

DRAWER 16 CARD 1012 A

238405

STATE OF COLORADO

DEPARTMENT OF
STATE



NONPROFIT
CERTIFICATE OF
INCORPORATION

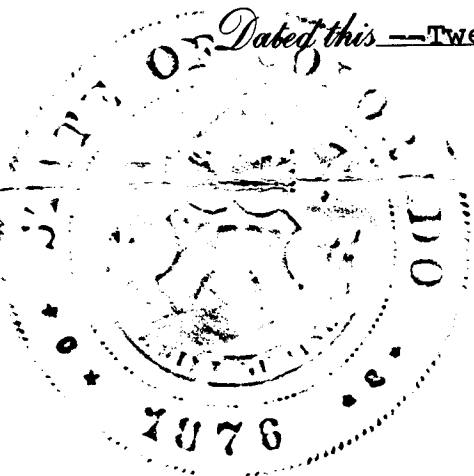
I, MARY ESTILL BUCHANAN,

Secretary of State of the State of Colorado, hereby certify that pursuant to the provisions of the Colorado Nonprofit Corporation Act, Articles of Incorporation were delivered to this office, found to conform to law, and filed in this office,

Accordingly the undersigned, by virtue of the authority vested in me by law, hereby issues this Certificate of Incorporation of

-----Highland Lakes Property Owners Association, Inc.-----
(A COLORADO NONPROFIT CORPORATION)

Dated this Twenty-First *day of* April *, A. D. 1975*



Mary Estill Buchanan
SECRETARY OF STATE

238405

DRAWER 16 CARD 1028

FILED in the office of the Secretary of
State of the State of Colorado

ARTICLES OF INCORPORATION
OF

HIGHLAND LAKES PROPERTY OWNERS ASSOCIATION, INC.

APR 21 1975

We, the undersigned, all of whom are residents of the State of Colorado and all of whom are of full age, have this day voluntarily associated ourselves together for the purpose of forming a corporation not for profit and do hereby certify:

ARTICLE I

The name of the corporation is "Highland Lakes Property Owners Association, Inc."

ARTICLE II

The principal office of the Corporation is located at P. O. Box 123, Divide, County of Teller, Colorado, 80814.

ARTICLE III

The address of the initial registered office of the Corporation is P. O. Box 123, Divide, County of Teller, Colorado, 80814, and the name of the initial registered agent at such address is Donald W. Pettigrew.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

Highland Lakes Property Owners Association, Inc., hereinafter called the "Association" does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for road maintenance, architectural control of the residence lots and for development, utilization and maintenance of existing water sources and storage facility thereof located and identified as certain tracts of property described as Highland Lakes according to the respective plats thereof, which are recorded in the County of Teller, State of Colorado, and to promote the health, safety and welfare of the residents and property owners within the above described property, and for this purpose, to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants and Restrictions, hereinafter called the "Declaration" applicable to the property and recorded in the office of the Clerk and Recorder of Teller County, Colorado, and as the same may be amended as provided therein, said declaration being incorporated herein as if set forth in length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration or as otherwise lawfully provided; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

(e) have and to exercise any and all powers, rights and privileges which a corporation organized under the Colorado Non-Profit Corporation Act by law may now or hereafter have or exercise.

ARTICLE V

MEMBERSHIP

MEMBERSHIP. Every person or entity who is an Owner as hereinafter defined of any lot in the various Highland Lakes subdivisions and/or which is subject to assessment by the Association shall be entitled to become a member of the Association. When more than one person is a record Owner, or Owner in equity of a lot, all such persons shall be so entitled. Non-Property Owners may not be members of this Association. Membership qualifications, responsibilities and privileges shall be established in the By-Laws of the Association.

ARTICLE VI

VOTING RIGHTS

Those qualified members in good standing holding an interest in any one lot shall collectively be entitled to one vote for said lot. The membership vote for each lot shall be exercised by the owners thereof as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot for which membership dues have been paid. Any member who owns more than one lot in Highland Lakes shall be entitled to one vote for each lot owned for which membership dues have been paid, excepting and excluding the developer of said subdivisions, holding original and unconveyed lots, who shall be allowed only one vote.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors, who must be members of the Association in good standing. The names and addresses of the three persons who are to act in the capacity of the initial directors until the selection and qualification of their successors and/or additional directors are:

| NAMES | ADDRESSES |
|------------------------|---|
| 1. Donald W. Pettigrew | P. O. Box 129 Divide, Colorado, 80814 |
| 2. George Madden | 2010 Parkview Blvd Colorado Springs, Colorado, 80906 |
| 3. Mary H. Lynch | P. O. Box 187 Divide, Colorado, 80814 |

At the first annual members meeting, the members shall elect a Board of Directors.

