

BYLAWS
OF
SKYESTONE COMMUNITY ASSOCIATION, INC.

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BYLAWS
OF
SKYESTONE COMMUNITY ASSOCIATION, INC.

ARTICLE 1 - GENERAL

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of Skyestone Community Association, Inc. (the "Association"), an age-qualified community of housing for persons fifty-five (55) years of age or older. The Association has been organized as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act, Articles 121 to 137, Title 7, C.R.S., as amended (the "Nonprofit Corporations Act"), to be and constitute the Association under the Declaration of Covenants, Conditions and Restrictions for Skyestone Community Association, Inc., (the "Declaration"), as amended from time to time. The Declaration has been executed by Taylor Morrison of Colorado, Inc., a Colorado corporation (the "Declarant"). The Declaration relates to real property located in the City and County of Broomfield, Colorado, that becomes annexed and subject to the Declaration (the "Community").

1.2 Terms Defined in Declaration. Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition as in the Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of Nonprofit Corporations Act, the Act, the Declaration and the Articles, as any of the foregoing may be amended from time to time.

ARTICLE 2 - OFFICES

2.1 Principal Office. The Board of Directors, in its discretion, may fix and may change, from time to time, the location of the principal office of the Association. The initial principal office and mailing address of the Association are as set forth in Article II of the Articles of Incorporation.

ARTICLE 3 - MEMBERS

3.1 Members. A "Member", as defined in the Declaration, is the Person, or if more than one, all persons collectively, who constitute the Owner of a Lot within the Community, but excluding the Association.

3.2 Memberships Appurtenant to Lots. There shall be one (1) membership in the Association for each Lot within the Community, including Lots owned by Declarant and any Builder. In the case of a building constructed on a Lot containing multiple Dwelling Units for individual sale, for example a condominium, each Dwelling Unit capable of being sold individually shall be deemed a separate Lot and the Owner of each such Dwelling Unit shall

have one (1) membership in the Association. The owner of a Lot shall automatically be the holder of the Membership appurtenant to that Lot, and the Membership appurtenant thereto shall automatically pass with fee simple title to the Lot. Declarant shall hold one (1) Membership in the Association for each Lot owned by Declarant. Membership in the Association shall not be assignable separate and apart from fee simple title to a Lot except that an Owner may assign some or all of the Member's rights as a Member of the Association to a tenant or Mortgagee and may arrange for a tenant to perform some or all of such Member's obligations as provided herein or in the Declaration, but no Member shall be relieved of the responsibility for fulfillment of the obligations of a Member hereunder or under the Declaration.

3.3 Voting Rights of Members. Each Owner, including Declarant, but excluding the Association, shall have the right to cast one (1) vote for each Lot owned by such Owner that is subject to the Declaration. All agreements and determinations lawfully made by the Association in accordance with the voting procedures established herein, and in the Declaration, shall be deemed to be binding on all Owners, and their successors and assigns.

3.4 Election of Non-Declarant Directors. The Members, other than Declarant and the Association, shall elect the Non-Declarant Directors to the Board as provided in Section 5.4 hereof.

3.5 Voting by Joint Members. The Lot Owner shall exercise the vote for a Lot. If only one of the multiple Owners of a Lot is present at a meeting of the Association, such Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners is present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if anyone of the multiple Owners casts the vote without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Unit. In the event that more than one such co-Owner casts a vote, the Lot's vote shall be suspended and excluded from the final vote tally on the matter on which a vote is being taken.

3.6 Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of Members at a meeting of Members, the Board of Directors of the Association shall act as arbitrators and the decision of a disinterested majority of the Board of Directors shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, amended in 1983, and as the same may be further amended; provided, however, that the Board of Directors shall have no authority or jurisdiction to determine matters relating to the entitlement of Declarant to vote or relating to the manner of exercise by Declarant of its voting rights.

3.7 Transfer of Memberships on Association Books. Transfers of Memberships shall, be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Lot to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the rights to vote and to receive notice.

3.8 Assignment of Voting Rights to Tenants and Mortgagees. A Member may assign the Member's right to vote to a tenant occupying the Member's Lot or to a Mortgagee of the Member's Lot for the term of the lease or the Mortgage and any sale, transfer or conveyance of the Lot shall, unless otherwise provided in the document of sale, transfer or conveyance, be subject to any such assignment of voting rights to any tenant or Mortgagee. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association.

