

**ARTICLES OF INCORPORATION
OF
CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.**

The undersigned person acting as incorporator, registered agent, and person filing these Articles of Incorporation under the Colorado Revised Nonprofit Corporation Act (the "Nonprofit Act"), hereby signs and acknowledges the following Articles of Incorporation for the following Corporation:

ARTICLE I
Name

The name of this Corporation shall be CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.

ARTICLE II
Duration

The term of existence of this Corporation is perpetual.

ARTICLE III
Purposes

The purposes for which the Corporation is formed are as follows:

1. To be and constitute the Association to which reference is made in the Declaration of Covenants, Conditions and Restrictions for Cornerstone Estates, and any amendment or supplement thereto (hereinafter called the "Declaration" and the definitions and provisions thereof are incorporated herein by this reference as if set forth at length) which has been or will be recorded in the records of the Clerk and Recorder of the County of El Paso, Colorado, and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association. The Declaration consists of beneficial property restrictions which are mutually enforceable by all Owners within the Subdivision. Any terms used in these Articles of Incorporation shall have the same meaning as set forth in the Declaration.

2. To provide an entity for the furtherance of the interests of all of the Owners, including the Declarant named in the Declaration, of Lots with the objectives of establishing and maintaining Cornerstone Estates (the "Subdivision"), as a project of quality and value; enhancing and protecting its value, desirability and attractiveness; promoting the health, safety and welfare of the residents of said Subdivision and providing for any other purposes as set forth in the Declaration, including without limitation, any obligations relating to detention basins and drainage facilities, if any.

ARTICLE IV

Powers

In furtherance of its purposes, this Corporation shall have all of the powers conferred upon nonprofit corporations by the statutes and common law of the State of Colorado in effect from time to time, shall have all rights and powers conferred upon owners' associations by Colorado laws and statutes as now or hereafter enacted, provided however, the Corporation shall not be subject to the Colorado Common Interest Ownership Act (C.R.S. § 38-33.3-101 *et seq.* "CCIOA"). The Corporation shall have all of the powers necessary or desirable to perform the obligations and duties and exercise the rights and powers of the Association under the Declaration which shall include, but shall not be limited to, the following, which shall be subject to the limitations, requirements, restrictions and provisions of the Declaration and the Association's Bylaws:

(a) To fix, levy, collect and enforce payment by any lawful means, all charges, fines, other sums, or assessments pursuant to the terms of the Declaration, and by law and statute; to pay all expenses in connection therewith and all other expenses incident to the conduct of the business of the Association, including without limitation, all licenses, taxes or governmental charges levied or imposed against the Association or its property; provided, however, assessments shall never be set higher than the sum set forth in C.R.S. § 38-33.3-116 to exempt the Association from CCIOA unless the Association elects to be subject to CCIOA pursuant to C.R.S. § 38-33.3-118;

(b) To 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;

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

(d) To dedicate, convey, sell or transfer all or any part of the Common Area;

(e) To participate in mergers, and consolidations with other nonprofit corporations organized for the same purposes, and, subject to Declarant's rights, to annex additional residential land into the Subdivision;

(f) To manage, control, operate, maintain, repair and improve the Property as provided in the Declaration, including without limitation detention basin and drainage facilities, if any;

(g) To enforce the covenants, restrictions and conditions contained in the Declaration as provided therein and to have all rights, powers, duties, and interests of the Association under the Declaration;

(h) To engage in activities which will foster, promote and advance the common interests of Owners of Lots, including the interest of the Declarant during its marketing of the Subdivision;

(i) To enter into, make, perform or enforce contracts of every kind and description and to do all other acts necessary, appropriate or advisable in carrying out any purposes of this Association, with or in association with any person, firm, association, corporation or other entity or agency, public or private, subject to the requirements of the Declaration;

(j) To adopt, alter and amend or repeal such Bylaws, rules and regulations as may be necessary or desirable for the proper management of the affairs of the Association;

(k) To be responsible for duties related to Private Detention Basins, which include managing, operating, cleaning, maintaining, and repairing the Detention Basins; administering and enforcing the covenants, conditions, restrictions, agreements, reservations and easements contained in the recorded "Private Detention Basin/Stormwater Quality Best Management Practice Maintenance Agreement and Easement" with El Paso County, and the levying, collecting and enforcing the assessments, charges, and liens imposed herein and under said Detention Basin Agreement;

(l) To carry out any applicable provisions of the Water Orders of the Colorado Ground Water Commission in Case Nos. 1033-BD and 1034-BD; and

(m) To carry out any applicable provisions of the Development Plan or other El Paso County requirements.

ARTICLE V

Non-liability and Indemnity of Officers and Directors

1. No Officer or Director of the Corporation shall be personally liable to the Corporation or to its Members for monetary damages for breach of fiduciary duty as a Director to the fullest extent of the Nonprofit Act, including without limitation C.R.S. § 7-128-402, or other law or statute. If the Nonprofit Act hereafter is amended to further eliminate or limit the liability of an Officer or Director, then such Officer or Director shall not be liable to the fullest extent permitted by the amended Nonprofit Act, in addition to the other provisions of these Articles of Incorporation. No Officer or Director shall be liable to any creditor of the Corporation as provided by the Nonprofit Act, including without limitation, as provided by C.R.S. § 7-128-401(5).

2. No Officer or Director of the Corporation shall be personally liable for any contract or claim against the Corporation nor for any injury to person or property arising out of a tort committed by such person unless such Officer or Director committed a criminal offense or committed a wanton and willful wrongful act or omission. The protections afforded by these

Articles shall not restrict other common law and statutory protections and rights that such Officer or Director may have and shall not reduce or impair any insurance coverage of such persons.

3. Unless otherwise specifically provided herein, or in the Nonprofit Act, or the Declaration, no Officer or Director shall be held liable for actions taken or omissions made in the performance of his or here duties as an Officer or Director except for wanton and willful wrongful acts or omissions.

4. A Director or Officer is not liable as such to the Corporation or its Members for any action taken or omitted to be taken as a Director or Officer in the performance of the duties of such position in compliance with C.R.S. § 7-128-401(2).

5. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, fiduciary, or agent of the Corporation against any liability asserted against or incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the Nonprofit Act or the Declaration or otherwise.

6. Each Officer and Director of the Corporation, before, now or hereinafter serving in any such capacity, shall be indemnified by the Corporation against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served in any such capacity, or by reason of any action alleged to have been taken, omitted, or neglected by him or her in any such capacity, to the fullest extent allowable by law and statute, including without limitation, the Nonprofit Act. The right of indemnification herein provided shall not be exclusive of any rights to which any Director or Officer of the Corporation may otherwise be entitled by law or statute, provided however, this indemnification shall not reduce or impair any insurance coverage of the Corporation, nor any Officer, Director, or any other person described in this Article.

7. Any repeal or modification of any of the foregoing paragraphs shall not adversely affect any right or protection of a Director, Officer, nor any other person described in this Article existing on or before such repeal or modification.

ARTICLE VI Conflicts of Interest

No contract, transaction, or other financial relationship shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member of the Corporation or by or in the right of the Corporation, solely because of any conflicting interest so long as the contract, transaction, or other financial relationship complies with the Nonprofit Act, including without limitation, C.R.S. § 7-128-501. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes, approves or ratifies such contract or transaction.

ARTICLE VII

Membership

1. This Corporation shall be a membership corporation without certificates or shares of stock. As more fully provided in the Declaration and the Bylaws, every person or entity, who is a record owner of a fee or undivided fee interest in any Lot which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a voting Member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

2. A membership in this Corporation and the share of a Member in the assets of this Corporation shall not be assigned, encumbered or transferred in any manner except as appurtenant to the transfer of title to the Lot to which the membership pertains; provided, however, that the rights of membership may be assigned to the holder of a mortgage, deed of trust or other security instrument on a Lot as further security for a loan secured by a lien on such Lot; foreclosure of a membership interest shall not be considered a purchase of such interest under C.R.S. § 7-126-303

3. A transfer of membership shall occur automatically upon the transfer of title to the Lot to which the membership pertains; provided however, that the Bylaws of this Corporation may contain reasonable provisions and requirements with respect to recording such transfers on the books and records of this Corporation.

4. Members shall have the right to purchase other Lots and to exercise the membership rights appurtenant thereto as provided in the Declaration.

5. This Corporation may suspend the voting rights of a Member, impose fines and exercise all other rights and remedies for failure to comply with the rules and regulations or the Bylaws of the Association or with any other obligations of the Owners of a Lot under the Declaration. Any Member who is in default in any obligation to the Association shall not be entitled to vote, hold office, or otherwise exercise any membership rights under the Declaration, these Articles of Incorporation, or the Bylaws. Cumulative voting is prohibited.

6. The Bylaws may contain additional provisions setting forth the rights, privileges, duties and responsibilities of the Members; provided however, the provisions of these Articles of Incorporation and the Bylaws shall be subject to the covenants, terms and provisions of the Declaration which shall control in the event of any conflict, and the provisions of these Articles of Incorporation shall control over any conflicting provisions in the Bylaws.

ARTICLE VIII

Voting Rights

Each Lot shall have one vote except as set forth in the Declaration, and the affirmative vote of a majority of Members, present at any meeting in person or by proxy, shall be required for

decisions and action by the Corporation, unless otherwise provided herein or in the Association's Declaration or Bylaws. If only one of the multiple Owners of a Lot is present at a meeting of the Corporation, such Owner is entitled to cast the vote allocated to that Lot. Alternatively, if more than one person holds an interest in a Lot, they may appoint one of their co-owners as proxy to cast the vote for that Lot. The vote for such Lot shall be cast as the Owners holding a majority interest in thereof agree, but in no event shall they cast more than one vote for that Lot on any one question.

