REVISED DECLARATION OF PROTECTIVE COVENANTS

Amended and restated Covenants, Conditions and Restriction of Highland Meadows Association, Inc., a Planned Community located in Teller County, State of Colorado, as of the 15th day of August, 2005.

These covenants, prepared by the Board of directors of the Highland Meadows Association, Inc., a non-profit organization which is organized under the laws of the State of Colorado, to satisfy the present needs of the Association, have met with the approval of the current membership, and recorded the 26th day of August, 2005, in Drawer 1, Card 98. These covenants supersede the original covenants recorded April 8, 1970 in Drawer 2, Card 1356A, and the revised covenants recorded August 18, 1994 as record number 423994 in the Office of the Recorder for Teller County, Colorado.

1. To assure that Highland Meadows shall become and remain an attractive and desirable residential community and to protect and enhance the value of each of the lots in Filings 1 and 2, the owners of all lots in Filings 1 and 2 shall be subject to the regulation and control of the Architectural Committee appointed by the Board of Directors.

(a) Authority of Committee: No structure, including walls and fences, shall be erected, converted, placed, added to or altered on any lot until the construction plans and specifications disclosing the quality of materials to be used, the exterior color, the harmony of external design with the existing structures, and the plan showing the location with respect to other structures planned, to topography, and to finished grade elevation, have been approved by the Committee in writing.

(b) Procedure: In the event the Committee, or its designated representative, fails to approve or disapprove within sixty (60) days after the plans have been submitted to it, or in any event, if no suit to enjoin the construction has commenced prior to the completion thereof, approval will not be required and the related covenants herein requiring approval by the Committee shall be deemed to have been fully complied with, provided that the structures erected fully comply with all covenants, restrictions and conditions hereinafter set forth.

2. General covenants, restrictions and conditions to which all lots shall be subject are:

(a) Building Type and Use: All lots shall be used only for one-family residential homes. Dwellings are not to exceed two and one-half stories in height. A private garage or garage port may be erected, altered, converted, placed or permitted to remain on the lot. Appropriate ancillary building with no minimum dimensions, in keeping with the architecture of the existing dwelling house, shall be permitted provided that such are not used for any commercial purpose and subject to approval by the Committee.

(b) Dwelling Size: The ground floor of the main structure of the dwelling house, exclusive of open porches, garages and basements, shall not be less than 600 square feet for a one-story dwelling, nor less than 500 square feet per floor for a dwelling of more than one-story. All dwellings shall conform to Teller County building codes in effect at the time of construction.
(c) **Building Location:** No building shall be erected nearer than thirty (30) feet to any boundary along a street, or so that any part of said building is closer than twenty-five (25) feet to any boundary of said lot. For the purpose of this covenant, eaves, steps and open porches shall be considered as part of the building.

(d) **Exceptions to Setback Restrictions:** Terraces, walls, fences, low platforms or steps, swimming pools and similar low, unroofed and unscreened construction may be erected outside the setback lines, provided that such construction shall not interfere with the exposure or view or reasonable privacy of adjoining or facing lots as shall be determined by the Committee and shall be in compliance with the prevailing zoning regulations. No construction of this type may be erected without the written approval of the Committee. No structure, wall, fence or hedge over five (5) feet in height may be constructed, erected, planted or set out, maintained or permitted upon any lot within twenty-five (25) feet of any boundary line thereof which extends along any street or other public way, except that this restriction shall not apply to any portion of said dwelling house, the location which shall be governed by the provisions of Restriction 2(a) above.

(e) **Temporary Residences:** No structure of temporary character, trailer, motor-home, camper, fifth-wheel, basement tent or ancillary building shall be used on any lot as a residence, temporarily or permanently, provided, however, Committee may grant a permit for such use and location limited to the construction phase of the permanent dwelling, and for short periods for vacation use, such permit to be in writing and with a stated time limitation. Short, weekend camping use may be cleared with a telephone call to a Board member.

(f) **Time of Construction:** Once construction has been initiated on any structure, including walls, fences, residences, ancillary buildings or any other structure which has been previously approved by the Committee, construction of that particular structure, wall, fence, residence, ancillary building or other structure, shall be completed within one (1) year of the time such construction was initiated, except that the Committee may extend the time for construction for additional periods under unusual circumstances. Such extensions shall be in writing.