ARTICLE VIII

DISSOLUTION

DRAWER 16 CARD 1013B

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members in good standing present at a meeting of the members at which a quorum is present at the time the question of dissolution is considered. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable the same as those which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

ARTICLE IX

DURATION

The Corporation shall exist perpetually.

ARTICLE X

MEETINGS

In order to take action under these Articles, there must be a duly held meeting. Written notice, setting forth the purpose of the meeting shall be given to all lot owners not less than 15 days nor more than 50 days in advance of the meeting. The presence of members or of proxies entitled to cast sixty percent (60%) of the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called for the same purposes subject to the notice requirement set forth above, and the required quorum of such subsequent meeting shall be one-half of the required quorum of the preceding meeting. The requirements for a quorum as set forth above shall also apply at regular annual meetings. Annual meetings of the membership shall be at a date, time and place each calendar year as established in the By-Laws or announced and designated by the Board of Directors.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Colorado, we, the undersigned as natural persons, constituting the incorporators of this Association, have executed these Articles of Incorporation this 18th day of April, 1975.

Donald W. Pettigrew
Donald W. Pettigrew
P. O. Box 129
Divide, Colorado, 80814

George W. Madden
George Madden
2010 Parkview Blvd
Colorado Springs, Colorado, 80906

Mary H. Lynch
MARY H. LYNCH
P. O. Box 187
Divide, Colorado, 80814

238405

STATE OF COLORADO)
)
COUNTY OF TELLER)

DRAWER 15 CARD 1014

On this day personally appeared before me a Notary Public in and for said County and State, Donald W. Pettigrew, George Madden and Mary H. Lynch as natural persons, personally known to me to be the persons whose names are subscribed to the annexed and foregoing Articles of Incorporation, and they and each of them acknowledged to me that they and each of them signed and sealed the said instrument of writing as their free and voluntary act and deed and as the free and voluntary act and deed of each of them, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 18th day of April, A.D., 1975.

My Commission expires Jan. 28, 1979

Donald Phillipson
Notary Public



BY-LAWS

OF

HIGHLAND LAKES PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

NAME, ADDRESS AND MEETING PLACES. The name of the Corporation is Highland Lakes Property Owners Association, Inc., hereinafter referred to as the "Association". The principle address of the corporation shall be Post Office Box 123, Divide, County of Teller, Colorado, 80814. Meetings of members and directors shall be held at such places within the state of Colorado as shall be designated by the Board of Directors prior thereto.

ARTICLE II

DEFINITIONS

SECTION 1. "Association" shall mean and refer to the Highland Lakes Property Owners Association, Inc., its successors and assigns.

SECTION 2. "Properties" shall mean and refer to that certain real property described in the various Declarations of Covenants and Restrictions on the Highland Lakes Subdivisions in Teller County, Colorado, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 3. "Common Area" shall mean all real property owned, controlled or managed by the Association for the common use and enjoyment of the members of the Association.

SECTION 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision of the properties with the exception of the Common Area.

SECTION 5. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

SECTION 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee title or holder of equitable interest to any lot which is a part of the properties, except an owner who holds title or interest in any said lot merely as security for the performance of an obligation.

SECTION 7. "Declarant" shall mean and refer to the L. S. Development Company.

SECTION 8. "Developer" shall mean and refer to the L. S. Development Company.

SECTION 9. "Declaration" shall mean and refer to the Declaration of Covenants and Restrictions applicable to the properties of the various Highland Lakes Subdivisions recorded in the office of the Clerk and Recorder of Teller County, Colorado.

ARTICLE III

MEMBERSHIP

SECTION 1. Membership. Every person or entity who is a record owner of a fee, undivided fee interest or equitable interest in any Lot which is subject to Covenants of record shall be eligible to be a member of the Association. The foregoing is not intended to include persons or entities who hold interest merely as security for the performance of an obligation. No owner shall have more than one membership. Membership shall be appurte-

nant to any and may not be separated from ownership of any lot which is subject to assessment by the Association. Ownership of such lot shall be the sole qualification for membership.

SECTION 2. Membership Fee. The cost of membership in the Association shall be \$10.00 per annum and is not transferable nor refundable with sale of property.

SECTION 3. Membership - Rights and Obligations. Membership in the Association which olds title to certain real property in the community, carries with it basic rights and responsibilities, for example, voting and use and enjoyment of Common Areas and facilities, and obligations for payment of assessments and conformance to the provisions of the Covenants and these By-Laws.

