

BY-LAWS CANTERBURY IMPROVEMENT ASSOCIATION

ARTICLE I

The Association shall operate under the name of Canterbury Improvement Association, Incorporated, a private incorporated association (hereinafter called the Association), and shall have the power and responsibility of administering and enforcing the protective covenants on the Canterbury Subdivision, including all conditions, restrictions, assessments and collections included in or a result of said protective covenants, and further maintaining and operating all property belonging to the Association, including any exterior fences or interior fences that may exist or hereafter be erected by the Association within the Canterbury Subdivision. The Association shall have its principal place of business in El Paso County, Colorado.

ARTICLE II

Definitions

The following terms when used in these By-Laws, including any Supplement or Amendment thereto, and in the protective covenants which shall be imposed upon the Canterbury Subdivision, shall have the following meanings unless modified by the specific context in which they later appear:

1. "Association" shall mean and refer to the Canterbury Improvement Association.

2. "Common Area" shall mean and refer to all real property owned or leased by the Association for the common use and enjoyment of the members of the Association.

3. "Lot" or "Tract" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Canterbury Subdivision with the exception of any Common Area as heretofore defined.

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

5. "Owner" shall mean and refer to anyone who has entered into a contract for deed to a lot or tract, or who holds simple title to a lot or track within the Canterbury Subdivision, and shall include the Declarant to the extent the Declarant retains lots unsold to any new Owner.

6. "Declarant" shall mean and refer to Canterbury Corporation, a Colorado corporation.

7. "Developer" shall mean and refer to any person or entity who is the owner of four or more undeveloped lots which he or it purchased directly from the Declarant.

8. "Architectural Control Committee" shall be as stated in the covenants.

ARTICLE III

Board of Directors

The affairs of the Association shall be governed by the Board of Directors, which shall consist of seven members. The initial Board will have two members elected for a one-year term, two members for a two-year term, and three members for a three-year term. Subsequent elections to the Board of Directors will be for three-year terms. The Board of Directors shall be elected by the Owners, with one vote to each Owner for each tract or lot owned or being purchased. The election for the Board of Directors shall be held annually at the annual meeting of the Owners, which shall be at a time and place to be chosen and announced by the Board.

ARTICLE IV

Officers

The immediate Management and operation of the Association shall be through its designated officers, who shall be elected by the Board of Directors at the annual meeting of the Board of Directors, which shall immediately follow the annual meeting of the Owners. The Officers shall consist of a Chairman, a Vice Chairman, a Secretary, a Treasurer, and such other assistants, as the Board of Directors may deem necessary. The Officers shall hold office for terms of one year, or until their successors are elected and qualify. All officers shall be owners of lots or tracts within the Subdivision.

ARTICLE V

Membership

Every person or entity who is an Owner as defined herein shall be a member of the Association. Membership shall be pertinent to and may not be separated from the ownership of any lot. In addition, any person or entity contracting to buy a lot or tract from a present Owner or from the Declarant, shall be considered a contingent member for the purpose of permitting the sale to said contingent member to be made. The contingent members shall have no voting rights until they become full-fledged Owners and Members. Each Member-Owner shall have one vote per lot owned. Each member or entity shall have only one voting member at each meeting.

ARTICLE VI

Agreement for Maintenance Assessments

Section 1. Personal Obligation for Assessment, Delinquent Assessments, Remedies of the Association

Each owner of any lot, by contracting for the purchase of a lot or by accepting a deed therefore, and by membership in the Association and by use of the Common Areas, is deemed to agree to pay to the Association all properly imposed annual assessments and special assessments for capital improvements, such assessments to be established and collected from time to time by the Association and hereinafter provided. The annual and special assessments, together with interest thereon shall be the personal obligation of the person who was Owner of such property at the time when the assessment fee is due. The Association may bill and collect said annual assessments on a quarterly rather than an annual basis if it so desires. If an assessment is unpaid, the Association may sue the Owner for the payment of the Assessment, and may collect the costs of collection and a reasonable attorney's fee as part of any such litigation.

Any assessment which is not paid when due shall be delinquent. If the assessment is not paid within thirty days after the due date, the assessment shall bear interest at the rate of eight percent per annum. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common area or by abandonment of his lot, and any Owner delinquent in payment of his assessments shall lose all voting rights while said assessments remain delinquent.