If such Owners of such Lot cannot agree as to the manner in which their vote shall be cast when called upon to vote, then they will be treated as having abstained; during any such period, each Owner shall retain all other rights and obligations of membership in the Corporation.

ARTICLE IX
Board of Directors

1. The business and affairs of the Corporation shall be conducted, managed and controlled by a Board of Directors. The initial Board of Directors shall consist of three (3) Directors, and thereafter the specific number shall be set forth as provided in the Bylaws of the Corporation. Except for Directors appointed by the Declarant, Directors shall be Owners as defined in the Declaration. The Declarant may, until January 1, 2021, appoint or remove any member of the Board of Directors of the Association. Following the termination of the Declarant's right to appoint the Board, the Owners shall elect the Board of Directors as provided in the Declaration, these Articles of Incorporation and the Bylaws.

2. Except for Directors who are appointed and removed by the Declarant and shall serve until their successors are duly elected and qualified.

3. Directors shall be elected, replaced and removed and vacancies of the Board of Directors shall be filled in the manner and for the terms as provided in these Articles of Incorporation and the Bylaws.

4. As set forth above, Directors shall have no liability to the Corporation or its Members for monetary damages for breach of any duty as a Director except as otherwise provided by law or statute. The Corporation shall indemnify its Directors and other persons pursuant to C.R.S. § 7-22-101.5 and its Bylaws, but such indemnity shall not affect, impair, or reduce insurance coverage of its Directors and other persons.

ARTICLE X
Officers

The Board of Directors may appoint a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other Officers as the Board believes will be in the best interest of the Corporation. The Officers shall have such duties as may be prescribed in the Bylaws of the Corporation and shall serve at the pleasure of the Board of Directors.

ARTICLE XI
Dissolution, Merger or Consolidation

The Corporation may be dissolved, merged or consolidated as provided by the Nonprofit Act but subject to the Declaration. Upon dissolution of the Corporation other than incident to a merger or consolidation, the assets of the Corporation shall be distributed and transferred as the Members may direct, subject to the requirements, limitations and other provisions of the Declaration. In such event, the assets may be granted, conveyed and assigned to any public agency, nonprofit corporation, association, trust or other organization to be devoted to purposes similar to those for which this Corporation was created.

ARTICLE XII
Initial Registered Office, Agent and Address

The street address of the initial registered office of the Corporation shall be 2520 Aviation Way, Suite A, Colorado Springs, El Paso County, Colorado 80916. The initial registered agent shall be Robert Bartlett, whose street address is the same as the initial registered office and whose consent is shown by his/her signature of these Articles of Incorporation. The address of the Corporation's initial principal office is the same as its initial registered office.

ARTICLE XIII
Amendment

1. Except as provided in paragraph 2 of this Article XIII, amendments to these Articles of Incorporation shall require the consent of at least sixty-seven percent (67%) of the votes which Members present in person or by proxy at a meeting, duly called and attended as provided by the Bylaws, are entitled to cast, provided, however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with the provisions of the Declaration and no amendment to these Articles shall be made without the prior written consent of Declarant until January 1, 2021.

2. Notwithstanding any contrary provisions of these Articles of Incorporation or any other document, the Declarant under the Declaration hereby reserves the following rights, until January 1, 2021, but without approval or vote of the Members, to amend these Articles of Incorporation and/or the Bylaws, as may be deemed necessary or desirable by Declarant in its sole discretion to correct typographical errors or make clarifications or to implement the Declarant's rights under the Declaration, Articles of Incorporation, or Bylaws, or to induce any lender or secondary lending entity to make, purchase, sell, insure or guarantee First Mortgages covering any portion of the Subdivision, and each Owner by accepting a deed, mortgage or other instrument affecting a lot appoints the Declarant as his attorney-in-fact for purposes of executing in said Owner's name and recording any such amendments to these Articles and each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of and a consent to the reservation of the power to the Declarant to make, execute and record any such amendments.

ARTICLE XIV
Nonprofit Purposes

This Corporation is formed under the Nonprofit Act and not for pecuniary profit or financial gain. The Corporation is organized and operated to provide for the management, maintenance and care of property within the Subdivision as provided in the Declaration.

ARTICLE XV
Incorporator and Filer

The incorporator of the Corporation and person filing this document is Robert Bartlett, whose street address is 2520 Aviation Way, Suite A, Colorado Springs, El Paso County, Colorado 80916.

ARTICLE XVI
Exemption from CCIOA

The Corporation and the Subdivision shall be exempt from the provisions of the CCIOA (C.R.S. § 38-33.3-101, et seq.) pursuant to the provisions of C.R.S. § 38-33.3-116 which exempt planned communities from the provisions of CCIOA if the annual average common expense liability of each lot restricted to residential purposes, exclusive of optional user fees and any insurance premiums paid by the Association, shall not exceed the amount set forth therein. The Declarant has incorporated that limitation on annual average common expenses in the Declaration. If the amount of the permissible average annual common expense liability is amended in CCIOA, the Declaration shall be automatically amended to such higher amount. Notwithstanding this exemption, this Corporation and the Subdivision are subject to the provisions of C.R.S. § 38-33.3-105, § 38-33.3-106 and § 38-33.3-107 of CCIOA and may elect to be subject to CCIOA pursuant to C.R.C.

ARTICLE XVII
Conflicts of Interest

No contract, transaction, or other financial relationship shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member of the Corporation or by or in the right of the Corporation, solely because of any conflicting interest so long as the contract, transaction, or other financial relationship complies with the Nonprofit Act, including without limitation, C.R.S. §7-128-501. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes, approves or ratifies such contract or transaction.

IN WITNESS WHEREOF, for the purposes of forming this Corporation under the laws of the State of Colorado, the undersigned, constituting the Incorporator and Registered Agent of this Corporation and person filing this document and to whom notice may be delivered, has executed these Articles of Incorporation on the date shown below. The name and mailing address of the individual who caused this document to be delivered for filing, and to whom the Secretary of State may deliver notice if filing of this document is refused, is the above-named incorporator.

Dated: _____

Robert Bartlett

Address: 2520 Aviation Way, Suite A
Colorado Springs, CO 80916

**BYLAWS
OF
CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

Section 1.1 Name. The name of the corporation is **CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.**, hereinafter referred to as the "Association". The Association has been incorporated as a Colorado non-profit corporation pursuant to its Articles of Incorporation (which are incorporated herein by this reference and hereafter called the "Articles").

Section 1.2 Principal Office. The principal office of the corporation shall be initially located at 2520 Aviation Way, Suite A, Colorado Springs, CO 80916, but meetings of Members and Directors may be held at such places within the County of El Paso as may be designated by the Board of Directors, which shall also be known and referred to sometimes herein as the "Board".

**ARTICLE II
DEFINITIONS AND ASSOCIATION DOCUMENTS**

Section 2.1 Definitions. All terms which are defined in the Declaration of Covenants, Conditions and Restrictions of Cornerstone Estates Subdivision (which is incorporated herein by this reference and hereinafter called the "Declaration" and incorporated herein by this reference) and the Colorado Revised Nonprofit Corporation Act C.R.S. § 7-121-101 et. seq. (hereinafter called the "Nonprofit Act") shall have the same meaning herein.

Section 2.2 Exemption from CCIOA. The Association shall not be subject to the Colorado Common Interest Ownership Act (C.R.S. § 38-33.3-101, "CCIOA") as more fully provided in C.R.S. § 38-33.3-116 thereof, but may elect to be subject to CCIOA pursuant to C.R.S. § 38-33.3-118.

Section 2.3 Association Documents. Each Owner, his or her family members, guests, tenants, contractors and invitees shall comply fully and promptly with the Declaration, the Association's Articles of Incorporation, these Bylaws, and the Association's rules and regulations (all of those documents are collectively called the "Association Documents").

**ARTICLE III
MEETING OF MEMBERS**

Section 3.1 Membership and Voting Rights. The requirements and conditions of Membership and of voting rights shall be as provided in the Declaration and the Articles of Incorporation. In addition, the following shall apply:

(a) Membership. By acquiring title to a Lot, a person or entity automatically consents to becoming a Member of the Association and subject to the rights and duties set forth in the Declaration, the Articles, Bylaws and applicable laws and statutes, subject to the provisions of the Declaration and these Bylaws. Each Lot shall have one vote on any issue duly submitted to the Members and/or each vacant directorship, except as otherwise provided in the Association Documents. Different rights and obligations with respect to voting and all other matters may be set forth in the Declaration, which shall be controlling over C.R.S. § 7-127-202 or otherwise. Members may only transfer their Memberships and any right arising therefrom as permitted by the Declaration, Articles, and these Bylaws and in accordance therewith. The Association's Board may adopt rules regarding any termination, expulsion or suspension of a Member, but such Rules shall be subject to the provisions of the Declaration and Nonprofit Act (C.R.S. § 7-126-303).

(b) Continuation or Termination of Membership. The Member's rights under these Bylaws shall terminate without any Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in connection with the Association during the period of ownership and membership in this Association, nor shall such termination impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of, or in incident thereto. A Member may not resign from the Association, but may be expelled or suspended or have Membership terminated as provided by the Association's Documents and C.R.S. § 7-126-302; a Member shall remain liable for all assessments, fees, charges and sums, whether past, present or future, despite such expulsion, suspension or termination. No votes allocated to a Lot owned by the Association may be cast. Any member who is in default in any obligation to the Association shall not be entitled to vote, hold office, or otherwise exercise any membership rights under the Declaration, the Articles of Incorporation, or these Bylaws.

(c) Transfer of Membership. A membership in the Association shall not be assigned, encumbered, or transferred in any manner except as an appurtenance to the transfer of title to the Lot to which the membership pertains; provided, however, the rights of membership may be assigned to the holder of a mortgage on a Lot as further security for a loan secured by a lien on such Lot. A transfer of membership shall occur automatically upon the transfer of title to the Lot to which the membership pertains. The rules of the Association may, however, contain reasonable provisions and requirements with respect to recording such transfers on the books and records of the Association.