(g) **Nuisances:** Nothing shall be done or permitted to be done on any lot which may be or become a nuisance to the neighborhood. No noxious or offensive activities or commercial business or trade shall be carried on upon any lot, except that home occupations of professional persons, such as doctors, dentists, teachers or engineers shall be permitted upon approval of the Committee.

(h) **Refuse and Rubbish:** Rubbish, garbage or other waste shall be kept and disposed of in a sanitary manner. Containers or other equipment for the storage or disposal of garbage, trash or rubbish shall be kept in a clean, sanitary condition. No trash, trash container, litter or junk shall be permitted to remain exposed on the property and visible from public roads or adjoining or nearby properties. Rubbish, garbage or other waste containers will be allowed exposed on the property only during disposal or refuse removal periods and shall be limited to 24 hours per occurrence.
(i) **Clearing of Trees**: There shall be no removal of trees from any lot except that which must be removed in connection with construction on the lot, landscaping or that which is consistent with good conservation practices.

(j) **Signs**: All signs displayed upon any of the premises or lots must first be approved by the Committee. This covenant does not preclude the display of realty type signs, or small professional signs, not to exceed four (4) square feet. The Committee shall have the right to require modification or removal of such signs if deemed not in keeping with the area and subdivision décor.

(k) **Vehicle Parking**: No commercial type trucks, vehicles, trailers, motor-homes, fifth-wheels or vehicular equipment shall be habitually parked where it may be visible from any public street. For the purposes of this covenant, the term “habitually parked” shall mean any vehicle as defined in this paragraph remaining stationary or visible from any public street for more than thirty (30) days without written permission of the Committee. For the purposes of this covenant, a 1/2 ton or smaller motor vehicle, commonly known as a pick-up truck, shall not be deemed a commercial vehicle unless it is used for commercial purposes. The term “commercial vehicles” shall include all automobiles, trucks, vehicular equipment as well as station wagons, which shall bear signs or have printed on the side of same reference to any commercial enterprise or undertaking. All garage doors visible from public streets shall normally be kept closed except when in use and as they are needed for special purposes. Violation of the parking regulations set forth in this paragraph shall be deemed a violation of the use and nuisance restrictions of this indenture.

(l) **Water and Sewage**: All water wells and sewage disposal systems placed upon any lot will comply with the State of Colorado Health Department and the Health Department of Teller County, Colorado. No septic tank or field system shall be nearer than fifty (50) feet to any lot line except with the consent of the appropriate Health Department officials of the county and state, and no sewage, waste water, trash, garbage or debris shall be emptied, discharged or permitted to drain into any body of water in or adjacent to the subdivision. No outside toilets or privies shall be permitted on any lot. Toilet facilities must be part of the residence or garage and shall be a modern flush type and be connected to a proper septic system.

(m) **Animals**: No animals or livestock of any kind shall be kept, housed or raised on any lot or property, except those which are commonly accepted as domestic pets and horses. None may be kept or maintained for commercial purposes.

(n) **No Obstruction to Vision at Intersection**: No fence, hedge, tree or shrub planting shall be permitted or placed on any lot which obstructs sight of moving vehicles at the intersection of roads and roadways.

(o) **Easements**: All lots are and shall remain subject to a ten (10) foot easement lying on either side of said lot lines for installation and maintenance of utilities and such easement shall be kept open and readily accessible for the purpose thereof.
3. **Regulatory Power of the Association:** Association shall have full power to effect architectural control and to enforce the within described covenants, conditions and restrictions. The Association shall have power in its sole discretion to apply for court injunction or order to give effect to and enforce the above covenants, conditions and restrictions herein described. The Association shall have the power to assess each lot owner with the cost of enforcing covenants, conditions and restrictions. Such assessments against each lot owner to be based on the ratio of the whole number of half (1/2) acres contained in each lot to the aggregate number of whole half (1/2) acres of all lot owners and to enforce collection by suit.

