

BYLAWS
OF
SIGNAL HILL HOA, INC.

ARTICLE I - NATURE OF BYLAWS

These Bylaws are intended to govern the administration of the Signal Hill HOA, Inc, hereinafter referred to as the "Association," a nonprofit membership corporation organized under the Colorado Revised Nonprofit Corporation Act, together with the management and administration of the Covenants (herein the "Covenants") governing certain real property, (herein the "property") located in Teller County, Colorado as more fully described in said Covenants, established by the Covenant Declarant (herein the "Declarant"), to which these Bylaws are appended, **together with the management, maintenance and administration the roads in and providing access for ingress and egress and utilities to said real property.** Unless the context clearly indicates otherwise, all definitions set forth in the Covenants are incorporated herein by reference.

ARTICLE II - NAME, SEAL AND OFFICES

2.1 NAME. The name of this Corporation is SIGNAL HILL HOA, INC.

2.2 SEAL. The seal of this Corporation shall be circular in form and shall have inscribed thereon the name of the corporation and the words, "Corporate Seal, Colorado." The Board of Directors may change the form of the seal or the inscription thereon at pleasure.

2.3 OFFICES. The principal office of the Corporation in the State of Colorado shall be located at 21 E. Willamette Ave., Colorado Springs, CO 80903. The Corporation may have such other offices either within or without the State of Colorado as the Board of Directors may from time to time appoint as the purposes of the Corporation may require.

ARTICLE III. – BOARD OF DIRECTORS

3.1. NUMBER AND QUALIFICATIONS: The affairs of the Association shall be governed by the Board of Directors (herein the "Board"). The Board of directors shall consist of two persons designated by the Declarant, none of whom need be owners of property, until their successors have been elected by the property owners (herein "members"). Thereafter, the Board of Directors shall be composed of three persons, all of whom shall be owners of the property, and accordingly shall be members of the Association and shall be elected by the members.

3.2. GENERAL POWERS: The property, affairs, and business of the Association shall be managed by the Board of Directors, which shall:

3.2.1. **MANAGERIAL PERSONNEL:** Employ all managerial personnel necessary or enter into a managerial contract for the efficient discharge of the duties of the Board of Directors hereunder.

3.2.2. **MAINTENANCE PERSONNEL:** Hire, pay, supervise and discharge the personnel necessary to be employed or contracted with in order to properly maintain and operate the property, including but not limited to road maintenance. Compensation for services of such employees or contractors shall be considered an operating expense of the Association.

3.2.3. **RULES AND REGULATIONS:** The Board of Directors shall have the power to promulgate rules, regulations, resolutions and decisions for the proper and orderly administration, management and conduct of the Association and the property. Any such rules, regulations, resolutions and decisions shall become effective upon notification and notice to the members as hereinafter provided; and the Board of Directors may, but shall not be required to, file such rules, regulations, resolutions and decisions in the records of the Clerk and Recorder of Teller County, Colorado, so long as they are maintained as a part of the books and records of the Association. Notwithstanding the foregoing, no rules, regulations, resolutions or decisions hereafter promulgated by the Board of Directors shall work to diminish or interfere with the interest of any lender or lien holder of any of the property.

3.2.4. **INTERPRETATION:** The powers herein granted or necessarily implied, shall be construed to favor the broadest discretion of the Board of Directors, except that the Board of Directors shall have the duty to exercise all of such powers as required by law.

3.3. **FISCAL RESPONSIBILITY:** The Board of Directors shall be governed by the following with respect to its fiscal duties and responsibilities:

3.3.1. **COMMON EXPENSES:** The Board shall have the duty to collect as "common expenses" assessed against each property owner, a proportionate part of the common expense of the property as provided in the Covenants and as provided by law. The Board shall have the power to estimate the cost in advance on an annual basis and to give notice thereof to the individual property owners (members) in the manner herein provided and the same shall be a lien against each property. Initial annual assessments for maintenance shall be no more than \$150.00 per year per property with an increase of no more than 10% every 3 years. In the event of a catastrophic maintenance need or event the Board reserves the right to impose a special assessment to cover such costs. The payment of such assessments in lump sum or installments shall be as directed by the Board.

3.3.2. **NOTICE OF ANNUAL ASSESSMENT:** The Board shall give notice to each such property owner in writing of the amount estimated by the Board, of common expenses for the management of the Association for the ensuing period, directed to the member at its last address known to the board by ordinary mail. Said notice shall conclusively be presumed to have been delivered five days after deposit in the US Mail. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board, provided, that

nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of an immediate need or emergency. In the event of an immediate need or emergency, the Board may, in its discretion, direct that maintenance or repairs be performed, and thereafter notify the unit owners as herein provided of the amended assessment by reason thereof, and the same shall be a lien against each property.