(d) Voting Rights. Each Lot shall have one vote as set forth in the Declaration, and the affirmative vote of a majority of Members, present at any meeting in person or by proxy, shall be required for decisions and action by the Corporation, unless otherwise provided herein or in the Association's Declaration or Bylaws. If only one of the multiple Owners of a Lot is present at a meeting of the Corporation, such Owner is entitled to cast the vote allocated to that Lot. Alternatively, if more than one person holds an interest in a Lot, they may appoint one of their co-owners as proxy to cast the vote for that Lot. The vote for such Lot shall be cast as the Owners holding a majority interest in thereof agree, but in no event shall they cast more than one vote for

that Lot on any one question. If such Owners of such Lot cannot agree as to the manner in which their vote shall be cast when called upon to vote, then they will be treated as having abstained; during any such period, each Owner shall retain all other rights and obligations of membership in the Corporation. Cumulative voting is prohibited.

Section 3.2 Annual and Regular Meetings. The first annual meeting of the Members shall be held within one year of the date of incorporation, and each subsequent annual meeting of the Members shall be held during the fourth quarter of each year thereafter at a place, date and time, within the State of Colorado, as the Board of Directors may determine. The Board of Directors may in its sole discretion, set meetings of members to occur on a regular basis (for example, monthly, or quarterly or semi-annually); if and when set, such meetings shall constitute "regular meetings".

Section 3.3 Special Meetings of Members.

(a) The Association shall hold a special meeting of its Members:

(i) On call of its Board of Directors or the person or persons authorized by the Bylaws or resolution of the Board of Directors to call such a meeting; or

(ii) If the Association receives one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by Members holding at least twenty (20%) percent of all votes entitled pursuant to the Bylaws to be cast on any issues proposed to be considered at the meeting.

(b) If not otherwise fixed under C.R.S. § 7-127-103 or § 7-127-106, the record date for determining the Members entitled to demand a special meeting pursuant to paragraph (a)(ii) above is the date of the earliest of any of the demands pursuant to which the meeting is called, or the date that is sixty days before the date the first such demand is received by the Association, whichever is later.

(c) If a notice for a special meeting demanded pursuant to paragraph (a)(ii) above is not given pursuant to C.R.S. § 7-127-104 within thirty days after the date the written demand or demands are delivered to a corporate officer, regardless of the requirements of paragraph (d) below, a person signing the demand or demands may set the time and place of the meeting and give notice pursuant to C.R.S. § 7-127-104.

(d) Special meetings of the Members may be held in or out of this state at the place stated in or fixed in accordance with the Bylaws, or, if not so stated or fixed, at a place stated or fixed in accordance with a resolution of the Board of Directors. If no place is so stated or fixed, special meetings shall be held at the Association's principal office.

(e) Only business within the purpose or purposes described in the notice of the meeting required by C.R.S. § 7-127-104(3) may be conducted as a special meeting of the Members.

Section 3.4 Notice of Member Meetings.

(a) The Association shall give to each Member who is entitled to vote at the meeting notice consistent with its Bylaws of meetings of Members in a fair and reasonable manner.

(b) Any notice that conforms to the requirements of paragraph (c) below is fair and reasonable, but other means of giving notice may also be fair and reasonable when all the circumstances are considered.

(c) Notice is fair and reasonable if:

(i) The Association notifies its Members by mail or hand delivery of the place, date, and time of each annual, regular, and special meeting of Members no fewer than ten (10) days, or if notice is mailed by other than first class or registered mail, no fewer than thirty (30) days, nor more than sixty (60) days before the meeting date, and if notice is given by newspaper as provided in C.R.S. § 7-121-402(2), the notice must be published five separate times with the first such publication no more than sixty days, and the last such publication no fewer than ten days, before the meeting date. The notice of any Member meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board.

(ii) Notice of an annual or regular meeting includes a description of any matter or matters that must be approved by the Members or for which the Members' approval is sought under C.R.S. § 7-128-501, § 7-129-110, § 7-130-103, § 7-130-201, § 7-131-102, and § 7-134-102; and

(d) Unless otherwise provided by articles 121 to 137 of the Nonprofit Act or the Bylaws, notice of a special meeting includes a description of the purpose or purposes for which the meeting is called.

(e) Members may waive notice as provided by C.R.S. § 7-127-105.

(f) If an annual, regular, or special meeting of Members is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed under C.R.S. § 7-127-106, however, notice of the adjourned meeting must be given under this section to the Members of record as of the new record date.

(g) When giving notice of an annual, regular, or special meeting of Members, the Association shall give notice of a matter a Member intends to raise at the meeting if:

(i) Requested in writing to do so by a person entitled to call a special meeting; and

(ii) The request is received by the secretary or president of the Association at least ten days before the Association gives notice of the meeting.

(h) The Board may fix the record date for determining the Members entitled to notice or to vote at any Members' meeting or to exercise any rights in respect to any lawful action pursuant to C.R.S. § 7-127-106 or otherwise. Such record date may not be more than seventy (70) days before the meeting or action requiring a determination of members occurs. Unless otherwise directed by the Board, the Association shall not be required to prepare the list of names described in C.R.S. § 7-127-201.

Section 3.5 Action Taken Without Meeting or by Written Ballot.

(a) Notwithstanding any provision to the contrary, any action required or permitted to be taken at any meeting of Members may be taken without a meeting, prior notice or vote, if Members entitled to vote thereon unanimously agree and consent to such action in writing; such action shall be taken in accordance with C.R.S. § 7-127-107 of the Nonprofit Act.

(b) Action may also be taken by means of the procedures set forth herein, or in addition thereto, the Board may authorize voting by written ballots pursuant to C.R.S. § 7-127-109 or as otherwise permitted by the Nonprofit Act.

Section 3.6 Quorum.

(a) The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, thirty percent (30%) of the votes in the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have 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.

(b) Once a Member is represented for any purpose at a meeting, including the purpose of determining that a quorum exists, the Member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is or shall be set for that adjourned meeting.

Section 3.7 Proxies.

(a) The vote allocated to a Lot may be cast by a proxy duly executed by an Owner in accordance with these Bylaws and the Nonprofit Act. Proxies must be in writing and filed with the Association's secretary before the commencement of the meeting.

(b) If only one of the multiple Owners of a Lot is present at a meeting of the Association, such Owner is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the Owners, unless the Declaration expressly provides otherwise. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

(c) Votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven months after its date, unless it provides otherwise.

(d) A Member may appoint a proxy by transmitting or authorizing the transmission of an electronic transmission providing a written statement of the appointment to the proxy, to a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy or to the Association; except that the transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the Member transmitted or authorized the transmission of the appointment.

(e) An appointment of a proxy is revocable by the Member.

(f) Appointment of a proxy is revoked by the person appointing the proxy if that person:

(i) Attends any meeting and voting in person; or

(ii) Signs and delivers to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form.

Section 3.8 Majority of Members. As used in these Bylaws, the term "majority of Members" shall mean at least fifty-one percent (51%) of the votes in the Association, cast by Members present at a meeting containing a quorum. Unless otherwise provided in the Association Documents, an

affirmative vote of a majority of the Members present, in person or by proxy, shall be required to transact the business of the meeting and shall be valid and binding upon all Members.

Section 3.9 Order of Business. The order of business at all meetings of the Members shall be as determined by the Board.

ARTICLE IV BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

4.1 Number. The property, business and affairs of the Association shall be managed by a Board of Directors. The initial Board of Directors shall be composed of three (3) directors, who shall be appointed by the Declarant. Notwithstanding any contrary provision of the Association Documents, the Declarant may, until January 1, 2021, appoint or remove any officer of the Association or any member of the Board of Directors of the Association. Following the termination of the right of the Declarant to appoint or remove officers and/or directors, the Owners shall elect the Board as provided in the Association Documents. At each annual meeting after the termination of the Period of Declarant rights, the number of directors and their terms of office may be increased or decreased by an affirmative vote of a majority of Members at any annual meeting, but such changes shall not be effective until the next annual meeting. Directors must be Owners in good standing at all times with the Association as determined by the other Directors.

Section 4.2 Term of Office.

(a) At the first annual meeting after the termination of the Declarant's right to appoint or remove the Board, the Members shall elect at least one-third (1/3) of the directors for one-year terms, one-third (1/3) of the directors for two-year terms, and one-third (1/3) of the directors for three-year terms, and at each annual meeting thereafter, the Members shall elect the same number of directors as there are directors whose terms are then expiring, for terms of three years. The term of any director filling a vacancy expires at the end of the unexpired term that such director is filling. Vacancies shall be filled as provided by these Bylaws or, if applicable, 7-128-110 of the Nonprofit Act.

(b) Except for directors who are appointed or removed by the Declarant, directors shall serve and shall continue in office until their successors are duly elected and installed. Despite the expiration of a director's term, a director continues to serve until the director's successor is elected, appointed, or designated and qualifies, or until there is a decrease in the number of directors.

(c) Directors must be Owners in good standing at all times with the Association as determined by the other Directors.

Section 4.3 Resignation. Any director may resign at any time by giving written notice of such resignation to the President or the Secretary. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by such officer. In the event of death or

resignation of a director, his successor shall be selected by a majority of the remaining directors and shall serve for the unexpired term of his predecessor.

Section 4.4 Removal.

(a) Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Members by a vote of sixty-seven percent of all Members of the entire Association which Members must be present in person or by proxy, and entitled to vote at a meeting of the Members called for such purpose, may remove any Director elected by the Members, with or without cause as follows:

(i) The Members may remove one or more directors elected by them with or without cause. The person requesting the removal of the director shall do so by giving written notice thereof to the director and to the Association.

