

BYLAWS
of
SUNSET MESA NEIGHBORHOOD ASSOCIATION

These Bylaws supplement the Articles of Incorporation of the Sunset Mesa Neighborhood Association in regard to the management of the affairs and conduct of the business of the Corporation.

ARTICLE I

Name. The name of this corporation is the Sunset Mesa Neighborhood Association (hereinafter referred to as the "Corporation" or "SMNA"), a non-profit corporation organized under Title 7 of the Colorado Revised Statutes.

ARTICLE II

Purpose. The Corporation is formed to promote and protect the environment that enhances the quality of life for people in the community defined as the Sunset Mesa subdivision in the city of Colorado Springs, El Paso County, Colorado.

ARTICLE III

Members. Any resident or owner of property in the Sunset Mesa subdivision is eligible for membership in the Corporation in one of two membership categories. Membership shall be voluntary, and be granted with the rights, privileges, and obligations as set forth in the Sections below.

Section 1. Category 1, Eligible Owners. Any owner of a fee simple interest (ownership with unrestricted rights of disposition) in a residential lot (improved, with residence; or unimproved, without residence) in the Sunset Mesa subdivision shall be eligible for membership in the Corporation as a Category 1 Member. A fee simple interest in one property may be held singly, jointly, or severally, with each of the parties being eligible as a member. Ownership by one individual of more than one fee-simple interest shall not be an entitlement to more than one membership in the Corporation.

Section 2. Category 2, Eligible Non-owners. Any resident who is party to a rental contract or lease for a residence in the Sunset Mesa subdivision shall be eligible for membership in the Corporation as a Category 2 Member.

Section 3. Application for Membership. Membership in the Corporation shall be granted to any eligible resident who executes a membership application stating their endorsement of the purposes of this Corporation and agreeing to abide by its Bylaws, and the Protective Covenants, Restrictions, and Easements (hereinafter referred to as "Declarations") in effect for the subdivision filing within which the applicant's residence or property is located.

Section 4. Termination of Membership. A member of the Corporation may terminate membership at any time by giving written notice thereof to the Secretary of the Corporation. Membership of any party shall terminate automatically upon the sale or transfer of their interest in Sunset Mesa subdivision property to another party. Termination of membership shall not be considered to be a release from the member's share of any financial obligations incurred by the Corporation prior to the termination date.

Section 5. Membership List. A list of all members of the Corporation shall be maintained by the Secretary. Members who are current with payment of membership fees shall be deemed to be in good standing. The list shall be available for inspection by any member of the Corporation at any reasonable time.

Section 6. Membership Fees. Members of the Corporation shall pay an annual fee which will be used to defer routine expenses of operation. The fee shall be applied to each residential lot irrespective of the number of owners thereof. Owners of more than one residential lot shall be charged a membership fee only for the first lot. For Category 1 members, the annual fee in the Corporation's first year shall be \$20.00; for Category 2 members, the annual fee shall be \$10.00. The annual fees for succeeding years shall be determined and set by the Board of Directors annually.

Section 7. Special Assessments. The members of the Corporation may, from time to time, agree to incur a financial obligation or expense in the conduct of its business that would exceed the funds available from collection of annual membership fees. Funds for such obligation may be raised by allocating the cost equally among the members of the Corporation as a special assessment, which may become due and payable within 90 days. Special assessments shall not become effective without the consent of at least three-fourths of the members of the Corporation. Upon registering an affirmative vote, any special assessment shall become effective on the thirty-first day following the day of the vote; on that day, each member's share of the special assessment shall be recognized as a financial obligation for all members of the Corporation. In the event that a sufficient number of members of the Corporation resign their membership, pursuant to Section 4 above, so as to cause the assessment on the remaining members to increase by 10% or more, the Board of Directors shall suspend imposition of the assessment until a special meeting of the membership at which the matter shall be reviewed and subjected to another vote. Approved special assessments shall expire on the day of the Corporation's annual meeting, and may be renewed only by a vote of the membership as provided herein.

