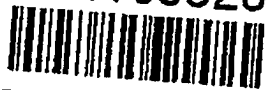


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**BY-LAWS
OF
STRATMOOR HEIGHTS HOME OWNERS ASSOCIATION, INC.
A NON-PROFIT CORPORATION**

ARTICLE I

Name and Location

The name of the corporation is Stratmoor Heights Home Owners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 9475 Briar Village Point, Colorado Springs, CO 80920, but meetings of members and directors may be held at such places as may be designated by the Board of Directors.

ARTICLE II

Definitions

Section 1. "Association" shall mean and refer to Stratmoor Heights Home Owners Association, Inc., a Colorado non-profit corporation, its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described in Exhibit A, attached hereto and incorporated herein by reference.

Section 3. "Common Area" shall mean all real property now or hereafter owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property which is used or intended for use as a residential dwelling site, but does not include the Common Areas, private streets, easements or right-of-way and common parking areas.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including owners who have sold on contract, but have not conveyed their fee interest, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Sunshine Home Development, Inc., a Colorado Corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property and as recorded in the office of the Clerk and Recorder of El Paso County, Colorado.

Section 8. "Member" shall mean and refer to every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessments by the Association, including owners who have sold on contract but have not conveyed their fee interest.

ARTICLE III

Membership and Voting Rights

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant Sunshine Home Development, Inc. and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant Sunshine Home Development, Inc. and shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on January 1, 2006.

ARTICLE IV

Meeting of Members

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association. Subsequent annual meetings of members shall be held during the month of March, the date and time as determined by the Board of Directors, such to allow the presentation of the annual financial statement and annual budget to the members. Meetings shall be held within the State of Colorado at such place as shall be determined by resolution of the Board of Directors.

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 of all 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, not less than ten days nor more than fifty 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 the 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 proxies entitled to cast, ten percent of the votes of each class of membership 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 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, 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. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

ARTICLE V

Board of Directors: Selection: Term of Office

Section 1. Number. The affairs of this Association shall be managed by a Board of three Directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one Director for a term of one year, one Director for a term of two years, and one Director for a term of three years; thereafter, at each annual meeting, Directors shall be elected as their terms expire for a period of three years.

Section 3. Removal and Vacancies. 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 successor shall be selected by the remaining members of the Board 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 the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

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 Chairman, who shall be a member of the Board of Directors, and two 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. 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.

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.

ARTICLE VII

Meeting 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. Meetings shall be held within the State of Colorado at such place as shall be determined by resolution of the Board of Directors.

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 Directors, after not less than three 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 VIII

Powers and Duties of the Board of Directors

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

- (a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) 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 of hearing, for a period not to exceed thirty 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;
- (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 consecutive regular meetings of the Board of Directors; and
- (e) Employ a manager, an independent contractor, or such other employee as they deem necessary, and to prescribe their duties.

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 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 of the Class A members who are entitled to vote as defined in the Articles of Incorporation.
- (b) Exercise general supervision of the affairs of the Association;

- (c) As more fully provided in the Declaration, to;
- (1) Fix the amount of the annual assessment against each Lot at least thirty days in advance of each annual assessment period;
 - (2) Send written notice of each assessment to every owner subject thereto at least thirty days in advance of each annual assessment period; and
 - (3) Foreclose the lien against any property for which assessments are not paid within thirty days after due date or to bring an action at law against the Owner personally obligated to pay same.
- (d) 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 certificates shall be conclusive evidence of such payment;
- (e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) Cause the Common Area to be maintained.
- (h) Assume the responsibilities, duties, obligations and benefits of "Landlord" under unrecorded Sign Lease wherein Lamar Sign Company is "Tenant" including but not limited to collecting the rents due thereunder.

ARTICLE IX

Officers and their Duties

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

Section 2. Election of Officers. Officers shall be elected by the Directors at the organizational meeting and annually at the first meeting of the Board of Directors after each annual meeting of the members.

Section 3. Term. The officers of this Association shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

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

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

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:

President

- (a) 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

- (b) The Vice-President shall act in the place and stand in for the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

- (c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keeping 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 the 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 audit of the Association books to be made by a public accountant at any time upon resolution passed by majority vote of total members eligible to vote in the Association; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X

Committees

The Association shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member from the Board of Directors or any Officer of the Association.

ARTICLE XII

Assessments

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent per annum, and the Association may bring an action of law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIII

Corporate Seal

The Association shall have a Seal in circular form having within its circumference the words: Stratmoor Heights Home Owners Association, Inc., the state of incorporation, Colorado, and the word "Seal".

ARTICLE XIV

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, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

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 of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVI

Excess Funds

Not less than once each calendar year, the members shall receive an accounting of assessment receipts and disbursements since the last accounting. If such accounting shows that a surplus of cash results from assessments, the membership shall vote as to whether to refund all or part of such surplus to the members or whether to have the excess assessments carried over to reduce future assessments.

All assessments and dues are declared to be trust funds. The Association shall receive all assessments and dues as trustee for the various owners and shall apply said funds solely for care and maintenance as provided for in the Declaration of Covenants, Conditions and Restrictions. Upon sale or transfer of any lot by any owner, the owner's interest in the trust fund shall be deemed automatically transferred to and thereafter owned by the successor or transferee of such owner.

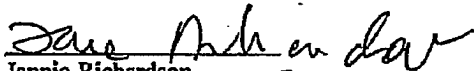
ARTICLE XVII

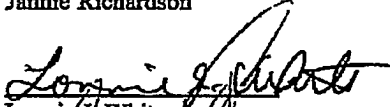
Director Indemnity

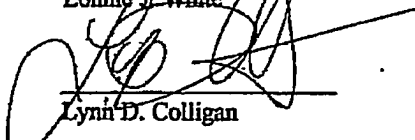
Every person heretofore, now, or hereafter serving as a Director, Officer, or employee of the Corporation shall be indemnified and held harmless by the Corporation from and against any and all loss, cost, liability and expense that may be imposed upon or incurred by him in connection with or resulting from any claim, action, suit or proceeding, civil or criminal, in which he may become involved as a party or otherwise by reason of his being or having been a Director, Officer, or employee of the Corporation, whether or not he continues to be such at the time such loss, cost, liability or expense shall have been imposed or incurred; provided, however, that no such person shall be entitled to indemnity hereunder unless the Board of Directors of the Corporation determines in good faith that such person was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interest of the Corporation or its shareholders. As used herein, the terms "loss, cost, liability and expense" shall include all expenses incurred in the defense of such claim, action, suit or proceeding and the amounts of judgments, fines or penalties levied or rendered against any such person. Payments authorized hereunder include amounts paid and expense incurred in settling any claim, action, suit or proceeding may be advanced by the Corporation prior to the final disposition thereof upon receipt of an undertaking satisfactory in form and amount to the Board of Directors by or on behalf of the recipient to repay such amount unless it is ultimately determined that he is entitled to Indemnification. The foregoing right of Indemnification shall be deemed exclusive of any rights to which any person may be otherwise entitled by contract or as a matter of law.

In WITNESS WHEREOF, we, being all of the Directors of Stratmoor Heights Home Owners Association, Inc., have hereunto set our hands this 21 day of

June, 2004.


Jannie Richardson


Lonnie J. White


Lynn D. Colligan