3.3.3. ACCELERATION OF ASSESSMENT: In the event a member shall default in the payment of an assessment, the Board may accelerate any remaining installments of the assessment upon notice to the member, and the then unpaid balance of the assessment shall come due upon the date stated in the notice to the member.

3.3.4. BANK ACCOUNTS: The Board may establish such bank accounts as it deems necessary for deposit of the monies of the Association. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Board.

3.3.5. INTEREST AND ATTORNEY FEES: The Board, at its option, shall have the right in connection with the collection of any assessments to impose an interest charge at the legal maximum if such payment is made after a date certain stated in the notice to members. In the event that the Board shall deem it necessary to engage in collection of any such assessments or charges by engaging the services of an attorney, the Board may add to said assessments or charges, a reasonable amount for costs and attorney fees, whether or not a Court action is instituted.

3.3.6. EXPENDITURE OF FUNDS: The amount of monies for common expenses and the manner of expenditure thereof shall be a matter for the sole discretion of the Board.

3.3.7. RESERVES: The Board shall not be obligated to expend all of the revenues collected in any accounting period, but may maintain a reasonable reserve for, among other things, emergencies, contingencies or uncollected accounts.

3.3.8. AUDIT: The Board shall submit its books and records to an annual audit by a disinterested CPA who shall audit the same and render a report thereon to the Board and in summary form to the members as may be entitled to same.

3.4. ELECTION AND TERM OF OFFICE:

3.4.1. INITIAL BOARD: The initial Board of Directors shall serve and shall continue in office until their successors are duly elected and installed.

3.4.2. SUBSEQUENT BOARDS: The terms of the Directors shall be one year. Nomination for election to the Board may be made in advance or from the floor at the annual meeting of the members. Election to the Board shall be by written ballot. At such election each member may cast one vote for each position on the Board that is to be filled. The persons receiving the largest number of votes shall be elected. Cumulative Voting is not permitted. Directors shall thereafter be elected at the Association's annual meeting.

3.4.3. REMOVAL: At any duly held regular or special meeting of the members, any one or more members of the Board may be removed with or without cause by a 67% vote of the members present and voting, and a successor may then be elected to fill the vacancy thus created.

3.4.4. RESIGNATION: Any Director may resign at any time by giving written notice of such resignation to the Board. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the remaining Board.

3.4.5. VACANCIES: Vacancies in the Board caused by any reason shall be filled by a vote of a majority of the remaining members of the Board at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the board for the remainder of the term of the member whose term he is filling and until his successor shall be elected.

3.4.6. COMPENSATION: No Director shall receive compensation for any service which he or she may render to the Association. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

3.4.7. QUORUM: At all meetings of the Board, a majority of the members thereof shall constitute a quorum for the transaction of business and the votes of a majority of the members of the Board voting at a meeting at which a quorum is present shall constitute a valid decision. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice.

3.4.8. INFORMAL ACTION: Any action required to be taken at a meeting of the Board 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.

3.4.9. NONWAIVER: All the rights, duties and privileges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Board.

3.4.10. CHAIRPERSON: The President of the Corporation, by virtue of the office, shall be the Chairperson of the Board of Directors.

3.5. MEETINGS OF DIRECTORS:

3.5.1. REGULAR MEETINGS: Regular meetings of the Board shall be held with such frequency and at such time and place as shall be determined by a majority of the Directors.

Notice of regular meetings of the Board shall be given to each Director personally, by mail or by telephone at least seven (7) days prior to the day named for such meeting.

3.5.2. SPECIAL MEETINGS: Special meetings of the Board may be called by the President of the Association, or by any two or more Directors, upon three (3) days notice to each Director, given personally, by mail or by telephone.

3.5.3. MEETINGS BY TELECOMMUNICATIONS: One or more directors may participate in a regular or special meeting by, or conduct the meeting through the use of any means of communication by which all directors participating may hear each other during the meeting. A director participating by this means is deemed to be present in person at the meeting.

ARTICLE IV - OFFICERS

4.1. DESIGNATION: The principal officers of the Association shall be a President, Secretary and a Treasurer. The Board may also appoint such other Vice-President(s) or assistant(s) as in their judgment may be necessary. Any two or more offices may be held by the same person.

4.2. ELECTION OF OFFICERS: The officers of the Association shall be elected annually by the Board of Directors at each annual meeting and such officers shall hold office at the pleasure of the Board.

4.3. REMOVAL OF OFFICERS: Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

4.4. DUTIES OF OFFICERS:

4.4.1. PRESIDENT: The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

4.4.2. VICE-PRESIDENT: The Vice-President, if one is appointed by the Board, shall take the place of the President and perform his 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 shall appoint some other member 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 him by the Board.

4.4.3. SECRETARY: The Secretary shall keep the minutes of all meetings of the members of the Association; he shall have charge of all such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of the Secretary.