Section 2. Purpose of Assessments

The annual assessment levied by the Association upon the lots shall be exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Canterbury Subdivision, and in particular, for the improvement and maintenance of services devoted to this purpose and related to the use and enjoyment of any Common Area, including, but not limited to, the payment of taxes and insurance thereupon, and the repair, replacement, and additions thereto, including the costs of labor, equipment, materials used, and for the management and supervision therefore, to include the maintenance and repair of any exterior or interior fences.

Section 3. Procedure for Assessments, Limitations

1. The Board of Directors shall fix the annual assessments as deemed necessary based upon the anticipated budget of the Association for the following year, but no annual assessment, except as hereinafter provided shall exceed \$40.00 per lot. After February 26, 2003, the maximum allowable annual assessment may be increased or decreased from the current \$40.00 maximum by the assent of two-thirds of the Members who are voting in person or by proxy at a special meeting of the Members called for the purpose of considering changing the maximum allowable annual assessment.

2. In addition to the annual assessment authorization above, the Association may levy in any fiscal year a special assessment applicable to that year only, which may be collected on a monthly basis for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of the described capital improvement of a Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of three-fourths of the votes of the Members voting in person or by proxy at a special meeting of the Members called to consider the imposition of a special capital assessment for the fiscal year.

3. Notice of any special meeting called to consider changing the maximum allowable annual assessment or the imposition of a special assessment shall set forth the fact that said question shall be voted upon at a meeting and said notice shall be sent in writing to all members not less than fifteen nor more than thirty days in advance of the meeting.

4. The quorum required for any special meeting called to consider changing the maximum allowable annual assessment or to consider the imposition of a special capital assessment shall be the presence at the special meeting in person or by proxy of at least sixty percent of all votes of the membership.

5. The annual assessments shall be due and payable on the date fixed by the Board of Directors, which date shall be fixed at least thirty days in advance of the actual due date and any change in the maximum allowable assessment or the imposition of any special capital assessment shall not be effective for at least thirty days after its approval at a special meeting called for such consideration. Written notice of the assessment as approved shall be sent to every Owner liable therefore.

6. The quorum required for an action by the members as authorized by Section 3 and 4 hereof shall be the presence at the special meeting of members or of proxies entitled to cast sixty percent of all the votes of the membership.

Section 4. Exempt property

The following property subject to these By-Laws 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 and accepted by a local public authority and devoted to public use;
- (b) A Common Area

ARTICLE VII

Amendment of By-Laws

These By-Laws may be repealed, altered, amended, or supplemented only by vote of the Members, and such vote shall require the affirmative vote of two-thirds of the Members at a special meeting called for considering amendments or changes to the subject By-Laws. Any proposed changes to these By-Laws shall be submitted in writing to the Members at least thirty days prior to said special meeting.

The quorum required for any special meeting called to repeal, alter, amend, or supplement these By-Laws shall be the presence at the special meeting in person or by proxy of at least sixty percent of all votes of the membership.

ARTICLE VIII

Assumption of Duties of Declarant by Association

In accordance with the protective covenants existing on the property within the Canterbury Subdivision, it is the intention of the Declarant to transfer all its responsibilities under the protective covenants to the Association. Once the Association is established, and has elected its Board of Directors in accordance with these By-Laws, and that Board of Directors has elected or chosen the Officers of the Association, the Chairman and Secretary of the Association, on behalf of the Association, shall deliver to the Declarant a written resolution stating that the Association has been duly established and is ready to take over the duties and responsibilities of Declarant under the protective covenants. Said written resolution shall be accepted by the Declarant if, in the Declarant's opinion, the Association is in a position to fully discharge all duties of Declarant. Acceptance by the Declarant shall then transfer all responsibilities of the Declarant to the Association and shall relieve the Declarant from such Responsibilities. However, the Declarant, as owner of property within the

subdivision, shall continue to have all rights of an Owner until the lots or tracts are sold by the Declarant to new Owners.

I hereby certify that the above foregoing By-Laws were amended by the Canterbury Improvement Association, Inc., at a special meeting called for that purpose on the 26th day of February 2003.

Signed 
Secretary 2/28/03