Section 8. Meetings. Members of the Corporation shall meet annually and as requested by the Board of Directors to consider any issue properly brought forward either by the Board or by members of the Corporation. The annual meeting shall be held in the month of September. Written notification of meetings, including time, place, and an agenda, shall be provided to all members at least ten days in advance. All meetings shall be held in the City of Colorado Springs, and shall be open to any member of the Corporation. Meeting minutes shall be taken, and when approved by the Board of Directors, shall become part of the permanent record of the affairs of the Corporation. A quorum for Corporation meetings shall be at least twenty-five percent (25%) of the membership, present in person at the meeting. If such quorum is not present at any meeting, no vote(s) shall be taken, and the meeting shall be adjourned without notice other than announcement at the meeting.

Section 9. Meetings Called by Members. Special meetings of the members of the Corporation may be called by presentation to the Board of Directors of such a request signed by at least one-twentieth of the membership. The request shall identify the purpose of the meeting and other pertinent information that would be included in any notice provided to the membership.

ARTICLE IV

Voting Rights. The members of the Corporation shall decide the issues presented to them by the Board of Directors by ballot in accordance with the provisions set forth below. The process for presentation of issues is prescribed by the Sunset Mesa Neighborhood Association Articles of Incorporation and Title 7, Articles 20 to 28 of the Colorado Revised Statutes.

Section 1. Category 1 Members. Category 1 members of the Corporation shall be entitled to cast one ballot per residential lot on issues related to amendments to the Corporation's Articles of Incorporation and Bylaws; and to enforcement of the Declarations in effect for the various filings of the Sunset Mesa subdivision. Issues relating to the above must be decided by affirmative ballots from two-thirds of the membership, either present in person, by absentee ballot or by proxy.

Other such matters, not identified elsewhere in the Bylaws, that are properly presented to the membership for resolution shall be decided by affirmative ballots from a majority at the meeting, either present in person, by absentee ballot or by proxy.

Ownership of more than one residential lot by a member shall not entitle that member to more than one ballot per issue.

Section 2. Category 2 Members. Category 2 members of the Corporation shall not be entitled to cast a ballot on any issue presented to the membership.

Section 3. Absentee Voting. Any member of the Corporation may convey an absentee ballot to any meeting of the Corporation where said member is entitled to vote. The absentee ballot shall be counted as the member's vote(s) on the resolution or resolutions presented to the membership for voting.

Section 4. Proxy Voting. A member of the Corporation may designate in writing another member of the Corporation to cast vote(s) on his/her behalf at any regularly scheduled meeting of the Corporation or at any special meeting called to discuss any particular issue.

Such proxy shall be filed with the Secretary or a designated Board Member before or at the time of the meeting. No proxy shall be valid after 30 days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting.

A member may give his/her proxy only to another member and no person may hold more than one proxy at any meeting.

The presence of a member at a meeting shall revoke a proxy theretofore executed by him/her and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he/her had not executed a proxy.

The minutes of each meeting shall contain a list of the members represented by proxy and of their respective proxies.

ARTICLE V

Board of Directors. The responsibility for conduct of the business of the Corporation shall be vested in a Board of Directors. The Board shall be constituted so as to be representative of the members of the Corporation, with authority and responsibility as defined below.

Section 1. Number of Directors. The Board of Directors shall initially consist of four directors for the purpose of establishing the Corporation; and, thereafter, shall consist of no fewer than seven and no more than fifteen directors who shall be elected at the first annual meeting of the Corporation. The Board shall be constituted by members of the Corporation so as to ensure adequate representation of all filings within the Sunset Mesa subdivision. The Board of Directors may be expanded to serve the needs of the membership by revision of these Bylaws and the Articles of Incorporation.

Section 2. Term of Office. The initial Board of Directors shall serve until the Corporation's first annual meeting. Thereafter, Directors shall serve three-year terms, effective with the election at the annual meeting of the members of the Corporation, except as provided herein. Terms of directors shall be staggered such that no more than five directors' terms expire in any one year. At the first annual meeting, the terms of directors shall be determined through a lottery.

Section 3. Qualifications. Any natural person and member of the Corporation in good standing may serve as a director. All directors must demonstrate dedication to the business of the Corporation by attending the meetings scheduled to transact business of the Corporation. Reports of attendance at scheduled meetings shall be given at the annual meeting of the members of the Corporation.

