected by the Members at the next annual meeting.

6. Resignation and Removal of Directors. Any Director may resign at any time by giving written notice of said resignation to the Board, the Secretary, or the President. At any regular or special meeting of the Members, any one or more of the Directors may be removed with or without cause at any time by the affirmative vote of a majority of all votes entitled to be cast by the entire Membership of record and a successor may then be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Documents received by a Director that relate to that Director's duties remain property of the Association, and upon resignation or removal the Director shall deliver such documents to the director's replacement, or to any other remaining Director.

7. Compensation. No compensation shall be paid to Directors for their services as Directors and no compensation shall be paid to a Director for services performed for the Association in any other capacity, unless a resolution authorizing such compensation shall have been unanimously adopted by the Board of Directors.

8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within thirty days of its election at such time and place as shall be fixed at the annual meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, or electronic mail, at least three days prior to the day named for the meeting. An annual meeting shall be held in December of each year. All meetings of the Board of Directors are open to every Member or to any proxy designated by a Member pursuant to Article III.7, and all Members or proxies so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that Members who are not Directors may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a

Member or a proxy to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

10. Special Meetings. Special meetings of the Board of Directors may be called by the President or by two of the Directors on three days' notice to each Director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting.

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

12. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. 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 an act of the Board.

13. Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Association, provided that no meeting may be adjourned for a period longer than thirty days.

14. Fidelity Bonds. The Board of Directors may require that all Officers and employees of the Association handling or responsible for association funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

15. Executive Committee of Board of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint an executive committee of the Board. The number of members of the executive committee and the persons who shall be members thereof shall be determined by the Board but the number of such members shall not be fewer than two. Unless limited by resolution of the Board, the executive committee shall have and exercise all the authority of the Board of Directors except that such committee shall not have the authority of the Board of Directors with reference to amending, altering or repealing the By-laws, electing appointing or removing any member of such committee or any Officer or Director of the Association; amending the articles of incorporation; restating the articles of incorporation; adopting a plan of merger or adopting a plan of consolidation with another association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any resolution of the Board of Directors. All of the provisions in these by-laws with respect to notice of meetings of Directors, quorum at such meetings, voting at such meetings and waivers of notice of such meetings shall be applicable to the meetings of the executive committee.

16. Conflicts of Interest. If any contract, decision, or other action taken by or on behalf of the Board of Directors would financially benefit a Director, a person who is a parent, grandparent,

spouse, child, or sibling of a Director, or a parent or spouse of any of those persons, that Director shall declare a conflict of interest for that issue in an open meeting prior to any discussion or action on that issue. After making the declaration, the Director may participate in the discussion but shall not vote on that issue. A contract entered into in violation of this section is void and unenforceable.

17. Architectural Review. Decisions concerning the approval, approval with a variance, or denial of a Member's application for architectural review pursuant to Article V.7 of the Declaration shall be made in accordance with standards and procedures set forth in the Declaration and this section 17, and shall not be made arbitrarily or capriciously. No Director who is not an officer shall sign an architectural review form without consulting with at least one Officer, and no architectural review form shall be valid unless it is signed by at least two Officers and a total of at least three Directors. Variances with regard to exterior paint or window frame colors or other matters shall not be granted unless doing so is, in the business judgment of the Directors, reasonably consistent with the protection of property values and the promotion of the desirability of living in South Creek Seven. Windows may be framed in vinyl or other material that is at least as durable as metal, wood, or vinyl.

ARTICLE V Officers

1. Designation and Qualifications. The principal Officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. Any person may hold two offices except that the President shall not also hold the office of Secretary. The Directors may appoint a landscaping coordinator and such other Officers as in their judgment may be necessary.

2. Election and Term of Office. The Officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board, and each shall hold office for a period of one year, unless such Officer shall sooner resign, be removed, or otherwise be disqualified to serve.

3. Resignation and Removal. Any Officer may resign at any time by giving written notice of said resignation to the Board, the Secretary, or the President. Any Officer may be removed from office, with or without cause, upon an affirmative vote of a majority of the Members of the Board of Directors, and a successor elected at any regular meeting of the Board or at any special meeting called for that purpose. Documents received by an Officer that relate to that Officer's duties remain property of the Association, and upon resignation or removal the Officer shall deliver such documents to the Officer's replacement, or to any remaining Director.

4. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer so appointed shall serve for the remainder of the term of the replaced Officer.

5. President. The President shall be the chief executive Officer of the Association. The President shall preside at all meetings of the Members and of the Board of Directors. The President shall have all of the general powers and duties which are normally vested in the office of the president of an association, including, but not limited to, the power to appoint committees from

among the Members, from time to time, as the President may decide is appropriate to assist in the conduct of the affairs of the Association.

6. Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon the Vice President by the Board of Directors.

7. Secretary. The Secretary shall keep the minutes of all meetings of the Members, shall have custody of the seal of the Association, shall have charge of the Membership books and such other books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall mail the minutes from all member and board meetings to the members. In January of any year in which the Secretary receives a notice from the Treasurer pursuant to paragraph (8) of this Article, the Secretary shall mail to each member listed in the Treasurer's notice a thirty-day notice of intent to file lien. If such member does not pay off in full the amount stated in the notice by the end of the thirty days, the Secretary shall promptly file in the public records a lien on such member's lot for the amount of the outstanding assessments plus all fines and costs related to filing, releasing, and collecting the lien. In accordance with information provided by the Treasurer, the Secretary shall issue an assessments certificate pursuant to Article III (6) of the Declaration upon payment of a \$10 charge. Such charge shall be waived if the certificate is issued in connection with the sale of a lot and the recipient of the certificate provides the Secretary with a copy of the deed.