(ii) Subject to C.R.S. § 7-127-208(3), a director may be removed only if the number of votes cast to remove the director would be sufficient to elect the director at a meeting to elect directors.

(iii) A director elected by the Members may be removed by the voting Members only at a meeting called for the purpose of removing that director, and the meeting notice shall state that the purpose, or one of the purposes, of the meeting is removal of the director. A subsequent special meeting shall be held to elect replacements to any Director(s) removed under subsection (iii).

(iv) An entire Board of Directors may be removed under paragraphs (i) to (iii) above, provided however, replacements of any Directors so removed may be elected at the removal meeting so long as the notice thereof so indicates and provides the names of candidates proposed to replace any removed Directors.

(v) A director elected by the Board of Directors may be removed with or without cause by the vote of a majority of the directors then in office or such greater number as is set forth in the bylaws; except that a director elected by the Board of Directors to fill the vacancy of a director elected by the voting Members may be removed without cause by the voting Members, but not the Board of Directors.

(b) Notwithstanding the foregoing or any other provision of the Association Documents, a director appointed by the Declarant may only be removed by the Declarant.

(c) If, at the beginning of a director's term on the Board, any rules adopted by the Board pursuant to the Bylaws provide that a director may be deemed to have resigned for failing to attend a specified number of board meetings, or for failing to meet other specified obligations of directors, and if such failure to attend or meet obligations is confirmed by an

affirmative vote of the Board of Directors, than such failure to attend or meet obligations shall be effective as a resignation at the time of such vote of the board.

Section 4.5 Compensation. No director shall receive compensation from the Association for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.6 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 written approval of all the directors and complies with C.R.S. § 7-128-202. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 5.1 Nomination. After the termination of the Declarant's right to appoint or remove the Board, nomination for election to the Board of Directors may be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting or other meeting called for such purpose. 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 may 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 appointment shall be announced at each annual meeting. The Nominating Committee may make as many nominations for election to the Board of Directors as it shall, in its discretion, determine.

Section 5.2 Election. After the termination of the Declarant's right to appoint or remove the Board, election to the Board of Directors shall be held at the annual meeting or a special meeting held for that purpose. At such election, 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 Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Directors shall thereafter be elected at the Association's annual meeting or a special meeting held for that purpose. In an election of multiple directors, that number of candidates equaling the number of directors to be elected, having the highest number of votes cast in favor of their election, are elected to the Board of Directors. Contested elections shall be determined by secret ballots. When only one director is being voted upon, the affirmative vote of a majority of the Members constituting a quorum at the meeting at which the election occurs shall be required for election to the Board of Directors.

ARTICLE VI MEETINGS OF DIRECTORS

Section 6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held with such frequency and at such time and place as shall be determined by a majority of the directors. Notice of regular meetings of the Board of Directors shall be given to each director personally or by

mail, telephone, facsimile, or other electronic means as permitted by the Nonprofit Act, at least seven (7) days prior to the day named for such meeting.

Section 6.2 Organizational Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the Members shall be held within ten (10) days thereafter at such place as shall be fixed by the directors at the meeting at which such directors were elected and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 6.3 Special Meetings. Special meetings of the Board of Directors may be called by the President of the Association, or by any two or more directors, upon three days notice to each director, given personally or by mail, telephone, facsimile, or other electronic means as permitted by the Nonprofit Act, which notice shall state the time, the place and the purpose of the meeting.

Section 6.4 Notice of Meetings.

(a) Unless otherwise provided in articles 121 to 137 of the Act or in these Bylaws, regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Any meeting may be held as allowed by C.R.S. § 7-128-201.

(b) Special meetings of the Board of Directors shall be preceded by at least two days' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting unless otherwise required by articles 121 to 137 of the Act or these Bylaws.

Section 6.5 Waiver of Notice.

(a) A director may waive any notice of a meeting before or after the time and date of the meeting stated in the notice. Except as provided by paragraph (b) below, the waiver shall be in writing and signed by the director entitled to the notice. Such waiver shall be delivered to the Association for filing with the corporate records, but such delivery and filing shall not be conditions of the effectiveness of the waiver.

(b) A director's attendance at or participation in a meeting waives any required notice to that director of the meeting unless:

(i) At the beginning of the meeting or promptly upon the director's later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the meeting; or

(ii) If special notice was required of a particular purpose pursuant to C.R.S. § 7-128-203(2), the director objects to transacting business with respect to the purpose for

which such special notice was required and does not thereafter vote for or assent to action taken at the meeting with respect to such purpose.

Section 6.6 Quorum.

(a) At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at the beginning of any meeting of the Board there is less than a quorum present, those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. If a quorum exists at the beginning of any meeting, it is presumed to continue throughout the meeting.

(b) For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a director may be deemed to be present at a meeting and to vote if the director has granted a signed written proxy to another director who is present at the meeting, authorizing the other director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. Except as provided in this paragraph and as permitted by C.R.S. § 07-128-202, directors may not vote or otherwise act by proxy.

(c) A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to all action taken at the meeting unless:

(i) The director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting;

(ii) The director contemporaneously requests that the director's dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or

(iii) The director causes written notice of the director's dissent or abstention as to any specific action to be received by the presiding officer of the meeting before adjournment of the meeting or by the Association promptly after adjournment of the meeting. The right of dissent or abstention pursuant to this paragraph as to a specific action is not available to a director who votes in favor of the action taken.

Section 6.7 Proxy Voting. For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a director may be deemed to be present at a meeting and to vote if the director has granted a signed written proxy to another director who is present at the meeting, authorizing the other director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. Except as provided in this paragraph or

as permitted by C.R.S. § 7-128-202 or otherwise under the Nonprofit Act, directors may not vote or otherwise act by proxy.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 Powers. The Board of Directors shall have power set forth in the Association Documents, the Nonprofit Act, and otherwise provided by law or statute, including without limitation, the following powers:

(a) to exercise all powers granted by the Nonprofit Act or other law or statutes allowed to board of corporations;

(b) to enforce the Association Documents and to adopt and publish rules and regulations and to establish penalties for the infraction thereof. A rule or regulation shall not be in conflict with the Declaration or these Bylaws. A copy of such rules and regulations may be delivered by hand to each Lot or mailed to each Member upon the adoption thereof or may be recorded in the real property records of El Paso County;

(c) to suspend any Member's right to vote and the right to receive Association services and privileges and to use of any Association facilities during any period in which such Member shall be in default under the Declaration, including, without limitation, the non-payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for each infraction of published rules and regulations;

(d) to exercise for the Association all powers, duties and authority vested in or delegated to the Board or the Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration, and as are necessary for the administration of the affairs of the Association and for the operation and maintenance of the Project. One specific purpose of the Association shall be to operate, maintain and enforce, to the extent applicable, all the requirements of any detention pond or drainage requirements of El Paso County;

(e) to incur such costs and expenses as may be necessary to perform the Association's duties under the Declaration and to keep in good order, condition and repair all of the Common Area and facilities and all items of common personal property, including without limitation, drainage or detention facilities, if any;

(f) to declare the office of a director of the Board of Directors to be vacant in the event such director shall violate the Association Documents as provided herein;

(g) to make such distributions as authorized by the Nonprofit Act and the Declaration;

- (h) to appoint plans of merger or dissolution as permitted by the Nonprofit Act;
- (i) except as provided in the Association Documents, to borrow money, encumber or pledge assets and/or authorize sale of property under C.R.S. § 7-132-101 and 102;
- (j) to employ a property manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties; and
- (k) to 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 of the Members, or at any special meeting when such statement is requested in writing by one-fifth (1/5) of the Members who are entitled to vote;
- (l) to provide such supervision of all officers, agents and employees of this Association as the Board deems reasonably necessary and appropriate;
- (m) as more fully provided in the Declaration to:
 - (i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; such annual assessment may be collected on a monthly basis;
 - (ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (iii) foreclose the lien against any property for which assessments are not paid within a time set by the Board after due date or to bring an action at law against the owner personally obligated to pay the same, or both.
 - (iv) issue, or to cause an appropriate officer to issue a certificate setting forth whether or not any assessment 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;
- (n) to procure and maintain adequate liability and hazard insurance on the property owned by the Association, insure and keep insured all of the insurable common property or facilities and procure and maintain all other insurance required by the Declaration or deemed advisable by the Board of Directors;
- (o) to cause all officers or employees having fiscal responsibilities to furnish adequate fidelity insurance or bonds as required by the Declaration. The premiums on such insurance or bonds shall be a common expense as may be deemed appropriate by the Board;

(p) to fulfill all obligations of the Board under the Declaration and to make repairs, additions, alterations and improvements in the manner consistent with the Declaration;

(q) to establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable and to keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Lot Owners, and to cause an annual accounting for association funds and a financial statement to be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant. All persons or Managing Agent shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other persons or Managing Agent and shall maintain all reserve accounts of each association so managed separate from operational accounts of such Association;

(r) to meet as often as the Board deems reasonable and appropriate.

Section 7.2 Duties. It shall be the duty of the Board of Directors to exercise reasonable business judgment in the performance of its duties, subject to the provisions and protections of the Declaration and Colorado law and statute. In addition, the Association shall have the following duties:

(a) To be responsible for duties related to Private Detention Basins, which include managing, operating, cleaning, maintaining, and repairing the Detention Basins; administering and enforcing the covenants, conditions, restrictions, agreements, reservations and easements contained in the recorded "Private Detention Basin/Stormwater Quality Best Management Practice Maintenance Agreement and Easement" with El Paso County, and the levying, collecting and enforcing the assessments, charges, and liens imposed herein and under said Detention Basin Agreement;

(b) To carry out any applicable provisions of the Water Orders of the Colorado Ground Water Commission in Case Nos. 1033-BD and 1034-BD; and

(c) To carry out any applicable provisions of the Development Plan or other El Paso County requirements.