4.4.4. TREASURER: The Treasurer shall have the responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies to the credit of the Association in such depositories as may from time to time be authorized by the Board.

4.4.5. OTHER DUTIES AND POWERS: The officers shall have such other duties, powers, and responsibilities as shall, from time to time, be authorized by the Board of Directors.

4.5. COMPENSATION OF OFFICERS: The President and Vice-President shall not receive any compensation for their services except reimbursement for out-of-pocket expenses but may be compensated for services rendered in any other capacity. The Secretary and Treasurer may be compensated for their services if the Board determines that such compensation is appropriate.

ARTICLE V - MEMBERS

5.1. MEMBERSHIP AND VOTING RIGHTS: The requirements and conditions of membership and of voting rights shall be as follows:

5.1.1. MEMBERSHIP: The requirements and conditions of membership and of voting rights shall be as provided herein and in the Covenants. **A property owner who owns real property in the immediate vicinity of property which is already subject to the Covenants, may voluntarily join and consent in writing to becoming a member of the Association and give written consent to having his/her/its property become subject to the rights and duties set forth in the Covenants, the Associations Articles of Incorporation, these Bylaws, and the Rules (hereinafter collectively referred to as the "Association Documents") and applicable laws and statutes; which written consent shall be in such form and substance as prescribed by the Association and shall be recorded in the records of the Clerk and Recorder of Teller County, Colorado and shall bind such owner, his/her/its heirs, successors and assigns forever and shall run with the land as if such property had been originally included as being subject to the Covenants.**

Rights and obligations with respect to voting and all other matters may be set forth in the Association Documents which shall be controlling. Members may only transfer their memberships and any right arising therefrom as permitted by the Association Documents. A member may not resign from the Association, but may be expelled or suspended or have membership terminated as provided by the Association Documents and as provided by law; in which event a member shall remain liable for all assessments, fees, charges and sums whether past, present or future, despite such expulsion, suspension or termination. No votes allocated to a property which is owned by the Association may be cast.

5.1.2. VOTING RIGHTS: Each owner of a parcel of the property which is subject to the Covenants shall have one vote. The affirmative vote of fifty-one percent (51%) of the members

present in person or by proxy at a meeting duly called and held shall be required for decisions and action by the members. If more than one person holds an interest in a parcel of property, they may appoint one of their co-owners as proxy to cast the vote for that parcel. If the owners of such parcel cannot agree as to the manner in which their vote shall be cast when called upon to vote, then they will be treated as having abstained.

5.1.3. ROADS FOR ACCESS: In addition to the general rights and duties associated with membership in the Association, membership specifically provides for the use of all roads managed and administered by the Association as access for ingress and egress and utilities to the properties owned by members of the Association.

5.2. MEETINGS OF MEMBERS:

5.2.1. ANNUAL MEETINGS: The first annual meeting of the Members shall be held within one year from the date of the incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held during the same month of each year thereafter at a place, date and time, within Teller County, Colorado, as the Board may determine.

5.2.2. SPECIAL MEETINGS: The Members of the Association shall hold a special meeting (a) on call of the Board or the person or persons authorized by the Bylaws or resolution of the Board to call such a meeting; (b) if the Association receives one or more written demands for the meeting stating the purpose or purposes for which it is to be held, signed and dated by members holding at least fifty percent (50%) of all votes entitled pursuant to the Bylaws to be cast on any issues proposed to be considered at the meeting.

5.2.3. NOTICE OF MEETINGS: The Association shall give to each member who is entitled to vote at the meeting notice consistent with its Bylaws of meetings of members in a fair and reasonable manner. Notice is fair and reasonable if: the Association notifies the member personally, by mail or by telephone no fewer than ten (10) days nor more than fifty (50) days before a meeting date, stating the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Covenants or Bylaws, any budget changes and any proposal to remove an officer or member of the Board; and in the case of a special meeting, a description of the purpose or purposes for which the meeting is called. If a meeting of members is adjourned to a different date, time or place, additional notice need not be given.

5.2.4. ACTION TAKEN WITHOUT MEETING: Notwithstanding any provision to the contrary, any action required or permitted to be taken at any meeting of members may be taken without a meeting and without prior notice or a vote, if members entitled to vote on a matter unanimously agree and consent to such action in writing.

5.2.5. QUORUM: Members entitled to vote, in person or by proxy, representing at least thirty three (33%) of the total members shall constitute a quorum at any annual or special meeting of the members. If a quorum be not present at such annual or special meeting, then the

members present entitled to vote shall have the power to adjourn the meeting from time to time without notice other than an announcement at the meeting, until a quorum shall be present. At any such delayed meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

5.2.5. CLOSING OF MEMBERSHIP LIST: The Board of Directors may close its membership list for a period not exceeding fifty (50) days and not less than ten (10) days prior to the date of any meeting of members, for purposes of setting the record date for the determination of members entitled to notice of, or to vote at, such meeting. If the membership list is not closed and no record date is fixed by the Board, the date on which notice of the meeting is mailed shall be deemed to be the record date for the determination of members entitled to vote at any such meeting. Persons or entities which become members after the record date shall not be entitled to notice of or to vote at such meeting. The voting list shall not be required to be published.