ARTICLE 4 - MEETINGS OF MEMBERS

4.1 Place of Members' Meetings. Meetings of Members shall be held at the principal office of the Association or at such other place, within or convenient to the Community in the State of Colorado, as may be fixed by the Board of Directors and specified in the notice of the meeting.

4.2. Annual Meetings of Members. In each year following the initial annual meeting of the Members, a regular annual meeting of the Members shall be held on a date and at a time selected by the Board in each succeeding year. At each annual meeting, the Members shall elect Directors to fill vacancies in accordance with the provisions of the Declaration and the Articles of Incorporation and conduct such other business as may properly come before the meeting.

4.3 Special Meetings of Members. Special meetings of the Members may be called by a majority of the Board of Directors, the President of the Association, or by Members holding not less than twenty percent (20%) of the votes of the Association.

4.4 Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board of Directors may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than fifty (50) days prior to the meeting of Members or the event requiring a determination of Members.

4.5 Notice of Members' Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each Member entitled to vote at such meeting. Notice may be given by telephone, facsimile, e-mail, first class mail postage prepaid, or by community newsletter provided to the Members. The notice of an annual meeting shall state items on the agenda, including the names of any known candidate for Director, the general nature of any proposed amendment to the Declaration, the Articles of Incorporation or Bylaws upon which the Members may be entitled to vote, any proposal to remove a Director or officer, and any Budget changes. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at the Member's address as it appears on the records of the Association, with postage thereon prepaid. Such notice shall be posted in a conspicuous place in the Community to the extent such posting is feasible and practicable, such as on a notice

board outside the principal office of the Association, and such notice shall be deemed to be delivered to any Member upon such posting if such Member has not furnished to the Association an address for mailing of notice. If electronic means are available, the notices of meeting and agendas shall be posted on a website and provided by e-mail to Members who so request and provide the Association with their electronic mail addresses.

4.6 Proxies. A Member entitled to vote may vote in person or by proxy duly executed by the Member or the Member's duly authorized attorney-in-fact and filed with the chairman of the meeting prior to the time the proxy is exercised. Any proxy may be revocable only by revocation in writing filed with the chairman of the meeting prior to the time the proxy is exercised. A proxy shall automatically cease upon the conveyance by a Member of the Member's Lot and the transfer of the Membership on the books of the Association. No proxy shall be valid after 11 (**eleven**) months from the date of its execution unless otherwise provided in the proxy and no proxy shall be valid in any event for more than three (3) years after its date of execution. Any form of proxy furnished or solicited by the Association and any form of written ballot furnished by the Association shall afford an opportunity thereon for Members to specify a choice between approval and disapproval of each matter or group of related matters which is known at the time the form of proxy or written ballot is prepared, may come before the meeting and shall provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

4.7 Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence at the beginning of the meeting, in person or by proxy, of Members entitled to cast at least ten percent (10%) of the votes which may be cast for the election of the Board shall constitute a quorum at any meeting of such Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum. If the required quorum is not present in person or by proxy at the beginning of any such meeting of Members, another meeting may be called, subject to the notice requirements hereinabove specified, and the presence, in person or by proxy, of Members entitled to cast at least ten percent (10%) of the votes which may be cast for the election of the Board shall constitute a quorum at any meeting of such Members. Notwithstanding anything to the contrary contained in the Articles of Incorporation or these Bylaws, no quorum of Members shall be required at any meeting for the purpose of considering a proposed Budget presented to the Members.

4.8 Adjournments of Members' Meetings. Members present in person or the proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum shall be present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods of not to exceed thirty (30) days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called.

4.9 Vote Required at Members' Meetings. At any meeting of Members, if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless another proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

4.10 Cumulative Voting Not Allowed. Cumulative voting by Members in the election of Non-Declarant Directors shall not be permitted.

4.11 Officers of Meetings. At any meeting of Members, the Members present shall select a Chairman and Secretary of the meeting.

