

BY-LAWS

OF

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DISCOVERY HOMEOWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is DISCOVERY HOMEOWNERS ASSOCIATION, a Colorado not for profit corporation, hereinafter referred to as the "Association." The principle office of the Association shall be located at the residence of the incumbent Board Director serving as president of the Association. Such address shall be made known to the Owners and Members within two (2) weeks of the initial Board meeting after the annual Association meeting and may be publicized to the Owners in the form of an Association Newsletter. Meetings of Members and Directors may be held at such places within the State of Colorado, County of El Paso, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "ASSOCIATION" shall mean and refer to Discovery Homeowners Association, its successors and assigns.

Section 2. "PROPERTIES" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "COMMON AREA" shall mean all real property which may be acquired by the Association for the common use and enjoyment of the Owners, including any Common Area acquired by annexation of additional Properties.

Section 4. "LOT" shall mean and refer to any plot of land shown upon any recorded subdivision map and maps of the Properties with the exception of the Common Area.

Section 5. "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 6. "DECLARANT" shall have no meaning under the terms of these revised By-Laws and Declaration of Covenants as all rights

previously conferred to Declarant have passed to the Association and the Owners.

Section 7. "LIVING UNIT" shall mean and refer to any portion of the building situated upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 8. "DECLARATION" shall mean and refer to the Declaration of Covenants, Conditions and restrictions applicable to the properties recorded in the office of the El Paso County Clerk and Recorder, including any amendments thereto.

Section 9. "MEMBER" shall mean and refer to those persons entitled to membership as provided in the Declaration of Covenants, Conditions and Restrictions.

ARTICLE III MEETING OF MEMBERS

Section 1. "ANNUAL MEETING" The annual meeting of the Members shall be held in the Month of November, and each subsequent regular annual meeting of the Members shall be held on the same day of the month of each year thereafter. Each regular annual meeting of the Members shall be held at 7:00 o'clock P.M. If the day for the annual meeting is a legal holiday, the annual meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. "SPECIAL MEETING" 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 one-fourth (1/4) of the Members who are entitled to vote.

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 purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the purpose of the meeting.

Section 4. "QUORUM" The presence at the meeting of Members entitled to cast, or of the proxies entitled to cast, one-tenth (1/10) of the votes shall constitute a Quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. 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 be represented.

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.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. "NUMBER" The affairs of this Association shall be managed by a Board of six (6) directors, who shall be Members of the Association.

Section 2. "TERM OF OFFICE" At the first annual meeting of the Members, held during the year 1980, the Members shall elect six (6) directors: two (2) to serve for a one (1) year term; two (2) to serve for a two (2) year term; and two (2) to serve for a three (3) year term. Thereafter, in each year, two (2) new directors will be elected each year so that there will be overlapping terms.

Section 3. "REMOVAL" Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his/her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

Section 4. "COMPENSATION" No director shall receive compensation for any service he/she may render to the Association. However, any director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

Section 5. "ACTION TAKEN WITHOUT A MEETING" The directors shall have the right to take action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. "NOMINATION" 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 Chairperson, 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 the 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 of the Association.

Section 2. "ELECTION" Election to the Board of Directors shall be 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.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. "REGULAR MEETINGS" Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting 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 any two (2) 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 at which a Quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. "POWERS" The Board of Directors shall have power to:

Adopt and publish rules and regulations governing the use of Common Areas and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

Suspend the voting rights and right to use of the recreational facilities 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 after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

- (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 By-Laws, the Articles of Incorporation, or the Declaration of Covenants, Conditions and Restrictions;

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) consecutive regular meetings of the Board of Directors; and

Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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

Cause to be kept a complete record of all of its acts and corporate affairs and to 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 Members who are entitled to vote;

Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

As more fully to the Declaration of Covenants, Conditions and Restrictions 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) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
- 3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or bring an action at law against the Owner personally obligated to pay the same.

Issue, or to cause an appropriate officer 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 for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

President

The president shall preside at all meetings of the Board of Directors, 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 all checks and promissory notes.

Vice-President

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

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

- (d) The treasurer 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 all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX
COMMITTEES

Section 1. The Association may appoint an Architectural Control Committee, as provided in the Declaration, and shall appoint a Nominating Committee, as provided by these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XIII
AMENDMENTS

Section 1. These By-Laws 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.

Section 2. In case of any conflict between the Declaration of Covenants, Conditions and Restrictions and these By-Laws, the Declaration shall control.

ARTICLE XIV
INCORPORATION OF DECLARATION

Section 1. Reference made herein to the Declaration is to the Declaration of Covenants, Conditions and Restrictions of the Discovery Filings 1 through 9 and their amendments as recorded in the Books and Records of El Paso County, State of Colorado, which Declarations and their amendments are incorporated herein as though fully set forth.

ARTICLE XV
MISCELLANEOUS

Section 1. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the DISCOVERY HOMEOWNERS ASSOCIATION, a Colorado not for profit corporation and,

THAT the foregoing By-Laws constitute the original or duly revised By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 10th day of November, 1994.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 10th day of November, 1994.



Secretary