5.2.6. ORDER OF BUSINESS: The order of business at all meetings of the members shall be as determined by the Board.

5.2.7. MEETINGS BY TELECOMMUNICATIONS: Any or all of the members may participate in an annual or special meeting by, or the meeting may be conducted through the use of any means of communication by which all persons participating in the meeting may hear each other during the meeting. A member participating in a meeting by this means is deemed to be present in person at the meeting.

5.3. TRANSFER OF MEMBERSHIP: Transfers of membership in the Association may be made only incident to the transfer of ownership of property covered by the Covenants as more fully described therein.

ARTICLE VI – NONLIABILITY OF OFFICERS, DIRECTORS AND MEMBERS

6.1. CONTRACTS: Contracts or other commitments made by the Board of Directors or officers shall be made as agent for the Association, and they shall have no personal responsibility on any such contract or commitment.

6.2. INDEMNIFICATION OF OFFICERS AND DIRECTORS: Each officer and director of the Corporation, now or hereafter serving, shall be indemnified by the Corporation against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served in any such capacity, or by reason of any action alleged to have been taken, omitted, or neglected by him or her in any such capacity, to the fullest extent allowable by law. This indemnification shall not reduce or impair any insurance coverage.

6.3. NON-LIABILITY: The directors, officers, employees and Members of the Association are not, as such, personally liable for the acts, debts or obligations of the Association.

ARTICLE VII – COMMITTEES

7.1. The Board of Directors may appoint such committees as deemed appropriate in carrying out its purpose, including, without limitation, an architectural control committee or other committees, and to appoint itself as any committee under the Covenants or by law; and to adopt rules, if any, for procedures and appeals from committees to the Board.

ARTICLE VIII – MISCELLANEOUS

8.1. EXAMINATION OF BOOKS: Each member and each mortgagee of a member's property shall be permitted to examine the books of account of the Board at a reasonable time on business days.

8.2. FISCAL YEAR: The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

8.3. WAIVER: No restriction, condition, obligation or covenant contained in these Bylaws or the Association Documents shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

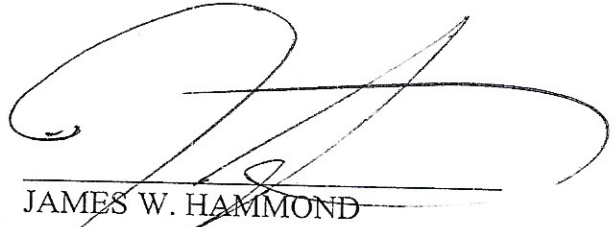
8.4. AMENDMENTS: These Bylaws may be altered, amended, repealed or new Bylaws may be made, at any meeting of the Association duly constituted for such purpose, a quorum being present, by an affirmative vote of 75% of the votes entitled to be cast in person or by proxy. The Board may, but is not hereby required to record any such alteration, amendment, repealed or new Bylaw resolution in the records of the Clerk and Recorder of Teller County, Colorado, so long as the same be maintained in the corporate records of the Association. Notwithstanding the foregoing, no such amendment shall diminish or interfere with the interest of any lienor or mortgagor.

8.5. ENFORCEMENT: The Association shall have the power, at its sole option and discretion, to enforce the terms of this instrument, the Covenants and the Association documents, or any rule or regulation promulgated pursuant thereto by proceedings at law or in equity against any person or persons violating or attempting to violate the same, either to restrain violation or to recover damages. In the event it shall become necessary for the Board to hire an attorney to assist in the enforcement of this instrument, the covenants, any of the Association documents, or any rule or regulation promulgated pursuant thereto, the offending or breaching party shall be responsible for any costs and attorney fees incurred, whether or not a court action be taken.

8.6. CONFLICT: In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Covenants and these Bylaws, the Covenants shall control. In the event of any ambiguity herein, these Bylaws shall be interpreted so as to be in compliance with the Colorado Common Interest Ownership Act or other applicable statute or law and shall not be amended or modified so as to be in conflict with any statute or law.

8.7. SEVERABILITY: Invalidation of any one or more of the provisions of these Bylaws by judgment or court order shall in no wise affect any of the other provisions, which shall remain in full force and effect.

IN WITNESS WHEREOF, being the Directors of SIGNAL HILL HOA, INC., the undersigned have hereunto set their hands this _____ day of _____, 2009.



JAMES W. HAMMOND



SCOTT L. MOSHER