SECTION 4. Suspension of Membership Rights. During any period in which a member shall be in default in the payment of any annual dues or assessment levied by the Association, the voting rights and right to use the Common Areas of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Areas and facilities.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

SECTION 1. Each member and all members of his family who reside with him shall be entitled to the use and enjoyment of the Common Areas and facilities as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Areas and facilities to his tenants or contract purchasers, who reside on the property. Such member shall notify the Secretary of the Association in writing of the name of the Delagee. The Delagee and his family are subject to compliance with these By-Laws, including payment obligations, and to suspension to the same extent as those of the member.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

SECTION 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than seven (7) directors, as established by resolution from time to time, all of whom must be members in good standing in the Association. The initial board shall be composed of seven (7) members, and, beginning with the first annual meeting, of seven (7) members.

SECTION 2. Election. At the first annual meeting, the members shall elect three directors for a term of one year, two directors for a term of two years and two directors for a term of three years; and at each annual meeting thereafter, the members shall elect director(s) for a term of three years.

SECTION 3. Removal. At any meeting of members, the notice which indicates such purpose, directors may be removed in the manner provided in this section. The entire Board of Directors or any lesser number may be removed by a vote of 2/3rds of the members then entitled to vote at an election of directors. 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. Any given director may be removed by the unanimous vote of the remaining directors, for good cause shown, upon prior notice.

ARTICLE VI

MEETINGS OF DIRECTORS

SECTION 1. Meetings. The Board shall meet regularly at a time and in a place to be designated by the Board.

SECTION 2. Special Meetings. Special meetings may be held as often as the needs of the Association require, on notice to each member of the Board.

SECTION 3. 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 approval of a majority of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors and will be confirmed in writing at the next meeting.

SECTION 4. 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 directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

ARTICLE VII

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 annual meetings. 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 and such appointments shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for elections 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 must be made from among members.

SECTION 2. Election. Election to the Board of Directors shall be by secret written ballot. At such elections 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 Articles of Incorporation. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Areas and facilities, and to establish penalties for the infraction thereof;

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by the provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(c) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors without a valid excuse approved by the Board; and

(d) employ a manager, independent contractor, or such other employee(s) as they deem necessary, and to prescribe their duties and compensation.

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, when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

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

(c) as more fully provided herein, and in the Articles of Incorporation, to:

(1) fix the amount of the assessment against each lot at least thirty (30) days prior to the commencement of each fiscal year of the Association and as hereinafter provided in Article XII, and;

(2) Send written notice of any change in the assessment to every owner subject thereto at least thirty (30) days in advance of the effective date of any change in the assessment;

(d) bill and collect assessments on a semi-annual or annual basis as it deems necessary;

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

(f) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(h) cause the Water System and Common Areas to be administered, operated, and maintained.

ARTICLE IX

COMMITTEES

SECTION 1. The Board of Directors shall appoint an Architectural Control Committee, a Nominating Committee, a Budget and Finance Committee, and any other Committees deemed appropriate and necessary to conduct the Associations business.

SECTION 2. It shall be the duty of each Committee to receive complaints from members on any matter involving the Associations functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other Committees, director or officer of the Association as is further concerned with the matter presented. All complaints must be submitted in writing.

The Board of Directors shall act on such complaint(s) at the next regularly scheduled meeting and their decision must be in writing to the complainant within ten (10) days after said meeting.

ARTICLE X

MEETINGS OF MEMBERS

SECTION 1. Annual Meetings. The first annual meeting of the members shall be held the first Saturday in June 1975, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour and place designated by the President or Board of Directors. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

SECTION 2. Special Meetings. Special meetings of the members may be called at any time by the President or by a majority of the Board of

Directors, or upon written request of the members who are entitled to vote (one-fourth (1/4) of all the votes of the entire membership)

SECTION 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days and not more than fifty (50) 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 of 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, one-tenth (1/10) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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

ARTICLE XI

OFFICERS AND THEIR DUTIES

SECTION 1. Enumeration of Offices. The officers of this Association shall be a President, Vice-President, Secretary and a Treasurer, and such other officers as the Board may, from time to time, by resolution create.

SECTION 2. Election of Officers. The election of officers shall take place at the initial meeting of the Board of Directors and at the first meeting of the Board of Directors following each annual meeting of the members.

SECTION 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office until his successor is elected and qualified, 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 by 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 time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than any one of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

SECTION 7. Duties. The duties of the officers are as follows:

PRESIDENT

(a) The President shall preside at all meetings of the Board of Directors, and shall be the presiding officer at each annual meeting and at

special membership meetings; 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 promissory notes.