Section 4. Nominations. Names of candidates for the Board of Directors shall be presented to the Secretary of the Corporation no later than 15 days before the Corporation's annual meeting to allow time to prepare ballots for the election. Nominations for Director may be made from the floor at the Corporation's annual meeting. Such nominations may be made by the candidate or by any other member in good standing provided that the nominee is present and accedes to the nomination. Names of such nominees shall be acceptable as write-in candidates for the election.

Section 5. Election. Members of the Board of Directors shall be elected at the annual meeting of the Corporation. Each member of the Corporation is entitled to one vote for each director to be elected; cumulative voting for directors shall not be allowed. Those nominees receiving the highest number of votes shall be elected in descending order until all director seats have been filled. Ballots for election of directors shall be distributed at least 10 days in advance of the Corporation's annual meeting.

Section 6. Quorum for Election of Directors. For the election of directors at the annual meeting of the members of the Corporation, a quorum, as defined in ARTICLE III, Section 8 of these Bylaws, shall be entitled to vote for directors either present in person, by absentee ballot or by proxy.

Section 7. Resignation, Vacancies, and Removal. Any director may resign by submitting a written resignation to the President or Secretary of the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a future date. The Board may, at its discretion, appoint a member of the Corporation to fill the vacancy until the next annual meeting where a successor may be elected for the unexpired term.

A verbal resignation may be tendered to the President or Secretary of the Corporation and must be recognized by an affirmative vote of the Directors at the next Board meeting.

Any Officer or Director may be removed as provided under Title 7 of the Colorado Revised Statutes.

Vacancies in any office may be filled by the Board at its next meeting.

Section 8. Meetings. The Board of Directors shall meet immediately after the Corporation's annual meeting for the purpose of electing officers and for setting a date for their first quarterly meeting. Thereafter, the Board of Directors shall meet every quarter and on occasion, as requested by any director or as provided by Title 7 of the Colorado Revised Statutes, to consider routine and special business. All meetings shall be held in the City of Colorado Springs, and shall be open to any member of the Corporation. Meeting minutes shall be taken, and when approved by the Board of Directors, shall become part of the permanent record of the affairs of the Corporation. A quorum, defined as a majority of directors, shall be present in order to make decisions for the Corporation. If such quorum is not present at any meeting, no vote(s) shall be taken, and the meeting shall be adjourned without notice other than announcement at the meeting.

Section 9. Resolutions. Issues that must be decided by a vote by the members of the Corporation shall be prepared in the form of a resolution by the Board of Directors. Issues that may be decided by the Board of Directors shall be put to a vote and decided by a simple majority of those directors present.

Section 10. Financial Audit. The Board of Directors may, from time to time, or when requested by the membership, initiate an audit of the Corporation's financial affairs. A report of the findings of the audit shall be prepared for the Corporation's permanent records, and presented to the members at the annual meeting.

ARTICLE VI

Officers. The administrative affairs of the Corporation shall be conducted by Officers as provided below. These officers shall be responsible to the members of the Corporation through its Board of Directors.

Section 1. Titles. The Officers of the Corporation shall consist of a President, Vice President, Secretary, and Treasurer.

Section 2. Qualifications. Any Category 1 member of the Corporation who is a natural person and in good standing shall be eligible to serve as an officer of the Corporation. Officers shall also be directors of the Corporation.

Section 3. Election. Officers shall be elected by the Board of Directors at the first meeting of the Board immediately following the Corporation's annual meeting. Election of each officer shall be by majority vote of the Board members present.

Section 4. Term of Office. Officers shall serve one-year terms beginning with their election at the first Board of Directors meeting following the annual meeting of the members of the Corporation.

Section 5. President. The principal administrative officer for the Corporation shall be the President. The President shall sign all legal instruments or documents on behalf of the Corporation as directed by the Board of Directors; the President shall also be authorized to sign checks issued by the Corporation. The President shall perform all duties as prescribed by these Bylaws and by the Board of Directors.

Section 6. Vice President. In the absence of the President, the Vice President shall perform the duties of the President. The Vice President shall also perform the duties assigned by the President and by the Board of Directors.