4.12 Expenses of Meetings. The Association shall bear the expenses of all meetings of Members.

4.13 Waiver of Notice. A waiver of notice of any meeting of Members, signed by a Member, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting except when the Member attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.14 Action of Members without a Meeting. Any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting if consent, in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

4.15 Action by Written Ballot/Vote by Mail. Any action may be taken at any annual, regular or special meeting of the Members on any matter required or permitted by the statutes of the State of Colorado, the Declaration, the Articles of Incorporation or these Bylaws without a meeting by written ballot delivered to each Member entitled to vote on the matter. In case of a vote by written ballot without a meeting, the Secretary shall mail or personally deliver written notice to all Owners at the Owner's address as it appears in the records of the Association. The notice shall include: (a) a proposed written resolution or other action setting forth a description of the proposed action; (b) a statement that Owners are entitled to vote by written ballot for or against such proposal; and (c) a date at least thirty (30) days after the date such notice has been given on or before which all votes must be received at the office of the

Association at the address designated in the notice. Voting by written ballot shall be acceptable in all instances in which the Declaration, the Articles of Incorporation or these Bylaws requiring the vote of Owners at a meeting. The procedure for actions by written ballot shall be consistent with the Nonprofit Corporations Act.

ARTICLE 5 - BOARD OF DIRECTORS

5.1 General Powers and Duties of Board. The Board of Directors shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or

desirable to permit it to do so. Without limiting the generality of the foregoing, the Board of Directors shall have the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of the Association not reserved to Members in the Declaration, the Articles of Incorporation, these Bylaws or the Nonprofit Corporations Act. The Board of Directors may not act on behalf of the Association to amend the Declaration, to terminate this Community, or to elect members of the Board of Directors or determine the qualifications, powers and duties, or term of office of members of the Board of Directors, but the Board may fill vacancies in its membership for the unexpired portion of any term.

5.2 Special Powers and Duties of Board. Without limiting the foregoing statement of general powers and duties of the Board of Directors or the powers and duties of the Board of Directors as set forth in the Declaration, the Board of Directors of the Association shall be vested with and responsible for the following specific powers and duties:

(a) Assessments. The duty to fix and levy from time to time Assessments upon the Members as provided in the Declaration; to determine and fix the due date for the payment of such Assessments and the date upon which the same shall become delinquent; and to enforce the payment of such delinquent Assessments as provided in the Declaration.

(b) Insurance. The duty to contract and pay premiums for fire and casualty and blanket liability and other insurance in accordance with the provisions of the Declaration.

(c) Common Area. The duty to contract for and pay bills for maintenance, legal service, accounting service, gardening, common utilities and other materials, supplies and services relating to the Common Areas, and to employ personnel necessary for the care and operation of the Common Areas, and to contract and pay for necessary Improvements on the Common Areas.

(d) Agents and Employees. The power to select, appoint, and remove all officers, agents, Managers and employees of the Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws; and to fix their compensation and to require from them security for faithful service as deemed advisable by the Board.

(e) Borrowing. The power, with the approval of Members as set forth in the Declaration, to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, mortgages, pledges, hypothecation or other evidences of debt and securities therefor, subject to provisions elsewhere in the Declaration with respect to required approvals and consents to such action.

(f) Enforcement. The power to enforce the provisions of the Declaration, these Bylaws, the rules and regulations, architectural standards and design guidelines or other Governing Documents and agreements of the Association.

(g) Delegation of Powers. The power to delegate its powers according to the law of the State of Colorado.

(h) Easements. The power to grant easements where necessary for utilities and other facilities over the Common Areas to serve the Community and as otherwise permitted by the Declaration.

(i) Rules and Regulations. The power to adopt such rules and regulations, as the Board may deem necessary for the management of the Community. Such rules and regulations may concern, without limitation, use of the Common Areas, signs, parking restrictions; common collection and disposal of refuse; minimum standards of property maintenance consistent with the Declaration and the provisions of the Architectural Review Committee; and any other matters within the jurisdiction of the Association as provided in the Declaration; provided, however, that such rules and regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles and these Bylaws.

5.3 Election of Directors and Officers by Declarant. From the date of formation of the Association until the termination of the Declarant Control Period, Declarant shall have the right to appoint and remove Directors and officers of the Association as hereinafter provided. Until the date that is sixty (60) days after conveyance of twenty-five percent (25%) of the Maximum Lots that may be created within the Community to purchasers, Declarant shall have the sole right to elect all Directors (the "Declarant Directors") and to fill all vacancies of all Declarant Directors. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Maximum Lots that may be created within the Community to Purchasers, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors must be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Maximum Lots that may be created within the Community to Purchasers, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board of Directors must be elected by Owners other than the Declarant.