   (a) **Membership of Association and Board of Directors:** Each Grantee of a lot automatically becomes a member of the Association, and as such is entitled to that number of voting units as is equal to one (1) vote for each whole half (1/2) acre contained in the Grantees lot, subject to the payment of annual dues. The Board is comprised of three (3) members, one to be elected each year for a three (3) year term at the annual meeting of the Association. Grantees of lots not present at the annual meeting will be permitted to vote for the election of officers by proxy.

   (b) **Membership of the Architectural Committee:** The Architectural Committee (also referred to herein as the “Committee”), is composed of three (3) persons appointed by the Board of Directors. Term of membership on the Committee is two (2) years and thereafter until their successors are appointed by the Board. The Board of Directors has the power to fill vacancies, and until such vacancies are filled, the remaining members have full authority to act as the Committee. None of the members shall receive any compensation for services rendered by them as members of the Committee.

4. **Change or Modification of Covenants, Conditions and Restrictions:** The Association may at any time change, modify or terminate the covenants, conditions and restrictions by written agreement executed and recorded. Whereupon the changes, modifications or termination of any or all covenants, conditions and restrictions shall become and be effective and binding upon all lot owners at the date of the recording of said agreement, provided, however, that no agreement effecting a change, modification or termination of the covenants, conditions and restrictions shall be contrary to public policy or compel any lot owner to remove any structure in existence or require any lot owner to expend any amount which would create a hardship to conform to the changed, modified or terminated covenant, condition or restriction.

5. **Term of Covenants:** The covenants, conditions and restrictions herein set forth shall be binding upon each of the Grantees of said lot or lots, their heirs and assigns, and shall run with the land and shall remain in full force and effect for twenty (20) years from the date this indenture is recorded and unless an instrument executed by the Association changing or terminating said covenants, conditions and restrictions in whole or in part has been recorded prior to the end of the first twenty (20) year period, the covenants, conditions and restrictions shall continue for further consecutive terms of ten (10) years from the end of the first twenty (20) year period.
6. Enforcement: Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages. Enforcement proceedings may be instituted by the Association or by any lot owner. The failure to enforce any right, reservation, condition or restriction contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach, or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement.

7. Severability: Invalidation by any court of any covenant, condition or restriction herein contained shall not in any way affect any of the other covenants, conditions or restrictions but they shall remain in full force and effect.

IN WITNESS WHEREOF, the foregoing Treasurer hereto sets his hand and seal and makes and constitutes the foregoing Revised Declaration of Protective Covenants this 26th day of August, 2005.

[Signature]

STATE OF COLORADO )
COUNTY OF TELLER ) ss.

Subscribed and sworn to before me this 26th day of August, 2005, by [Signature].

My Commission Expires: 7-21-09
BYLAWS OF THE
HIGHLAND MEADOWS ASSOCIATION, INC.

ARTICLE I - MEMBERSHIP

SECTION 1 - MEMBERS

The owner or owners of each lot within the Highland Meadows Subdivision, automatically become members of the Association by complying with any and all requirements promulgated by the Board of Directors.

Membership in the Association shall be terminated upon such Members relinquishment of fee title or contract interest in real property located in the Highland Meadows Subdivision.

SECTION 2 - ANNUAL MEETING

The annual meeting of the Members for the election of Directors and the transaction of such other business as may properly come before it shall be held at such place as shall be set forth in the Notice of Meeting. The meeting shall be held on the second Saturday of August of each and every year, commencing in 1992. Not less than ten nor more than fifty days before such meeting, a written notice of the place, date and time of the meeting, signed by the President and Secretary of the Association, or having their names printed thereon, shall be given or mailed to each Member of the Association. Notice of the meeting need not be given to any person who may become a member of record after the mailing of such notice and prior to the meeting. A Waiver of Notice, signed by the person or persons entitled to such notice, in writing, whether before, after or at the time stated therein, shall be deemed equivalent to notice. Signing an approval of the minutes of any meeting, shall be deemed a waiver of notice. Attendance at, or participation in any meeting shall also be deemed a waiver of notice. Meetings may be held in any manner authorized by Colorado law.

