

BYLAWS OF
MASTERS CLUB HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Name and Location

The name of the corporation is Masters Club Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the Association shall be located at 538 Commons Drive, Golden, Colorado 80401, but meetings of the Members and Directors may be held at such places within the Castle Rock and Denver metropolitan areas, State of Colorado, as may be designated by the Board of Directors.

ARTICLE II

Definitions

Terms used herein shall have the same meanings and definitions as they have in that certain Declaration of Covenants, Conditions, and Restrictions of Masters Club (the "Declaration") as if said Declaration were set forth at length herein.

ARTICLE III

Meetings of Members

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held in the same month of each year as the month in which the first annual meeting was held, the specific date, time, and location thereof to be designated by the Board of Directors from time to time.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid,

at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purposes of notice. Such notice shall specify the place, day, and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of the Members or proxies entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Declaration, the Articles of Incorporation, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. 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 and/or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Mortgagees. All First Mortgagees of Lots shall have the right to designate a representative to attend all meetings of Members.

ARTICLE IV

Board of Directors; Selection; Term of Office

Section 1. Number. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons who need not be Members of the Association. The number of Directors may be increased or decreased by amendment to these Bylaws; provided, however, that the number of Directors shall not be reduced to less than three (3) nor increased to more than nine (9).

Section 2. Term of Office. At the first meeting of the Association, the members shall elect three (3) Directors

in the following manner: the term of office of one (1) Director shall be fixed for three (3) years, the term of office of one (1) Director shall be fixed for two (2) years, and the term of office of one (1) Director shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, as long as there are three (3) Directors, his successor shall be elected to serve a term of three (3) years. If the number of Directors is increased, each year the number of Directors elected shall be such that the terms of at least one-third (1/3) of the Directors shall expire. Except as is otherwise provided by these Bylaws, the Directors shall hold office until their successors have been elected and held their first meeting. No Director shall be entitled to receive any compensation for the performance of his duties, but shall be entitled to reimbursement for expenses incurred by him and approved by the Board. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members. Election to the Board of Directors shall be made by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Notwithstanding anything contained herein to the contrary, Declarant shall be entitled to appoint the members of the Board of Directors until one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75%) of the Lots within the Property, as it may be expanded, to owners other than Declarant or until the fifth anniversary of the recording of the Declaration, whichever occurs first unless Declarant shall sooner relinquish this right.

Section 3. Removal. Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of each class of Members, provided that, so long as

there is Class B membership, Declarant may remove and replace any Director who is serving in such capacity as a result of being an officer, director, or employee of the Declarant. In the event of death, resignation, or removal of a Director, except removal by Declarant, as aforesaid, his successor shall be selected by the remaining Members of the Board of Directors, whether or not such remaining Member(s) constitute a quorum, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. 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.

ARTICLE V

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may be fixed from time to time by resolution of the Board without notice, but in any event, there shall be at least two (2) meetings every year. Should any or said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by a majority of the Directors after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting of the Board of Directors at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof.

(b) Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended for a period not to exceed sixty (60) days for infraction of published rules and regulations of the Association.

(c) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

(d) Declare the office of a Member of the Board of Directors to be vacant in the event such member shall be absent from three (3) regular meetings of the Board of Directors during any one (1) year period.

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties, provided that any agreement for professional management of the Association's business must provide for termination by either party with or without cause and without payment of a termination fee upon thirty (30) days' prior written notice, and shall have a maximum term of one (1) year. Further, each and every management contract made between the Association and a manager or managing agent during the period when the Declarant or other developer controls the Association shall terminate absolutely, in any event, not later than thirty (30) days after the termination of the Class B membership pursuant to the terms of Section 2 of Article III of the Declaration. All such management contracts entered into by the Association with a manager or managing agent during the period of control by the Declarant or other developer shall be subject to review and approval by the Federal Housing Administration for the U.S. Department of Housing and

Urban Development or the Veterans Administration, if such review is required. The provisions of this paragraph shall be contained, verbatim, in each and every such management contract.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote thereat.

(b) Supervise all officers, agents, and employees of this Association and see that their duties are properly performed.

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(2) Foreclose the lien against any Lot for which assessments are not paid within ninety (90) days after the due date, or bring an action at law against the Owner(s) personally obligated to pay the same.

(d) Issue or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain insurance, as more fully provided in Article VI of the Declaration.

(f) Cause the Common Area to be maintained.

(g) Notify in writing the First Mortgagee of any Lot, upon written request, when the Owner thereof is in default in the payment of any assessment, or otherwise in default of any obligation under the Declaration, the Articles of Incorporation, or these Bylaws and the

Board of Directors has actual knowledge of such default and said default has not been cured within sixty (60) days.

ARTICLE VII

Rights of the Association

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

ARTICLE VIII

Officers and Their Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a President and a Vice President who shall at all times be Members of the Board of Directors, and a Secretary, a Treasurer, and such other officers as the Board may from time to time create by resolution.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors. Each shall hold office for one (1) year unless the officer shall sooner resign, shall be removed, or shall otherwise be disqualified to serve.

Section 4. Special Appointments. The Board of Directors 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 determine from time to time.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Association. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. 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 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments; and shall co-sign or authorized a designated agent to co-sign all promissory notes and checks of the Association.

(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 of Directors.

(c) Secretary. The Secretary or designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses; 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 shall disburse such funds as directed by resolution of the Board of Directors; shall sign or authorize a designated agent to sign all promissory notes and checks of the Association; shall keep proper books of account; shall 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 of Directors, an annual review or audited financial statement may be required; and shall prepare an annual budget to be presented to the membership at its regular annual meeting, and deliver a copy to the Members.

ARTICLE IX

Committees

The Board of Directors or Declarant, as more fully provided in the Declaration, shall appoint an Architectural Review Committee. In addition, the Board of Directors shall appoint a Nominating Committee as provided in these Bylaws. Further, the Board of Directors may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE X

Books and Records

The Association shall make available to Owners, First Mortgagees of Lots, and insurers and guarantors of any such First Mortgages current copies of the Declaration, the Articles of Incorporation, these Bylaws, the rules and regulations, books, records, and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday hours or under other reasonable circumstances.

ARTICLE XI

Assessments

As more fully provided in the Declaration, each Member is obligated to pay assessments to the Association, which assessments are secured by a continuing lien upon the property against which the assessment is made. Any assessment or portion thereof which is not paid when due shall be delinquent. Any assessment or portion thereof which is not paid within ten (10) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum or such other rate of interest as the Board of Directors may specify from time to time, and the Association may assess a monthly late charge thereon. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot; and in the event a judgment is obtained, such judgment shall include interest and late charges on the assessments, as provided above, and reasonable attorneys'

fees to be fixed by the court, together with the costs of the action. No Owner may waive or otherwise escape liability for the assessments provided for in the Declaration by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII

Amendments

These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy; provided, however, that the Federal Housing Administration of the U.S. Department of Housing and Urban Development or the Veterans Administration shall have the right to veto amendments while there is a Class B membership if such right of review and veto is applicable.

ARTICLE XIII

Conflicts of Provisions

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

ARTICLE XIV

Indemnification of Directors and Officers

The Association shall indemnify every director, officer, agent, member of the Architectural Control Committee, and employee, and any former director, officer, agent, member of the Architectural Control Committee, and employee against all loss, costs, and expenses, including attorneys' 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, member of the Architectural Control Committee, 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, member of the Architectural Control Committee, or employee may be entitled.

ARTICLE XV

Miscellaneous

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

Adopted this 17th day of December, 1985, by the Board of Directors of Masters Club Homeowners Association, Inc.

By Delores L. Chase
Secretary