5.4 Election of Non-Declarant Directors. Each Director elected pursuant to the provisions of this Section shall be referred to as a "Non-Declarant Director". At such time as the provisions of Section 5.3 above require that a Non-Declarant Director be elected, such Non-Declarant Director shall be elected by a vote of the Members, other than Declarant and the Association, at a duly convened meeting of Members for such purpose. The candidates receiving the greatest number of votes shall be elected.

5.5 Qualifications of Directors. A Declarant Director may be any Person, whether or not a Member. A Non-Declarant Director must be an Owner of a Lot within the Community other than Declarant or, if the Owner of any such Lot is a partnership or corporation, must be an authorized agent of such partnership or corporation. If a Non-Declarant Director conveys or transfers title to such Director's Lot, or if a Non-Declarant Director who is an authorized agent of a partnership or corporation ceases to be such authorized agent, or if the partnership or corporation of which a Non-Declarant Director is an agent transfers title to its Lot, such Non-Declarant Director's then shall immediately terminate and a new Non-Declarant Director shall be

selected as promptly as possible to take such Non-Declarant Director's place. Any Director may be re-elected and there shall be no limit on the number of term any such Director may serve.

5.6 Number of Directors. During the Declarant Control Period, the number of Declarant Directors of the Association shall be three. Upon termination of the Declarant Control Period, the Board shall consist of at least five (5) but no more than seven (7) Directors, at least a majority of whom must be Owners other than Declarant, and the Board shall elect the officers. The elected Directors and officers shall take office immediately upon election.

5.7 Term of Office of Directors. The Board terms for the initial Directors shall be one year for one of the Directors, two years for one of the Directors and three years for one of the Directors. Upon expiration of each Board term, that replacement Directors shall all serve a three-year term. Thereafter, one-third (1/3) (or a fraction as near to 1/3 as possible) of the Directors shall expire at each annual meeting. If the aggregate number of Directors is changed, terms shall be established so that depending on the term, one half (1/2) or one-third (1/3) of the total number of directors is elected each year.

5.8 Removal of Directors. Declarant shall have the sole right to remove any Declarant Director with or without cause at any time and to fill all vacancies of each such Declarant Director. At any meeting of Members at which a quorum is present, the notice of which indicates such purpose, any Non-Declarant Director may be removed, with or without cause, by vote of sixty-seven percent (67%) of the Members present and entitled to vote at such meeting.

5.9 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

5.10 Vacancies in Directors. Any vacancy occurring in the Board of Directors shall, unless filled in accordance with Section 5.8, be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of the Director's predecessor in office.

5.11 Executive Committee. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint an Executive Committee, which shall consist of three or more Directors and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Board of Directors except authority with respect to those matters specified in the Nonprofit Corporations Act as matters which such committee may not have and exercise the authority of the Board of Directors.

5.12 Other Committees of Association. The Board of Directors shall appoint an Architectural Review Committee. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more other committees, which may consist of or include Members who are not Directors. Any such committee shall have and

exercise such authority as shall be specified in the resolution creating such committee except such authority as can only be exercised by the Board of Directors.

5.13 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or the Director by law. The provisions of Article VI of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of Directors shall be applicable to meetings of committees of the Board of Directors.

5.14 Manager or Managing Agent. The Board of Directors, by resolution adopted by a majority to the Directors in office, may designate and appoint a Manager or Managers, which Manager or Managers shall have and exercise those powers and shall fulfill those duties of the Board of Directors as shall be specified in any such resolution. Any such resolution may delegate any of the powers and duties of the Board of Directors to any such Manager or Managers, but the Board, in delegating powers and duties to any such Manager or managing agent, shall not be relieved of its responsibilities under the Declaration.

ARTICLE 6 - MEETINGS OF DIRECTORS

6.1 Place of Directors' Meetings. Meetings of the Board of Directors shall be held at the principal office of the Association or at such other place, within or convenient to the Community, as may be fixed by the Board of Directors and specified in the notice of such meeting.