SECTION 3 - SPECIAL MEETINGS

Special meetings of the Members of the Association may be called at any time by resolution of the Board of Directors or by the President upon notice given in the manner prescribed for calling the annual meetings; and it shall be the duty of the Board and/or the President to call a special meeting of Members upon receipt of a written request therefor signed by the holders of at least ten percent of the outstanding shares of the Association. The notice of such special meetings shall state the object or objects thereof and no business shall be transacted at any special meeting except such as have been mentioned in the notice thereof, unless all members consent thereto. The members may waive notice of special meetings, as provided in Section 2 of this Article. Meetings may be held in any manner authorized by Colorado law.
SECTION 4 - QUORUM

A majority of the Members, represented in person or by proxy, at the commencement of the meeting shall constitute a quorum at a meeting of the Members. The withdrawal of any Member after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting. However, where the Articles of Incorporation or a Statute may require a larger percentage, the quorum shall consist of the required percentage.

SECTION 5 - VOTING

Each member of the Association shall be entitled to that number of voting units equal to one (1) vote for each whole one-half (1/2) acre of land each member owns in the Highland Meadows Subdivision.

Only those members whose dues are paid current shall be entitled to vote.

Voting units shall be cumulative.

SECTION 6 - PROXIES

Any Member may appear and vote at Members' meetings in person or by proxy duly appointed in writing, and, when appearing by proxy, the written appointment of such proxy shall be exhibited for inspection at the meeting and surrendered to the Secretary before such proxy shall be entitled to vote.

SECTION 7 - ADJOURNMENTS

If a majority of the Members entitled to vote shall not be represented at any of the general or special meetings of the Members, or if a majority of the Members entitled to vote represented at any general or special meeting votes in favor thereof, such meeting may be adjourned from time to time for a period not to exceed sixty (60) days at any one adjournment. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting originally called.

SECTION 8 - CONSENTS

Whenever by a provision of Statute or of the Articles of Incorporation or by these Bylaws the vote of Members is require or permitted to be taken at a meeting thereof in connection with any corporate action, the meeting and the vote of Members may be dispensed with, if all the Members who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate actions being taken.
ARTICLE II - DIRECTORS

SECTION 1 - NUMBER

The business of the Association shall be managed by not less than three (3) Directors.

At the first Annual Meeting, Directors shall be elected as follows:

(a) One (1) Director shall be elected to serve a three year term.
(b) One (1) Director shall be elected to serve a two year term.
(c) One (1) Director shall be elected to serve a one year term.

Thereafter, at each Annual Meeting, the Directors who are elected to fill the vacancies on the Board of Directors shall serve a three (3) year term, and shall hold office until their successors shall be duly elected and qualified. The number of Directors may be increased or decreased from time to time by amendment to the Bylaws, but no decrease shall have the effect of shortening the term of any incumbent Director.

SECTION 2 - ELECTIONS

(a) The Directors of the Association shall be elected at the annual meeting of the Members as provided in Article II.

(b) In the event an election of Directors shall not be held on the date fixed for the annual meeting of Members, such Directors may be elected at a special meeting of the Members, to be called for that purpose. Such special meetings may be called by the Directors then in office or by any two (2) members upon notice of such meeting in the manner and for the time provided for calling the annual meeting of Members.

SECTION 3 - QUORUM

A quorum for any meeting of the Board of Directors shall consist of a majority of the entire membership of the Board as then constituted.

SECTION 4 - MEETINGS

(a) The regular annual organizational meeting of the Board of Directors for the election of officers shall be held as soon as possible after the annual meeting of the Members at which new Directors are elected. In the event a new Board of Directors is elected at a special meeting of members, such Directors shall proceed to hold their organizational meeting as soon as possible thereafter. Other regular meetings of the Board of Directors shall be held at such times as the Board may, from time to time, determine.
(b) Special meetings of the Board may be called at any time by the President or by any member of the Board.

(c) Notice of the time and place of meetings of the Board shall be given to each Director as to allow him reasonable time to be present at the meeting. If all the Directors should be present at a meeting, or shall sign a written Waiver of Notice of or consent to the holding of a meeting, before, at or after the time of such meeting, the action taken at such meeting shall be as valid as if such meeting had been regularly called. Signing an approval of any minutes or resolution of the Board shall be deemed a waiver of notice thereof.

(d) Meetings of the Board of Directors shall be held any place designated by the Board, provided, however, that by resolution of the Directors reasonable notice to each member is given. Meetings may be held in any manner authorized by Colorado law.