Section 7.3 No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Association Documents, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors, the Association or any Member shall have the right to enforce the same thereafter.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1 Enumeration of Offices. The officers of the Association shall be a President and a Vice-President, both of whom shall at all times be Members of the Board of Directors, and a Secretary and a Treasurer, and such other officers as the Board of Directors shall, from time to time, elect. The office of Treasurer and Secretary may be held by the same person. The offices of Secretary and Treasurer need not be held by Members of the Board of Directors. An officer shall be a natural person who is eighteen years of age or older.

Section 8.2 Election of Officers. The initial officers shall serve until the termination of the Declarant's right to appoint or remove directors and officers; thereafter, the election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 8.3 Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve. Officers shall continue in office until their successors are elected.

Section 8.4 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 8.5 Resignation and Removal.

(a) Any officer may be removed from office with or without cause by the Board.

(b) An officer may resign at any time by giving written notice of resignation to the Association. A resignation of an officer is effective when the notice is received by the Association unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Board of Directors may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date with the provision that the successor does not take office until the effective date, or the Board of Directors may remove the officer at any time before the effective date and may fill the resulting vacancy.

Section 8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7 Powers and Duties. The powers and duties of the officers are set forth in the Association Documents, the Nonprofit Act, and laws and statutes of the State of Colorado including without limitation, the following:

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign on behalf of the Association all leases, mortgages, deed and other written instruments and shall co-sign all checks and promissory notes. Further, he shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint committees from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

(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.

(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 any 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.

(d) Except to the extent performed by any managing agent, the Treasurer shall receive and deposit in appropriate governmentally insured accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual accounting to be made as set forth in the Association Documents; 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 of each to the Members. In the event a managing agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the managing agent not less often than once each calendar quarter.

(e) The President and the Secretary may prepare, execute, certify and record amendments to the Declaration on behalf of the Association following their adoption as provided therein.

ARTICLE IX NON LIABILITY OF OFFICERS AND DIRECTORS

Section 9.1 Contracts. Contracts or other commitments made by the Board of Directors or officers shall be made as agent for the Association, and they shall have no personal responsibility on any such contract or commitment.

Section 9.2 Indemnification of Officers and Directors. Each Officer and Director of the Corporation, now or hereinafter serving in any such capacity, shall be indemnified by the Corporation against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served in any such capacity, or by reason of any action alleged to

have been taken, omitted, or neglected by him or her in any such capacity, to the fullest extent allowable by the Articles of Incorporation and by law and statute, including without limitation, the Nonprofit Act. The right of indemnification herein provided shall not be exclusive of any rights to which any Director or Officer of the Corporation may otherwise be entitled by law or statute, provided however, this indemnification shall not reduce or impair any insurance coverage. No Director or Officer shall be personally liable to the Corporation or its Members except as otherwise provided by the Nonprofit Act. Directors and officers shall be indemnified by the Association to the fullest extent allowed by the Declaration, Articles of Incorporation and these Bylaws and by law and statutes, including without limitation, C.R.S. § 7-129-101 through 107.

Section 9.3 Non-liability. The directors, officers, employees and Members of the Association are not, as such, personally liable for the acts, debts, or obligations of the Association. The provisions of this Article IX shall be additional and supplemental to any and all provisions in the Association's Documents, and in statute, law or cases, all of which are incorporated herein by reference, and in the event of any conflict, the broader protection and indemnity shall apply.

Section 9.4 Standards. Except as may be allowed by the Declaration and the Nonprofit Act, directors and officers shall comply with the standards set forth in C.R.S. § 7-128-401 and § 7-128-501 and shall be indemnified as provided therein.

ARTICLE X COMMITTEES

The Board of Directors may appoint such committees as deemed appropriate in carrying out its purpose, including, without limitation, an architectural control committee or other committees pursuant to C.R.S. § 7-128-206 of the Nonprofit Act or to appoint itself as any committee under the Declaration or the Nonprofit Act, and to adopt rules, if any, for procedures and appeals from committees to the Board.

ARTICLE XI BOOKS AND RECORDS

The Association shall make available to Owners and Mortgagees, current copies of the Declaration, Bylaws, other rules concerning the Project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. In addition, the Association shall comply with the Nonprofit Act including without limitation C.R.S. § 7-136-101 through 106. In the event any minutes, books, or records are lost, destroyed, or misplaced, the Association's secretary is authorized to undertake the replacement or restoration thereof and may provide certified copies of the replaced or restored documents.

ARTICLE XII
ASSESSMENTS

Except as provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. All annual and special assessments shall be due on the date set by the Board of Directors, and if they are not received by the Association on or before that date, they shall be delinquent. Postmarks of envelopes shall not be honored for purposes of receipt. Any assessments received after the due date shall be subject to a late charge as set by the Board. All payments shall be credited in the following order: late charges, interest, legal fees and expenses of collection, fines, and assessments from the oldest to the most recent.

ARTICLE XIII
CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.

ARTICLE XIV
AMENDMENTS

These Bylaws may be amended by the Members at a regular or special meeting, with a quorum present, by a vote of at least sixty-seven percent (67%) of the Members voting (one vote per Lot) who are present in person or by proxy, provided however, notwithstanding the foregoing, the Declarant reserves the following rights, until January 1, 2021 but without the vote of the Owners, to make amendments to these Bylaws as may be necessary or desirable in Declarant's discretion (i) to correct typographical errors or make clarifications in these Bylaws or (ii) to implement the Declarant's rights or privileges under the Association Documents or (iii) to induce any lender or secondary lending entity to make, purchase, sell, issue, or guarantee First Mortgages in the Project, and each Owner, by accepting a deed, mortgage or other instrument affecting a Lot appoints Declarant as his attorney-in-fact for purposes of executing in said Owner's name and recording any such amendments to these Bylaws, the Articles of Incorporation and the Declaration, and each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of and a consent to the reservation of the power to the Declarant to make, execute and record any such amendments. Any amendments to the Association Documents prior to January 1, 2021 shall require the prior written approval of the Declarant.

ARTICLE XV
MISCELLANEOUS

Section 15.1 Fiscal Year. Unless the Board otherwise determines, the fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 15.2 Conflict of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 15.3 Interpretation. The Board shall have the sole discretion and authority to interpret the Association's Documents and to resolve any dispute as to the interpretation thereof; the Board's interpretation shall be final, conclusive and binding on all persons and parties, except the Declarant, its successors or assigns.

Section 15.4 Implied Rights. The Association and the Board shall have and may exercise any right or privilege given to it expressly by the Association's Documents, or reasonably to be implied from the provisions of the Association's Documents, or given or implied by law, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges, unless such are in conflict with the rights or privileges of the Declarant, its successors or assigns..

IN WITNESS WHEREOF, we, being all of the Directors of the CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this ____ day of _____, 2008.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of **CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.**, a Colorado non-profit corporation, and,

That the foregoing Bylaws constitute the original Bylaws of said Corporation, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 2008.

Secretary

**CONSENT OF THE BOARD OF DIRECTORS OF
CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.**

In lieu of a meeting of the Board of Directors of the Cornerstone Estates Homeowners Association, Inc. (the "Association"), the following persons: Robert Bartlett, Ann Bartlett and _____, who constitute all of the members of the initial Board of Directors, have agreed and consented that this Consent constitutes the organization meeting of the Board of Directors and pursuant to Section 7-128-202 and 204 of the Colorado Revised Statutes (1973), have waived all notice whatsoever of any meeting and have agreed and consented to the following actions and unanimously vote for the following resolutions:

RESOLVED, the Bylaws of even date herewith are hereby adopted and approved by the Board of Directors.

FURTHER RESOLVED, the following persons be and hereby are duly elected to the offices set forth opposite their respective names to serve until the next annual meeting of Directors and until their successors are duly elected and qualified:

_____	President
_____	Vice-President
_____	Secretary/Treasurer

FURTHER RESOLVED, the officers of the Association are hereby authorized to establish such accounts, as they deem appropriate in their sole discretion, with any bank, savings and loan, and/or other financial institution, to deliver such copies of this resolution as may be required, and to take such other actions and to execute such further documents as are necessary in their judgment to carry out the foregoing resolution.

FURTHER RESOLVED, the officers of the Association are hereby authorized to purchase such corporate minute book, a corporate seal and such other supplies, as they deem appropriate in their sole discretion.

FURTHER RESOLVED, the annual assessment for the Lots within the Project shall be assessed at \$_____ per year until _____.

FURTHER RESOLVED, the Association shall collect an initial funding fee of \$250.00 to be held and used as provided in the Declaration.

FURTHER RESOLVED, the officers of the Association are hereby authorized to negotiate and execute such agreements, contracts or other documents, upon such

terms as they deem appropriate in their sole discretion, in the name of the Association, and without personal responsibility or recourse, to fulfill and accomplish the purposes, powers and duties of the Association, as set forth in the Association's Declaration, its Articles of Incorporation and its Bylaws, including without limitation, any management agreements, insurance contracts, agreements for utilities, maintenance, trash collection, or any other services, and agreements to acquire personal property or to employ any person or party on behalf of the Association.

FURTHER RESOLVED, the Association hereby approves and agrees to and shall execute and deliver any and all agreements and requirements contained in the Water Orders and the Private Detention Basin Maintenance Agreement and Easement as imposed by El Paso County in the plat, development plan, or otherwise.

FURTHER RESOLVED, any action taken by the officers on behalf of the Association, prior hereto, are hereby ratified and approved in all respects.

FURTHER RESOLVED, the Association shall, to the extent permitted by law, indemnify and hold harmless its directors and officers from any liability resulting from their acts or omissions in the course of performing their rights and duties.