6.2 Annual Meeting of Directors. Annual meetings of the Board of Directors shall be held on the same date as, or within ten (10) days following, the annual meeting of Members. The business to be conducted at the annual meeting of Directors shall consist of the appointment of officers of the Association and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Board of Directors shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of Members at which the Board of Directors is elected or if the time and place of the annual meeting of the Board of Directors is announced at the annual meeting of Members.

6.3 Other Regular Meetings of Directors. The Board of Directors shall hold regular meetings at least semi-annually and may, by resolution, establish in advance the times and places for such regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by such resolution.

6.4 Special Meetings of Directors. Special meetings of the Board of Directors may be called by the President or any two members of the Board of Directors.

6.5 Notice of Directors' Meetings. In the case of all meetings of Directors for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than three (3) nor more than fifty (50) days before the date of the meeting, by mail, facsimile, telephone, e-mail or personally, by or at the direction of the persons calling the meeting, to each

member of the Board of Directors. If mailed, such notice shall be deemed to be delivered at 5:00 p.m. on the second business day after it is deposited in the mail addressed to the Director at the Director's home or business address as either appears on the records of the Association, with postage thereon prepaid. If facsimiled or e-mailed, such notice shall be deemed delivered when sent by facsimile or e-mail to the Director, for which the sender thereof has mechanical verification of the receipt thereof. If by telephone, such notice shall be deemed to be delivered when given by telephone to the Director or to any person answering the phone who sounds competent and mature at his home or business phone number as either appears on the records of the Association. If given personally, such notice shall be deemed to be delivered upon delivery of a copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at the Director's home or business address as either appears on the records of the Association. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of such meeting.

6.6 Proxies. A Director shall not be entitled to vote by proxy at any meeting of Directors.

6.7 Quorum of Directors. A majority of the number of Directors fixed in accordance with these Bylaws present at the beginning of a meeting shall constitute a quorum for the transaction of business.

6.8 Adjournment of Directors' Meetings. Directors present at any meeting of Directors may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods not to exceed thirty (30) days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

6.9 Vote Required at Director's Meeting. At any meeting of Directors, if a quorum is present, a majority of the votes present in person, and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

6.10 Officers at Meetings. The President shall act as chairman and the Secretary shall act as secretary at all meeting of Directors Board, and in the absence of the Secretary at a meeting the Board of Directors shall elect a Director to act as secretary at such meeting.

6.11 Waiver of Notice. A waiver of notice of any meeting of the Board of Directors, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. Attendance of a Director at a meeting in person shall constitute waiver of notice of such meeting except when the Director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

6.12 Action of Directors without a Meeting. Any action required to be taken or which may be taken at a meeting of Directors, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Directors or as otherwise permitted by law.

6.13 Conflict of Interest. If any contract, decision, or other action taken by or on behalf of the Board of Directors would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child or sibling of a member of the Board or a parent or spouse of any of those persons, that member of the Board shall declare a conflict of interest for that issue. The member shall declare the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member may participate in the discussion but shall not vote on that issue.

ARTICLE 7 - OFFICERS

7.1 Officers, Employees and Agents. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as may be deemed necessary by the Board of Directors. Officers other than the President need not be Directors. No person shall simultaneously hold more than one office except the offices of Secretary and Treasurer.

7.2 Appointment and Term of Office of Officers. During the Declarant Control Period, the officers shall be appointed by Declarant. Following the Declarant Control Period, the officers shall be appointed by the Board of Directors at the annual meeting of the Board of Directors and shall hold office, subject to the pleasure of the Board of Directors until the annual meeting of the Board of Directors or until their successor are appointed, whichever is later, unless the officer resigns, or is removed earlier.

7.3 Removal of Officers. During the Declarant Control Period, the officers may be removed by Declarant with or without cause. Following the Declarant Control Period, any officer, employee or agent may be removed by the Board of Directors, with or without cause.

7.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors of the Association stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.5 Vacancies in Officers. Any vacancy occurring in any position as an Officer may be filled by the Declarant or the Board of Directors, as applicable. An Officer appointed to fill a vacancy shall be appointed for the unexpired term of the Officer's predecessor in office.

7.6 President. The President shall be a member of the Board of Directors and shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of a

corporation. The President shall preside at all meetings of the Board of Directors and of Members of the Association.

7.7 Vice President. The Vice President may act in place of the President in case of the President's death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the President.