(e) A Director of the Association who is present at a meeting of the Board of Directors at which action or any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

(f) The Directors shall be Members of the Association. At all meetings of the Board of Directors, each Director shall have one (1) vote, irrespective of the number or size of lots, which he may own. Except as otherwise provided by statute, by the Articles of Incorporation, or by these Bylaws, the action of a majority of the Directors shall be the act of the Board of Directors.

SECTION 5 - POWERS AND DUTIES

The Board of Directors shall have and exercise all such general powers as are usually exercised by the Board of Directors, and shall have the power to do all lawful acts and things not directed or required by statute, by the Articles of Incorporation or by these Bylaws to be done by the Association; shall have the entire control and management of the affairs and business of the Association; and particularly, but not by way of limitation, shall have all the powers possessed by the Association itself, so far as this designation of authority is not inconsistent with the laws of the State of Colorado; shall elect, appoint or employ officers, agents and other representatives; shall determine their duties and salaries; shall require security in such instances as the Board may determine; shall determine who shall sign notes, checks, drafts, contracts, deeds, reports and other documents; shall receive and pass upon reports of officers and agents; and shall delegate all or a portion of the powers of the Board from time to time to an executive committee, or other standing or special committees.
SECTION 6 - VACANCIES

When any vacancy in the Board shall occur by reason of death, resignation or otherwise, the remaining Members of the Board, or a majority of them, shall have the power to fill such vacancy. If there are no Directors remaining, such vacancy shall be filled by the Members.

Any Director chosen to fill a vacancy shall serve until the next election of Directors or until his successor is elected.

SECTION 7 - ADJOURNMENT

If a quorum of Directors shall not be present at the time and place designated for a meeting of the Board, any Director or Directors present may adjourn the meeting from time to time until a meeting may be held at which a quorum is present. Any meeting may adjourn when its business is completed.

SECTION 8 - REMOVAL OF DIRECTORS

Any Director may be removed with or without cause, at any time, by a vote of the Members holding a majority of the lots and who were entitled to vote for the election of the Director sought to be removed, at any special meeting called for that purpose, or at the annual meeting. Except as otherwise prescribed by a statute, a Director may be removed for cause by vote of a majority of the entire Board.

SECTION 9 - RESIGNATION

Any Director may resign his office at any time, such resignation to be made in writing and to take effect immediately without acceptance.

SECTION 10 - CONTRACTS

(a) No contract or other transaction between this Association and any other corporation shall be impaired, affected or invalidated, nor shall any Director be liable in any way by reason of the fact that any one or more Directors of this Association is or are interested in, or is a Director or officer, or are Directors of officers of such other corporation, provided that such facts are made known or disclosed to the Board of Directors.

(b) Any Director, personally and individually, may be a party to or may be interested in any contract or transaction of this Association and no Director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the
Board of Directors, and provided that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of such Director) of a majority of a quorum, notwithstanding the presence of any such Director at the meeting at which such action is taken. In the event there is only one Director, he may vote, authorize, approve or ratify such contract or transaction, regardless of the fact that he may have a personal interest in same. Such Director or Directors may be counted in determining the presence of a quorum at such meeting. This section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law, (common, statutory or otherwise) applicable thereto.

SECTION 11 - ARBITRATION

In the event the Directors cannot reach a decision as to any matter because they are evenly divided, the matter shall be settled by arbitration in accordance with the rules and regulations of the American Arbitration Society.

SECTION 12 - STANDARD OF CARE

A Director shall perform his duties as a Director, including his duties as a member of any committee of the Board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Association and with such care as an ordinary prudent person in a like position should use under similar circumstances. The provisions of Colorado Statutes pertaining to a Director's standard of care and his liability shall be applicable to all Directors of this Association.

To the extent permitted by law, no Director shall be liable for actions reasonably taken by him as Director or inaction by him as Director provided such action or inaction is reasonable. To the extent permitted by law, in no event shall a Director be personally liable to the Association or to its Members for monetary damages for breach of fiduciary duty as a Director.

ARTICLE III - OFFICERS

SECTION 1 - OFFICERS AND QUALIFICATIONS

The officers of the Association shall be a President, a Vice-President, a Secretary, a Treasurer and such other officers as the Board of Directors may determine. Any two offices, except the offices of President and Secretary, may be held by the same person.