FURTHER RESOLVED, that the Rules attached to these Minutes are hereby approved and adopted by the Association, subject to subsequent amendment modification or change.

FURTHER RESOLVED, that the Board of Directors shall constitute the Architectural Approving Authority.

The foregoing actions/resolutions shall have the same effect as actions/resolutions taken at a meeting of Directors.

APPROVED:

BOARD OF DIRECTORS:

Attest:

Secretary

**APPOINTMENT OF DIRECTORS
CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.**

Robert and Ann Bartlett, as Declarants under that certain Declaration of Conditions, Covenants, Restrictions and Easements for Cornerstone Estates hereby appoints Robert Bartlett, Ann Bartlett and _____ to be the Directors of Cornerstone Estates Homeowners Association, Inc.

Signed: _____
Robert Bartlett

Signed: _____
Ann Bartlett

Effective Date: _____

CONSENT OF LENDER

The undersigned lender hereby consents and approves the Declaration of Conditions, Covenants, Restrictions and Easements for Cornerstone Estates to which this is attached.

SIGNED this _____ day of _____, 2009.

LENDER:

By: _____

Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO)

The foregoing Consent to Declaration was signed and acknowledged before me this _____ day of _____, 2009 by _____ as _____ of _____.

SEAL

NOTARY PUBLIC

Address: _____

My Commission Expires: _____

ANDERSON, DUDE & LEBEL, P.C.

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OF COUNSEL:
CYNTHIA MACE DUDE
DIANE M. ASTOURIAN

GREGORY L. JOHNSON (*Retired*)
LAWRENCE A. HECOX (*Retired*)
C.B. HORN (1963)
ROBERT ANDERSON (1993)

August 22, 2008

Mr. Bob Bartlett
2520 Aviation Way, Suite A
Colorado Springs, CO 80916

***CONFIDENTIAL ATTORNEY-
CLIENT COMMUNICATION***

Re: Cornerstone Estates – Association Documents

Dear Bob:

Enclosed please find the first drafts of the proposed Declaration of Covenants for Cornerstone Estates, Articles of Incorporation for Cornerstone Estates Homeowners Association, Articles of Incorporation for Cornerstone Estates Homeowners Association, and Bylaws for the Association. My comments related to those documents are as follows:

A. Entity. Based upon the planning documents, it appears that the property is owned by you and your wife individually. As we discussed, I would strongly recommend that you form a Limited Liability Company and transfer the property into that entity. You would assign the water rights decrees to that entity also. You should discuss this with your accountant, water engineer and an attorney who can prepare the entity documents for you. Primarily, the intent is to attempt to shield you from personal liability in the event of lawsuits, but there may be other benefits related to estate planning and possibly income taxes; you should talk to your accountant about the actions which may be necessary to avoid ordinary income taxes as a “land developer”.

B. Cornerstone Name. It appears that “Cornerstone Estates” will be available from the Colorado Secretary of State’s Office. However, there are many Cornerstone entities in Colorado including a Cornerstone Homeowners Association, and so it is possible that conflicts may arise in the future with those users of the “Cornerstone” name.

C. Sample Covenants. I have briefly reviewed the various “sample” covenants which you left with me and have attempted to incorporate some of their provisions into this Declaration. However, due to the complexity and length of the documents, certain provisions may not have been incorporated. Therefore, please review the Declaration carefully and contact me if your request additional provisions to be included in your documents.

Mr. Bob Bartlett
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Page 2

D. El Paso County Planning Requirements. I have also attempted to incorporate into the Declaration the provisions required in the Development Plan which was submitted to El Paso County Land Use Planning. Some of those requirements are quite specific, and if you change provisions before your final plat, you should advise me so that I can change the Declaration accordingly. You should request that your Land Planner examine the enclosed Declaration.

E. Colorado State Law. As we discussed, Colorado has an all inclusive statute called the Colorado Common Interest Ownership Act ("CCIOA"). That statute is very complicated and, in my opinion, very burdensome upon land developers. Therefore, the enclosed Declaration contains a cap on annual assessments of \$400.00 per year, plus inflation; the cost of insurance is not included in that amount. Given that your roads are county roads and it appears that the Association's main functions will be to maintain the detention pond on Tract A and to undertake covenant enforcement, you indicated that \$400.00 per lot per year should be sufficient. However, you should do a budget to confirm that conclusion.

F. Declaration. The Declaration is based upon our meeting and your outline of the provisions which you requested.

1. CCIOA Exemption. The first page and Section 705 provide that the Colorado Common Interest Ownership Act ("CCIOA") will not apply because the assessments will never exceed \$400.00 per year, adjusted as allowed by the statute. CCIOA contains some provisions which benefit associations, but it also imposes some major burdens (especially with the recent adoption of changes in Senate Bill 100). Also, CCIOA imposes major burdens upon you as the developer. Therefore, as stated above, the documents seek to avoid the CCIOA provisions.

2. Home Business. Section 102 restricts commercial activities while allowing home businesses under conditions and prohibits "unrelated" persons in group homes. The home occupations are taken from the proposed Development Plan. In addition, Section 101 includes the requirements related to "Guest Houses" from the Development Plan.

3. Accessory Structures. Section 103 includes the provisions from the Development Plan which related to "detached buildings", which may also be called the Accessory Buildings.

4. Construction. Sections 105 and 106 set the timing for construction commencement and completion.

5. Solar and Wind. Section 108 includes the solar and wind provisions from the proposed Development Plan.

6. Easements. Section 109 refers to the easements described on the Plat; if other easements are desired, such as trails or pedestrian easements, the Declaration should describe them.

7. Common Area. Section 112 states that the Common Area will consist of the detention pond and open spaces. The proposed Plat shows drainage easements on each lot, but it is not entirely clear whether those easements will also be "common areas" which will be owned or maintained as the Association's detention pond on Tract A, and so I am uncertain whether there will be other "common areas". If so, it should be shown on the Plat and identified in the Declaration so that they will be maintained by the Association. The other provisions are related to insurance and maintenance of the Common Area. The County Attorney will probably be concerned about drainage/detention pond issues and may require further revisions in the wording in the Declaration.

8. Architectural Standards. You should review the architectural standards of Articles II and III. For example, Section 203 refers to various square footages which should be reviewed by you. However, many of the provisions as to style of buildings and review fees can be placed in the "Design Standards", which can be changed by you as the Approving Authority Board as opposed to the Declaration, which requires more formal amendments. Therefore, you should consider removing any of the architectural restrictions from the Declaration and placing them in the Design Standards, especially if those restrictions may change in the future or even be uncertain.

9. County Requirements. Section 202 also refers to the El Paso County's Development Plan which should show the actual building envelopes. Sections 209 (Wildfire) and 311 (Wildlife) also refer to El Paso County requirements. Section 311 repeats the provisions from the Development Plan but 209 simply refers to any requirements.

10. Fences. Section 212 discusses the various types of fencing.

11. Approving Fees. Section 215 allows the Approving Authority to collect review plans and compliance fees as set forth in the Rules, but Section 708 requires an entirely separate "funding fee" of \$250.00 for the Association.

12. Animals. Section 311 provides that there will be no horses or other animals except for two (2) dogs and four (4) cats. It includes the provisions from the Development Plan which will control "interactions with wildlife".

13. Assessments. Article VII discusses the assessment process, and as stated above, it contains the \$400.00 maximum. You should note that assessments will not be imposed upon vacant lots.

14. Rights of Declarants. Section 814 provides certain rights to you during the Period of Declarant's Reserved Rights (January, 2015), but those rights may be subject to judicial and statutory limitations so there may be risk of future litigation.

15. Rules. Section 815 allows for rules to set forth various matters.

16. Releases. Article IX contains various releases, disclaimers and indemnities. Section 901 attempts to reduce your liability for environmental matters and construction defects. Section 902 allows you as the Declarant to require mediation and/or arbitration. In summary, those provisions attempt to make the Association and the owners liable for the landscaping and soils and attempt to disclaim any warranties. However, this may be an area of considerable litigation and risk to any declarant/seller. The provisions in these Sections have not been tested in court, but these are intended to provide you some argument in the event of litigation and construction disputes, but I would point out that I do not make any representation or warranty as to the enforceability, effectiveness or validity of those sections because a court might invalidate them for various reasons. Therefore, it is essential that you and your company have adequate insurance to cover any future lawsuits or claims. However, most developers appreciate having at least some arguable provisions in the documents in the event of lawsuits or other similar problems.

Section 902 also gives you the option to require mediation and/or arbitration of any disputes with owners. Arbitration may be preferable to litigation, but you would need to discuss it in the future with your corporate attorney and insurance carrier before making that decision. Again, this Section has not been tested in court and so there is a risk of litigation and/or invalidity.

G. Articles of Incorporation. The Articles of Incorporation provide for a three-person Board of Directors initially, appointed by you as the Declarant. If the Articles are satisfactory, you should contact me to prepare a final version for you to sign and return to me for filing with the Colorado Secretary of State. After they have been filed, you or your accountant should obtain a Taxpayer Identification Number for the Association so that you can open a bank account into which assessments and fees will be deposited. Again, you should prepare a budget so the

Mr. Bob Bartlett
August 22, 2008
Page 5

Association's expenses can be paid. You should budget especially for insurance on the Common Areas and obtain a quotation from an insurance agent.

The Articles and Declaration seek to give protection (release/indemnification) to the developer appointed board, but CCIOA imposes fairly high duties (called fiduciary duties) on board members, especially to avoid clear conflicts of interest which favor only the developer. I will send you a legal article which your board members should read and understand because it describes those duties. Again, you should confirm with your insurance agent that the insurance policy will protect all of the officers and directors, including those appointed by the developer.