Section 7. Treasurer. Responsibility for all funds of the Corporation shall be vested in the Treasurer. The Treasurer shall receive and provide receipts for money due and payable to the Corporation from any source; shall deposit all such money in the name of the Corporation in a bank; shall issue and sign checks in the name of the Corporation as directed by the Board of Directors; shall prepare an annual report of the financial status of the Corporation; shall perform all duties required by these Bylaws and assigned by the Board of Directors.

Section 8. Secretary. Responsibility for maintaining the records and documents of the Corporation shall be vested in the Secretary. The Secretary shall also provide official notice of all meetings of the Corporation and Board of Directors; and shall maintain a listing of the names and addresses of all members of the Corporation and their status; and shall perform all duties required by these Bylaws and assigned by the Board of Directors.

Section 9. Executive Committee. The Executive Committee, consisting of the President, Vice President, Treasurer and Secretary of the Corporation, shall transact emergency business and have general supervision of SMNA affairs in the interim between Board meetings. Action by the Executive Committee shall be binding upon ratification by the Board of Directors.

ARTICLE VII

Committees. The President with Board of Directors approval shall establish committees as desired to address certain issues or situations during the conduct of the business of the Corporation.

Section 1. Committee Leader. The President with Board of Directors approval shall appoint a member of the Corporation as the Leader of each committee established. The leader shall coordinate with the President of the Corporation in soliciting volunteers for serving on the committee, and in the performance of its work.

Section 2. Reports. All committee leaders shall provide a written report of their committee's activities to the Board of Directors for the quarterly Board meetings or as otherwise prescribed by the Board of Directors.

ARTICLE VIII

Parliamentary Authority. The procedures for conduct of all Sunset Mesa Neighborhood Association meetings, Board of Directors meetings, and all Officers and Committee meetings shall be those set forth in Roberts Rules of Order.

ARTICLE IX

Amendments. These Bylaws may be amended by ballot at an annual or special meeting of the Corporation by the consent of two-thirds of the membership of the Corporation, either present in person, by absentee ballot or by proxy.

ARTICLE X

Dissolution, Merger, and Consolidation. The Corporation may be dissolved, merged, or consolidated in accordance with applicable law and the procedures described herein.

Section 1. Dissolution. A motion for dissolution of the Corporation shall be presented to the members of the Corporation as a resolution of the Board of Directors. To become effective, this resolution must be ratified in a ballot by two-thirds of the membership, either present in person, by absentee ballot or by proxy, at a meeting of members.

Section 2. Merger. A motion for merger of the Sunset Mesa Neighborhood Association with any other existing homeowners' association shall be presented to the members of the Corporation as a resolution of the Board of Directors. The resolution shall set forth the purpose of such merger, and the process for adoption of new Articles of Incorporation and Bylaws for the new organization. To become effective, this resolution must be ratified in a ballot by two-thirds of the membership, either present in person, by absentee ballot or by proxy, at a meeting of members.

Section 3. Consolidation. A motion for consolidation of the Corporation into an entity with reduced geographic boundaries shall be presented to the members of the Corporation as a resolution of the Board of Directors. The resolution shall set forth the new boundaries and the estimated membership of the new entity. To become effective, this resolution must be ratified in a ballot by two-thirds of the membership, either present in person, by absentee ballot or by proxy, at a meeting of members.

Section 4. Implementation Plan. Upon ratification of a resolution for dissolution, merger, or consolidation of the Corporation, the Board of Directors shall prepare a plan for implementation. The plan shall provide for the satisfaction of all debts and financial obligations of the Corporation from the cash and other assets available. The plan shall also provide for an orderly transition of the Corporation to its final state as directed by the membership.

Section 5 Special Assessments. Disbursements for special assessments shall be terminated in accordance with the resolution of the Board of Directors as ratified by the membership. The amounts collected from members shall be returned to them after deduction of each member's pro-rata share of the incurred expenses. Members' unpaid pro-rata share of incurred expenses shall remain as an obligation of those members.

Section 6. Disposition of Assets. The remaining assets of the Corporation after deduction of all debts, expenses, and other obligations shall be distributed, to organizations exempt under Internal Revenue Code section 501 (c)(3) or 501(c)(4).

END