SECTION 2 - ELECTION

All officers of the Association shall be elected annually by the Board of Directors at its
meeting held immediately after the annual meeting of the Members.

SECTION 3 - TERM OF OFFICE

All officers shall hold office until their successors have been duly elected and have qualified or until removed, as hereinafter provided. Subordinate officers shall serve during such term as may be fixed by the Board except as otherwise provided by contract.

SECTION 4 - REMOVAL OF OFFICERS

Any officer may be removed either with or without cause by the vote of a majority of the Board of Directors.

SECTION 5 - DUTIES OF OFFICERS

The duties and powers of the Officers of the Association shall be as follows and as shall hereafter be set by resolution of the Board of Directors:

President

(a) The President shall be the Chief Executive Officer of the Association, shall have general supervision of the officers, genera, active management of the business of the Association and perform all duties assigned to him by the Board of Directors.

(b) He shall preside at all meetings of the Members and if a Director, he shall preside at all meetings of the Board of Directors.

(c) He shall be present at each annual meeting of the Members and Directors and report the condition of the business of the Association.

(d) He shall cause to be called regular and special meetings of the Members and Directors in accordance with the requirements of the statutes and these Bylaws.

(e) He shall appoint, discharge and fix compensation of all employees and agents of the Association other than the duly elected officers, subject to the approval of the Board of Directors.

(f) He shall sign and execute all contracts in the name of the Association and all notes, drafts or other orders for the payment of money.

(g) He shall cause all books, reports, statements and certificates to be properly kept and filed as required by law.
(h) He shall enforce these Bylaws and perform all the duties incident to his office and which are required by law, and generally, shall perform such other acts as are usually incident to the office of the President of the Association.

**Vice-President**

(a) During the absence or incapacity of the President, the Vice-President, in order of seniority of election, shall perform the duties of the President, and when so acting, he shall have all the powers and be subject to all the responsibilities of the office of President.

(b) He shall perform all duties assigned to him by the Board of Directors or the President.

**Secretary**

(a) The Secretary shall keep the minutes of the meetings of the Board of Directors and of the Members in appropriate books.

(b) He shall attend to the giving of notices to all meetings of the Members and Directors.

(c) He shall be custodian of the records and Seal of the Association and shall attest the same by his signature when attached to any conveyances, certificates or other instruments or documents.

(d) He shall keep a book of record containing all the names, alphabetically arranged of all persons who are Members of the Association, showing their places of residence and the number of acres they hold. He shall keep such book of record and the minutes of the proceedings of its Members open for inspection, within the limits prescribed by law, by any person duly authorized to inspect such records. At the request of the person entitled to an inspection thereof, he shall prepare and make available a current list of the Officers and Directors of the Association and their resident addresses.

(e) He shall attend to all correspondence and present to the Board of Directors at its meetings all official communications received by him.

(f) He shall perform all duties incident to the office of Secretary of the Association and all duties assigned to him by the Board of Directors.

**Treasurer**

(a) The Treasurer shall have custody of the Association funds and shall keep full and accurate records and accounts of all receipts and disbursements, and of the financial and business
transactions of the Association in books belong to the Association.

(b) He shall deposit all monies and other valuable effects of the Association in such banks and depositories as the Board of Directors may direct.

(c) He shall either alone or in conjunction with others named by resolution of the Board of Directors, make, sign and endorse in the name of the Association all checks, drafts, notes and other orders for the payment of money and pay out and dispose of such under the direction of the President or the Board of Directors.

(d) He shall keep accurate books or accounts of all its business and transactions and shall at reasonable hours exhibit books and accounts to any Director upon application to do so.

(e) He shall render a report of the condition of the finances of the Association at each regular meeting of the Board of Directors and make a full financial report at the annual meeting of the Members. From time to time he shall make written reports to the President showing the financial condition of the Association.

(f) He shall further perform all duties incident to the office of Treasurer of the Association and such other duties as the Board of Directors may designate.

(g) He shall submit his books for audit annually to the Finance Committee.

SECTION 6 - OTHER OFFICERS

Other officers shall have such duties and powers as may be assigned to them by the Board of Directors.