H. Bylaws. The Bylaws will be signed by the three Directors after the Articles are filed. I will prepare for you some minutes approving the initial budget and approving the Bylaws. The Association should be operated in accordance with the Bylaws, together with the Articles and Declaration. You should remember that it is important to have an annual meeting, even if the Declarant controls the Association. Also, the Association funds and its records will need to be turned over to the homeowners upon sale of all of the lots or sooner if the Declarant wishes.

I. Other Documents. In addition to these documents, I will be preparing some rules and Design Standards which may include pet restrictions, architectural fees, imposition of fines, or late charges for delinquent assessments.

Please review the enclosures carefully and contact me so that we can discuss changes and finalization. The enclosed are "drafts" and so you should not hesitate in requesting revisions or asking questions, especially as to particular features of your project. You will note that the documents are copyrighted and so they cannot be used for other projects or purposes without prior written permission. I am returning a signed copy of the Attorney-Client Agreement for your records. I look forward to working with you towards a very successful project.

Sincerely,

ANDERSON, DUDE & LEBEL, P.C.



Lenard Rioth
Special Counsel
LR/rsr
Enclosures

Cornerstone Estates

Design Guide

Part A - Introduction

This Design Guide has been prepared to communicate our objectives for appropriate home construction within the Cornerstone Estates community. It establishes the framework for these objectives and describes the necessary steps for architectural review and approval. This Design Guide for Cornerstone Estates gives direction to Builders and Homeowners in preparing plans that will implement appropriate land use practices, promote design excellence, and make improvements that enhance the appearance of this quality neighborhood.

Administration of the Design Guide

In order to maximize aesthetic benefits to the neighborhood, all proposed exterior home and site improvements shall be evaluated by the Approving Authority ("AA") using this Design Guide. The AA evaluation shall attempt to ensure that all proposed improvements of any Builder or Homeowner meet or exceed the requirements of this Design Guide and to promote a quality design for this neighborhood. This Design Guide is intended to aid the Builder and Homeowner in meeting these standards.

Legal Authority

The legal authority for this Design Guide and specific duties and powers of the AA are defined in the Declaration of Conditions, Covenants, Restrictions, and Easements for Cornerstone Estates (Declaration). All property owners should refer to the recorded documents for the complete text of the Declaration. This Declaration is the basis of the authority for these procedures and is legally binding.

The Declaration will control if there are any discrepancies between this Design Guide and the Declaration. Copies of the Declaration and current Design Guide are available from the _____, _____, telephone (719) _____.

Revisions to Design Guide / Other Important Documents

The AA reserves the right to revise this Design Guide from time to time as changing conditions and priorities dictate as further explained in the Declaration. The first adoption date of these Design Guidelines shall be 2-22-01. ***[PLEASE CONFIRM WITH YOUR SALES AGENT OR BUILDER THAT THIS IS THE CURRENT DESIGN GUIDE.]***

Cornerstone Estates

Design Guide

Part B -Designing Your Home Site

A. *Building Setbacks / Dwelling Area Guidelines*

1. Minimum Setback Requirements:

- Front setbacks are required from all streets for all structures. The minimum front yard setback, measured from the property line, shall be 90 feet.
- Side setbacks are required to be a minimum of ____ feet.
- Rear setbacks are required to be a minimum of ____ feet.
- Corner lots are lots with more than one lot line that abuts a street. The setback from the lot line (s) from which no driveway access is taken shall be a minimum of 50 feet.
- Please refer to the Cornerstone Estates PUD Development Plan as approved by the Board of County Commissioners of El Paso County and recorded in the real property records. As well as any subsequent amendments or Final Plats for specific building setbacks, easements and special areas.
- The AA shall have the ability to require additional setbacks.

2. Dwelling Area Guidelines:

The minimum size of the dwelling is not the only criteria used by the AA in the approval process. The AA shall have wide discretion based on architectural styling and visibility of the home; i.e. a smaller home in the trees with extensive architectural features may be approved. A home that meets the size minimum but is in a more visible location may be rejected.

- Single story homes shall generally be larger than _____ sq. ft. finished living area above grade.
- Two story homes shall generally be larger of _____ sq. ft. finished living area above grade.
- All homes shall have a minimum of a three car garage.

B. Maximum Building Height

Building height and profile for homes should be in scale with the surrounding structures and topography. The maximum height of a home, including permitted guest units, is _____ feet as measured according to El Paso County Land Use Code.

Cornerstone Estates

Design Guide

Part C -Site Improvements

1. *Accessory Buildings*

Conditions of your site may, in some cases, provide the opportunity of constructing a detached structure, or if your home site has horse privileges, a barn or stable. The design and location of this structure in relationship to the house is essential. When a physical connection in the form of a covered walk occurs, it must be an integrated part of the design.

All Accessory Structures and other Improvements as described in the Declaration require AA approval. In addition, all Accessory Structures, such as storage sheds, detached garages and gazebos, shall adhere to the standards of the Preliminary Plan and shall be compatible with the main structure. Requests for approval for Accessory Structures will be reviewed on a case-by-case basis, taking into consideration the lot size, square footage of the home and proposed location and function of the Accessory Structure. Gazebos must be an integral part of the landscape plan. No carports or temporary sheds will be allowed.

2. *Driveways / Culverts*

Access driveways should generally follow the natural contours of the site, around and between existing trees and rock outcrops. Long straight runs should be avoided and a roadbed cut into a slope is preferable to a fill. All driveways are to be gravel or better and provided with a backup area to permit driving forward into the street. Circular drives may also be used when approved by the Approving Authority.

All driveway culverts sizes shall be shown on the plot plan and checked against the attached Culvert Size Exhibit by the AA. If a lot is at the high point of the street it may not need a culvert depending on where the driveway enters the lot. The ends of all driveway culverts shall have flared end sections or headwalls.

3. *Grading, Drainage, and Erosion Control*

It is important to preserve the natural existing topography and maintain the natural drainage ways. Any minor drainage swales or washes interrupted by site improvements shall be reconstructed, preferably of natural materials properly placed for positive operation of the drainage system. Natural appearing drainage ways using native materials such as rock to line swales is a preferred method.

Where grading is necessary, cut and fill slopes should be kept to a maximum of 3:1. Retaining walls require AA approval and should be utilized where slopes would exceed 3:1.

No grading shall extend beyond existing property lines of the home site without expressed written permission of the AA and adjacent property owner.

Surface drainage upon and across any lot must be addressed through the implementation of sound construction and grading practices. Existing points of entry and exit to and from a lot by historic surface drainage must be respected. Any improvement, which creates an obstruction to surface flows resulting in a backup of water onto a neighboring lot or tract, is strictly prohibited. Please refer to the final plat for any drainage easements that may affect your lot. Some lots, as identified on the final plat, will require that the drainage and grading are to be reviewed, approved and sealed by a professional engineer in the state of Colorado before a building permit will be issued. It is the responsibility of the Builder and Homeowner to insure that proper drainage around the home is provided and maintained. When installing landscaping, it is very important to insure that water drains away from the foundation of the house and that the flow patterns prevent water from flowing under or ponding near or against the house foundation, walkways, sidewalks, and driveways. Water should fully flow over walkways and driveways.

During all site construction, techniques for controlling erosion within the home site and onto other sites shall be mandatory. Techniques include the use of sedimentation basins, filtration materials such as straw bales or permeable geo-textiles, and slope stabilization fabrics or tackifiers.

4. *Landscaping and Vegetation*

Landscaping plans must be submitted and approved by the AA prior to installation. Homeowners shall be responsible for installation of landscaping on their lot within six months following occupancy of their home, weather permitting.

All natural surface areas disturbed by construction shall be replanted pursuant to a landscape plan acceptable to the AA.

Living trees, the trunk of which is ___ inches in caliper or more, shall not be removed, except as may be approved by the Approving Authority, if considered necessary for construction of a building. The relocation of moderate sized trees is encouraged and may be required.

Landscaping should reflect the natural landscape that exists in Cornerstone Estates. Added materials are to be planted in informal groupings to blend with the native. Ponderosa pine is suggested in areas without mature trees. Some wooded sites may require little or no tree planting. The use of boulders and rocks is encouraged.

The water rights associated with Cornerstone Estates allow up to 1500 square feet of irrigated landscaping per home site.

Native grasses, wildflowers, shrubs and trees require minimal watering. These plants have adjusted to the long history of an arid climate. If plants are used that require regular, daily,

automatic watering; the subsoil conditions can be adversely affected. When moisture goes deep into the soil, it may cause changes in the composition of the sub-soil and could affect the structural stability of the area around the home. These conditions vary throughout Cornerstone Estates and only professional soils analysis can verify the condition at any given location. This precaution does not preclude intervals of moderate watering. Watering is important, particularly through the first year for new trees and during long dry periods.

5. *Fire Safety*

Some precautions are necessary for fire safety in Cornerstone Estates. Specific exterior construction materials and landscaping maintenance are the basic elements. The following is a summary of the current requirements for improvements within Cornerstone Estates:

- All Dwelling Units shall have a thirty- (30) foot safety zone or primary fuel break in all directions. All brush within ten- (10) feet of the Dwelling Unit shall be removed and replaced with a combination of irrigated green belt and bedding areas. All large trees within the thirty- (30) foot safety zone shall be thinned to eliminate over lapping crowns. Trees within two tree heights of the Dwelling Unit shall be pruned of all dead limbs, and the owners shall prune live branches to ten- (10) feet from at least half of the trees within the thirty- (30) foot safety zone.
- All chimneys shall be equipped with a mesh spark arrestor.