VICE-PRESIDENT

(b) The Vice-President shall act in the place and stead of 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; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing 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 the appropriate bank accounts all monies of the Association and shall disburse such funds by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by an audit committee at the completion of each fiscal year; chair the Budget/Finance Committee; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy to each of the members, upon request.

ARTICLE XII

ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. By the Declaration each member is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges. The annual assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. Purpose of Assessments. The assessments levied by the Association shall be expressly for the purpose of water systems maintenance and for the purpose of promoting recreation, health, safety and welfare of the residents in the properties and, in particular, for the improvement and maintenance of the properties, service and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas.

SECTION 3. Basis and Maximum Annual Assessments. Each member shall be subject to an annual assessment for each lot of not more than Seventy-Five Dollars (\$75.00). The Board of Directors shall fix the annual assessment within the maximum amount, and may raise or lower said annual assessment amount within said maximum as they may deem necessary at their discretion. The annual assessment is hereby initially set at Twenty Dollars (\$20.00) per annum per lot.

(a) The maximum annual assessment may be increased or decreased by the assent of two-thirds (2/3) of the votes of members who are voting in

person or by proxy, at a meeting of the members, written notice of which setting forth the fact that the question of the change in assessment limit shall be considered, shall be sent to all members not less than fifteen (15) days nor more than fifty (50) days in advance of the meeting.

SECTION 4. Uniform Rates. The annual assessment must be fixed at a uniform rate for all lot owners.

SECTION 5. Quorum for Any Action Authorized Under Section 3. At the first meeting called, as provided in Section 3(a) hereof, the presence at the meeting of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Section 3(a), and the required quorum at any such subsequent meeting shall be over one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. Date of Commencement of Annual Assessments: Due Dates. The annual assessment provided for herein shall commence as to each lot on the first day of the month following the month in which the owner becomes a member of the Association. The assessment rate shall be pro-rated for the remainder of the fiscal year in which membership occurs. Thereafter, the annual assessment rate shall be due and payable on or before the 15th day of each JULY for the period of the remaining fiscal year.

SECTION 7. Effect of Non-Payment of Assessments: Remedies of the Association. If the assessments are not paid on the date when due, then such assessments shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon becoming a continuing lien on the property which shall bind such property in the hands of the owner or holder of equitable interest, his heirs, successors, devisees, personal representatives and assigns. The personal obligation of the then owner or holder of equitable interest to pay such assessments, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them, should there be a lien on the lot.

If the assessment is not paid within thirty (30) days after the due date, the assessment will bear interest from the date of delinquency at the rate of eight (8) percent per annum, and the Association may bring an action of law against the owner personally obligated to pay the same or to foreclose the lien against the property and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgement is obtained, such judgement shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with costs of the action.

SECTION 8. Subordination of the Lien to Mortgages. Assessments levied upon Lots shall be a perpetual lien upon said Lots, or against the equitable interest of a holder thereof, until such assessments and any interest, penalties and charges which may accrue thereon shall have been paid or the conditions occur as hereinafter specified; but such liens shall be subordinate to the lien of any trust deed or mortgages. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any trust deed, mortgage or land installment contract, pursuant to a decree of foreclosure under such trust deed, mortgage or land installment contract or any proceeding resulting from a default on the trust deed, mortgage or land installment contract and hand in lieu of foreclosure thereof, shall extinguish the lien of such assessment as to payments thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 9. Exempt Property. The following property shall be exempt from the assessments, charges and liens created herein:

(a) all properties to the extent of any easement or other interest therein dedicated to and accepted by the local public authority and devoted to public use;

(b) the Common Areas.

ARTICLE XIII

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 by contacting the President or Secretary of the Association. Copies may be purchased at a reasonable cost.

ARTICLE XIV

The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation.

ARTICLE XI

SECTION 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of sixty percent (60%) of the total membership in person or by proxy.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of July and end on the 30th day of June every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, We, being all of the Directors of the Highland Lakes Property Owners Association, Inc., have hereunto set our hands this 12TH day of JUNE 1975.

Donald W. Pettigrew
Donald W. Pettigrew

George W. Madden
George Madden

Kaye Cook
Kaye Cook

Mary H. Lynch
Mary H. Lynch

A. L. Andersen
A. L. Andersen

Marvin Jones
Marvin Jones

Jill K. Walker
Jill K. Walker

CERTIFICATION

I, The Undersigned, do hereby certify:

THAT I am the fully elected and acting Secretary of the Highland Lakes Property Owners Association, Inc., a Colorado corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors, thereof, held on the 12TH day of JUNE 1975.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Seal of said Association this _____ day of _____ 1975.

Mary H. Lynch
Mary H. Lynch
Secretary