7.8 Secretary. The Secretary shall be the custodian of the records and the seal of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of Members, of the Board of Directors and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to the Secretary by the Board of Directors or by the President. Declarant or the Board, as applicable, may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of the Secretary's death, absence or inability to act.

7.9 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Board of Directors; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board of Directors may, from time to time require; shall arrange for any annual financial statement or audited report which may be required; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to the Treasurer by the Board of Directors or by the President. Declarant or the Board, as applicable, may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of the Treasurer's death, absence or inability to act.

7.10 Bonds. The Association shall require fidelity bonds covering officers or other persons handling funds of the Association as required in the Declaration. The Association shall pay the premiums for such bonds.

ARTICLE 8 - INDEMNIFICATION OF OFFICIALS AND AGENTS

8.1 Certain Definitions. A "Corporate Official" shall mean Declarant, any Director or officer and any former Declarant, Director or officer of the Association. A "Corporate Employee" shall mean any employee and any former employee of the Association. "Expenses" shall mean all costs and expenses including attorneys' fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a proceeding. "Proceeding" shall mean any claim, action, suit or proceeding, whether threatened, pending or completed, and shall include appeals.

8.2 Right of Indemnification. The Association shall indemnify any Corporate Official and may, in the discretion of the Board of Directors, indemnify any Corporate Employee against any and all Expenses actually and necessarily incurred by or imposed upon such person in connection with, arising out of, or resulting from, any Proceeding in which such person may be involved or to which such person is or may be made a party to the fullest extent permitted by the Nonprofit Corporations Act.

8.3 Advances of Expenses and Defense. The Association may advance Expenses to, or where appropriate, may undertake the defense of, any Corporate Official or Employee in a Proceeding to the fullest extent permitted by the Nonprofit Corporations Act.

8.4 Rights Not Exclusive. The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Employee may be entitled as a matter of law.

8.5 Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Corporate Official or Employee against any liability asserted against such person and incurred by such person as a Corporate Official or Employee or arising out of such person's status, including liabilities for which a Corporate Official or Employee might not be entitled to indemnification hereunder.

ARTICLE 9 - MISCELLANEOUS

9.1 Amendment of Bylaws. Subject to any approval of Declarant, and to Eligible Holder of a first Mortgage or the government mortgage agencies if required by the same and to the extent required under the Declaration, the Board of Directors, or the Members by a majority of votes held by Members of the Association, shall have the power to alter, amend or repeal these Bylaws or to adopt new Bylaws. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with the Nonprofit Corporations Act, the Act, the Declaration or the Articles of Incorporation. Notwithstanding anything to the contrary herein contained, any amendment to these Bylaws made during the Declarant Control Period affecting any special declarant right or any Development Right that Declarant may exercise during such period or affecting any obligation of Declarant during such period, must in each case be approved in writing by Declarant.

9.2 Compensation of Officers, Directors and Delegates. No Director shall have the right to receive any compensation from the Association for serving as a Director except for reimbursement of expenses as may be approved by resolution of disinterested members of the Board of Directors. Officers, agents and employees shall receive such reasonable compensation from the Association as may be approved by the Board of Directors except that no officer, director or employee of Declarant or of any Declarant's Affiliate, as defined in the Act, may receive compensation from the Association as an officer, director, or employee. Appointment of a person as an officer, director, agent or employee shall not, of itself, create any right to compensation.

9.3 Books and Records. The Association shall keep correct and complete books and records of account and shall keep, at its principal office, a record of the names and addresses of its Members, and copies of the Declaration, the Articles of Incorporation and these Bylaws which may be purchased by any Member at reasonable cost. All books and records of the Association, including the Articles of Incorporation and Bylaws, as each may be amended from time to time, and minutes of meetings of Members and Directors may be inspected by any Member and any first Mortgagee of a Member for any proper purpose. The right of inspection shall be subject to any reasonable rules adopted by the Board of Directors, including but not limited to requiring advance notice of inspection, specifying hours and days of the week during which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished. The Association shall provide or make reasonably available to the Members and other persons, if and to the extent required by the Act, all disclosures and other information pertaining to the Association's operations, management and governance.