SECTION 7 - VACANCIES

If the office of any Officer of the Association becomes vacant by reason of death, resignation or otherwise, the Directors then in office, by a majority vote, may choose a successor who shall hold office for the unexpired term of the Officer vacating such office.

SECTION 8 - COMPENSATION

No officer or Director shall receive any salary or compensation for his services unless and until the same shall have been authorized by the Board of Directors.

ARTICLE IV - INDEMNIFICATION OF CERTAIN PERSONS

SECTION 1 - INDEMNIFICATION AGAINST THIRD PARTY CLAIMS
Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association), by reason of the fact that he was a Director, Officer, employee, fiduciary or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, fiduciary of another corporation, partnership, joint venture, trust, or other enterprise, shall be indemnified by the Association against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

SECTION 2 - INDEMNIFICATION AGAINST DERIVATIVE CLAIMS

Any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she was a Director, Officer, employee, fiduciary, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall be indemnified by the Association against expenses (including attorney fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in the best interest of the Association; but no indemnification shall be made in respect of any claim or issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the Court in which such action or suit was brought determines upon application that, such person is fairly and reasonably entitled to indemnification for such expenses which such Court deems proper.

SECTION 3 - RIGHTS TO INDEMNIFICATION

To the extent that a Director, Officer, employee, fiduciary or agent of the Association has been successful on the merits in defense of any action, suit or proceeding referred to in Section 1 or 2 of this Article IV or in defense of any claim, issue, or matter therein, shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him in connection therewith without the necessity of any action being taken by the Association other than the determination in good faith that such defense has been successful. In all other cases, any indemnification under Section 1 or 2 of this Article IV, (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee, fiduciary or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in said Section 1 or 2. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or, if such quorum is not obtainable, or even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or by the
SECTION 4 - EFFECT OF TERMINATION OF ACTION

The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person seeking indemnification did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was lawful. Entry of a judgment by a consent as part of a settlement shall not be deemed a final adjudication of liability for negligence or misconduct in the performance of duty, nor of any other issue or matter.

SECTION 5 - ADVANCE OF EXPENSES

Expenses (including attorney fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in Section 3 of Article IV upon receipt of an undertaking by or on behalf of the Director, Officer, employee, fiduciary or agent involved to repay such amount unless it ultimately determined that he is entitled to be indemnified by the Association.

SECTION 6 - OTHER INDEMNIFICATION RIGHTS

The indemnification provided hereby shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of Members or disinterested Directors, or otherwise, and any procedure provided for by any of the foregoing, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Officer, employee, fiduciary or agent and shall inure to the benefit of heirs, executors and administrators of such person.

ARTICLE V - DUES

SECTION 1 - AMOUNT

Membership dues shall be set by the Board of Directors and are mandatory by law.

Membership dues for Members who own unimproved property within the Highland Meadows Subdivision shall be one-half (1/2) the rate for Members who own improved property.

The amount of annual dues and the due date for payment of dues may be amended at any time at the discretion of the Board of Directors.
SECTION 2 - IMPROVEMENT

Improvement in real property shall include real property upon which a closed-in building has been erected on or before the first day of January of each year.

SECTION 3 - PAYMENT

Payment of annual dues shall be current if paid before the date of the annual meeting of the Members each year.

ARTICLE VI - COMMITTEES

SECTION 1

There shall be the following standing committees:

(a) Finance
(b) Membership
(c) Architectural
(d) Fire protection, sanitation and security

SECTION 2

The Board of Directors shall establish such other standing committees and interim committees as they may, from time to time, deem necessary.

SECTION 3

The Board of Directors may appoint Members of the Association to serve on any standing or created committee.

ARTICLE VII - AMENDMENTS

The Board of Directors, by the affirmative vote of a majority of its members, may alter, amend or revoke these Bylaws at any regular or special meeting of the Board.

ARTICLE VIII - FISCAL YEAR

The fiscal year of the Association shall be determined by the Board of Directors.
Amendments

I., Section 4, Quorums (Approved unanimously by the Board, 8-13-94)

The first sentence is deleted and replaced by the following:

At an annual meeting, due notice having been given, if the majority of the paid-up members do not respond, either by proxy or in person, the majority vote of those who have responded either by proxy or in person shall constitute a quorum.