8. Treasurer. The Treasurer shall have the responsibility for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. If the Treasurer elects to keep the Association's books in a computerized database, the Treasurer also shall keep a paper copy of the essential elements of such books. The Treasurer shall mail assessment statements to the members in March of each year, and shall mail a follow-up notice to each member who has not yet paid in full in August and November of each year. If any member has accrued a late assessments penalty pursuant to Article IV (4)(j), the Treasurer shall give written notice in January to the Secretary of the member's name, lot number, and the amount of such late assessments. The Treasurer shall promptly notify the Secretary upon request of the status of any member's payment of assessments and of any request for an assessments certificate.

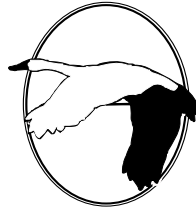
9. Landscaping Coordinator. The Landscaping Coordinator shall ensure that the Common Area is well maintained and shall be the liaison for any landscaping contractor that the Board may hire.

10. Compensation. No compensation shall be paid to Officers for their services as Officers. No compensation shall be paid to an Officer for services performed for the Association in any capacity, unless a resolution authorizing such compensation shall have been unanimously adopted by the Board of Directors. Upon an affirmative vote of the Board taken at the annual meeting, the treasurer shall refund individually to the Secretary, Treasurer, and Landscaping Coordinator the

previous year's assessment if any such Officer has satisfactorily completed the Officer's duties during the previous year.

ARTICLE VI Association Seal

The Board of Directors may provide a suitable Association seal containing the name of the Association, which seal shall be in the custody and control of the Secretary. The Association seal shall be substantially in the following form:



ARTICLE VII Indemnification of Officers and Directors

The Association shall indemnify every Director or Officer, and such Director or Officer's heirs, executors, administrators and representatives against all loss, costs and expenses, including counsel fees, reasonably incurred by such Director or Officer in connection with any action, suit or proceeding to which such Director or Officer may be made a party by reason of such Director or Officer being or having been a Director or Officer of the Association, except as to matters as to which such Director or Officer 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 Board of Directors may determine that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of such person's 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 of, arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article VII 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 and by virtue of the Declaration as a Member.

ARTICLE VIII Miscellaneous

1. Financial Records. The financial records of the Association shall be kept under the direction of the Treasurer and in accordance with reasonable standards of accounting procedure and prudence, and shall be subject to a review, using statements on standards for accounting and review services, at least once every two years by a person selected by the Board.

2. Inspection of Records. Financial records of the Association shall be kept at the residence of the Treasurer; landscaping records shall be kept at the residence of the landscape coordinator; and all other records of the Association shall be kept at the residence of the Secretary. All records of the Association shall be made reasonably available for examination and copying by any Member and a Member's authorized agent. As used in this section, "reasonably available" means available during normal business hours, upon notice of five business days, to the extent that: The request is made in good faith and for a proper purpose; the request describes with reasonable particularity the records sought and the purpose of the request; and the records are relevant to the purpose of the request. The Association may charge a fee, not to exceed the Association's actual cost per page, for copies of Association records.

3. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes, checks, and contracts or other obligations shall be executed on behalf of the Association by any Officer or Director of the Association.

4. Fiscal Year. The fiscal year of the Association shall be from January 1 to December 31 and shall be subject to change by the Board of Directors should Association practice subsequently necessitate such change.

5. Annual Assessments. The Board of Directors shall fix, levy, and collect assessments in the manner and for the purposes specified in the Declaration and the Members shall pay assessments as therein provided.

6. Investment of reserve fund. The Treasurer shall deposit all monies not needed to pay current common expenses in one or more certificates of deposit or other guaranteed investment vehicle or low-risk bond fund as directed by the Board.

ARTICLE IX Amendment of the Bylaws

1. Amendment by the Members. These Bylaws may be amended by the affirmative vote of three-fourths of the votes entitled to be cast by Members present or represented by proxy at any regular or special meeting if a quorum as described in paragraph 4, Article III herein, is present at any such meeting. Amendments may be proposed by the Board of Directors or by petition signed by Members holding a majority of the votes entitled to be cast at any meeting. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon.

2. Amendment by the Directors. By the affirmative vote of three-fourths of the Directors of the Association, the Directors may amend or alter the Bylaws of the Association at any regular meeting or at any special meeting, provided that no such alteration or amendment by the Board of Directors shall increase the powers of the Board of Directors. The statement of any proposed amendment shall accompany notice of any regular or special meeting at which such proposed amendment shall be voted upon.

3. Limitations. These Bylaws may not be amended insofar as such amendment would be

inconsistent with any statutes, the Declaration or the Articles of Incorporation. In the event of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the event of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

IN WITNESS WHEREOF, the undersigned, being the Directors of the Association, have hereunto set their hands this seventh day of December, 2005.