9.4 Annual Report. The Board of Directors shall cause to be prepared and distributed to each Member and to each .Eligible Holder of a first Mortgage who has filed a written request therefor, not later than ninety (90) days after the close of each fiscal year of the Association, an annual report of the Association containing (a) an income statement reflecting income and expenditures of the Association for such fiscal year; (b) a balance sheet as of the end of such fiscal year; (c) a statement of changes in financial position for such fiscal year; (d) a statement of the place of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Members, may be found; and (e) any other annual disclosures or notices that the Association is required by the Act to provide to Members to the extent that written notice of the same has not otherwise been provided by other means to the Members. The financial statements of the Association may be audited by an independent public accountant and any report based upon such audit shall be included in the annual report.

9.5 Statement of Account. Within fourteen (14) days from the receipt of such reasonable fee as may be determined from time to time by the Board of Directors, and from the receipt of the written request delivered or mailed, postage prepaid, to the Association at the principal office of the Association, from any Member, Mortgagee of such Member or any Person with, or intending to acquire, any right, title or interest in a Lot, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and accrued and then unpaid with respect to a Lot and the applicable Member and setting forth the amount of any Assessment levied against such Lot which is not yet due and payable. Such statement shall, with respect to the Member, Mortgagee or Person to whom it is issued, be conclusive against the Association, the Board and all other Members for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied. If within such fourteen (14) day period, no such statement is furnished to the inquiring party, either personally or by mail, the Association shall have no right to assert a lien upon the Lot for unpaid Assessments which were due at the date of the inquiry.

9.6 Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, corporate reports on the forms prescribed and

furnished by the Secretary of State and containing the information required by law and shall pay the fee for such filing as prescribed by law.

9.7 Fiscal Year. The fiscal year of the Association shall begin on January 1st and end the succeeding December 31st, except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Board of Directors without amending these Bylaws.

9.8 Seal. The Board of Directors may adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO".

9.9 Shares of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the Association shall be distributed to its Members, directors or officers. Notwithstanding the foregoing sentence, the Association may issue certificates evidencing membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

9.10 Loans to Directors and Officers Prohibited. No loan shall be made by the Association to its Directors or Officers and any Director or Officers who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

9.11 Limited Liability. Except as provided to the contrary in the Declaration or the Articles of Incorporation, the Association, the Board of Directors, the Architectural Review Committee, Declarant and any Member, agent or employee of any of the same, shall not be liable to any Person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

9.12 Minutes and Presumptions Thereunder. Minutes or any similar record of the meetings of Members or of the Board of Directors, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters, set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

9.13 Record of Mortgagees. Under the Declaration, first Mortgagees have rights, under certain circumstances to approve amendments to the Declaration. Therefore, any such first Mortgagee or, upon the failure of such first Mortgagee, any Member who has created or granted a first Mortgage, shall give written notice to the Association, through its Manager, or through the Secretary in the event there is no Manager, which notice shall give the name and address of the first Mortgagee and describe the Lot encumbered by the first Mortgage. Any such first Mortgagee or such Member shall likewise give written notice to the Association at the time of release or discharge of any such first Mortgage.

9.14 Checks, Drafts and Documents. All checks drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by the President and/or such other person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors. Any officer of the Association may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

9.15 Execution of Documents. The Board of Directors, except as the Declaration Articles of Incorporation or these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

ARTICLE 10 - ENFORCEMENT

10.1 Association's Enforcement Rights. In the event of an alleged violation by a Member ("Respondent") of the Declaration, these Bylaws, the rules and regulations of the Association, or other Governing Documents of the Association, the Board of Directors shall have the right, after notice and hearing, and upon an affirmative vote of a majority of all Directors on the Board, to take anyone or more of the actions provided in the Declaration, including section 7.4 thereof. The failure of the Board or the Architectural Review Committee to enforce the rules and regulations of the Association, these Bylaws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided in the Declaration or these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these Bylaws and the rules and regulations, before that Member may resort to a court of law for relief with respect to any alleged violation by another Member of the Declaration, these Bylaws or the rules and regulations, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Assessments. The process and procedure for conducting notice and hearing to determine whether enforcement action under the Declaration or these Bylaws should be taken shall be set forth in the rules and regulations adopted by the Board of Directors.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of Skyestone Community Association, Inc., a Colorado nonprofit corporation ("Association"); and

2. The foregoing Bylaws constitute the Bylaws of the Association duly adopted effective December 19th, 2013.


Secretary