Cornerstone Estates

Design Guide

Part D - Materials and Finishes

In keeping with the goals of Cornerstone Estates, design in harmony with nature should be considered in material, finish and color selection. Natural materials such as stone and wood, work well with the surroundings. Man-made materials, subject to review and approval, are also appropriate. The intention is to not eliminate contrasting color, but its use should be limited and in muted tones. The natural colors of stone or wood coordinated with brick and selective complimentary paint or stucco colors are encouraged. These materials, in tastefully selected combinations, are the goals for the development of Cornerstone Estates. The Approving Authority must review and approve all colors and material samples prior to beginning construction.

1. Architectural Detailing

In order to add definition and break up flat planes of walls the use of architectural elements to create shadow lines shall be incorporated in the design of the home. Architectural elements to accomplish this definition include recessed windows, deep eaves and offset wall planes, window shutters, well-proportioned porches, etc. The AA has wide discretion regarding the comments on the architectural detailing of proposed homes and will vary based on visibility from streets and common areas.

2. Roofing

Roofing material may be varied, but the goal is to use earth tones and appealing textures. The roof may be the most prominent feature of your home. In addition to material, the roof edge detailing is important. Careful selection of color and texture of natural or man-made material is critical. Acceptable materials include clay tile, slate, concrete tile and 40 year architectural asphalt. Other products, including some metal roofs, may be acceptable subject to review and approval.

The roof form is the most prominent visual element of a home and central to define its architectural character. Therefore, the form and materials used to create a building's roof will be carefully reviewed by the AA. Styles such as gable, hip, and shed roofs will generally be acceptable for residential construction, while mansard, flat and A-frame roofs are strongly discouraged. Care must be given when combining roof forms to maintain the integrity of the architectural forms. Well-detailed fascia and eave treatments serve to frame the roof as a strong design element. Roofing materials must be considered with respect to harmony of color and texture with other materials on the home and adjacent properties.

All extensions from the roof, such as chimneys, flues, roof vents, gutters, skylights, etc. must be carefully located and finished to complement other elements of the design.

Unfinished and exposed metal detailing will not be allowed if visually prominent. If possible, flues and vents should be located out of view of the front of the home. Flues and vents will need to be painted to coordinate with the roof color.

3. *Roof Replacement / Rooftop Equipment*

AA approval is required if roof material or color is changed. Roofing color should be complementary to other colors on the home. Rooftop equipment must be approved and be painted a color similar or complementary to the exterior of the home and installed to minimize the visibility of the equipment on the roof.

4. *Exterior Materials*

Masonry used in the design of your home is encouraged. It is not to be used for arbitrary decorative thin panels to accent an entry or as "spotty" ornamentation, but rather as an integral element of the design. Stone used in conjunction with stucco or wood can be very effective. Masonry may also be used in landscaping or in specific features of the site. Items will be reviewed as a part of the over-all design by the Approving Authority.

5. *Decks and Terraces*

Outdoor living is one of the advantages of a home in Cornerstone Estates. Decks and Terraces should be designed as an extension of the home design and must be an integral part of the landscape architectural design. The type of railing and the supporting columns are the most prominent features. Deck supports should be made of the same materials used in the construction of the home. Use natural materials such as stonewalls to build up terraces and soften the appearance of ground areas at deck supports. The AA, in its discretion, may impose size and material regulations with respect to deck columns and supports, based on visibility, with an 8 " x 8 " minimum dimension.

6. *Exterior Lighting*

AA approval is required to change or add any exterior lighting. In reviewing lighting requests, the AA will consider the visibility, style, brightness, location and quantity of the light fixtures. Flood lighting for security and/or other uses must be directed towards the ground and house whereby the light cone stays within the property boundaries and the light source does not cast glare onto adjacent properties. Unless otherwise approved by the AA any lighting at the street shall be a maximum combination of 50 watts per fixture or shall have the bulbs shielded from direct view.

7. *Fences*

The preservation of the natural environment of Cornerstone Estates would be best realized if no fences were built. We understand, however, that there may be a functional necessity to enclose areas. Fences should be a part of the home and development design with materials and configuration that compliment the whole. Fence design must receive the same review as the home

design and be approved as part of the submittal and review process. The following restrictions shall apply and must be complied with:

(a) Yard Fencing: To allow for a more open, spacious feeling for the neighborhood, perimeter lot fences are prohibited except for developer installed perimeter fencing and home sites with horse privileges.

(b) Horse Fencing: All perimeter fencing and fencing along equestrian easements shall be the same style and type as the developer installed pole fencing along Hwy 83 and Hodgen Road. All fencing at or around the stable buildings shall be a metal pipe style construction of a dark color. Wire fencing is allowed for pasture separation only.

(c) Dog Run Fencing: The AA encourages the use of underground invisible dog run fences to promote the open character of the neighborhood. The AA may allow above ground dog run fencing on a case-by-case basis. The location and size of the dog run will be determined with consideration given its impact on adjacent properties and streets. Generally, dog run areas should not exceed 500 square feet in size and fence height should not exceed 5 feet. The dog run fencing should be located immediately adjacent to the home and be compatible with the home in material and color. Chain-link fencing shall not be permitted. Dog runs must be well screened with landscaping from neighboring properties and streets.

(d) Privacy Fencing: The AA may allow solid privacy fencing surrounding or shielding patios and decks on a case-by-case basis. The location and size of the privacy fence will be determined with consideration given its impact on adjacent properties and streets. The privacy fence should not exceed 5 'in height (unless approved by the AA) and should be compatible with the home in material and color. Privacy fencing along property lines will not be allowed.

8. Retaining Walls

Retaining walls may be used to accommodate or create changes in grade. Walls must be properly anchored to withstand overturning forces and should incorporate weep holes into the wall design to permit water to be released behind them. Walls should not exceed four feet in height and should be located so as to not alter existing drainage patterns.

9. Hot Tubs

Hot tubs should be designed as an integral part of the deck or patio area and must be located in the side or rear yard area with appropriate screening from adjacent neighboring properties and streets.

10. Swimming Pools

Requests for swimming pools will be reviewed on a case-by-case basis by the AA with consideration given to, but not necessarily limited to, the size of the yard area, setback from

impact on neighboring properties and size of pool enclosure. The water rights associated with Cornerstone Estates do not allow pools to be filled with ground water from this property.

11. Play and Sports Equipment

Play equipment should typically be located in rear yard areas and set back as to not visually impact the primary structure. Consideration shall be given in the location of play equipment so as not to create an undue disturbance on neighboring properties. Play equipment shall be of predominantly muted, earth tone colors and shall not exceed eight (8) feet in height unless otherwise approved by the AA. Play equipment or items used for front yard play should be stored out of view when not in use. Playhouses larger than 30 sq. ft. or over six feet in height shall be considered an accessory building.

12. Solar Equipment / Skylights

All solar equipment and skylights shall also be incorporated into the structure and building mass and be architecturally compatible with the residence.

13. Satellite Dishes / Antennae

One satellite dish/antennae may be installed on a residential lot subject to the following conditions:

1. The satellite dish/antennae is one meter or less in diameter.
2. To the extent feasible, the satellite dish/antennae should be placed in the rear or side yard or home in such a manner that it is screened from adjacent street(s) and neighboring properties.
3. The satellite dish/antennae should be installed at the lowest possible placement (unless a signal is unattainable).
4. The dish/antennae may require paint to match the surrounding environment or be screened with a reasonable amount of plantings to minimize its visual impact to surrounding areas.
5. Any more than one dish will need AA approval.

14. Signs / Address Numbers / Mailboxes

One temporary sign advertising property for sale or lease which is no more than four feet in height and no more than _____ inches (____") by _____ inches (____") in dimension, and which is conservative in color and style may be installed on the lot without AA approval. All trade signs, which include, but are not limited to, landscaping, painting, remodeling, etc., may only be displayed while work is in progress and must be removed upon completion of the job. All other signs, including address numbers, nameplate signs, will be

approved by the AA. Mailbox cluster box locations will have a pre-determined location established by the Developer and the Postal Service. All mailboxes are a pre-determined design that the Developer will provide and install.

15. *Driveway Monumentation*

Any driveway monuments, light columns, address poles, etc. will need AA approval.

16. *Painting /Repainting*

AA approval is required prior to any exterior painting or repainting of the home and accessory buildings. The submittal must contain the manufacturers paint chips with name and code number. Approval will take into consideration, but not be limited to, the color tone and brightness, the homes architecture, stone or brick accents, roofing color, compatibility with other body/trim colors, and the colors of neighboring properties. Downspouts should be painted to match the body color of the home. Generally, garage doors should be painted a muted color and blend with other colors of the home.

17. *Wood Storage*

Wood must be located in rear yard, must not be visible to the street, and be neatly stacked. AA approval is not required for the storage of wood.

18. *Yard Ornaments*

Yard ornaments, including but not limited to, birdbaths, birdhouses, fountains, sculpture, statues, flags and banners, etc. require AA approval. Location of yard ornaments in the front yard is discouraged.

19. *Vegetable Gardens*

Vegetable gardens must be located in the rear or side areas of the home site so that both the garden and its accessory operating areas are substantially screened from view of adjacent homes and public areas. Tall plants, such as corn and sunflowers, must be completely screened from view.

20. *Landscape Maintenance*

All landscaping shall be maintained in a neat and attractive condition. Minimum maintenance requirements include watering, mowing, edging, pruning, removal and replacement of dead or dying plant material, elimination of weeds and undesirable grasses, and removal of trash.

Cornerstone Estates

Design Guide

Part E - Design Review Procedures

All Builders, Homeowners, contractors, subcontractors and/or their designated representatives shall comply with the following Design Review Procedures in order to gain approval for any improvement to property within Cornerstone Estates. All construction that is to be undertaken in these neighborhoods, with the exception of improvements made by the Declarant, whether new residential construction, subsequent exterior renovations, remodels, or home site improvements, including but not limited to, walks, driveways, drainage, fencing, lighting, statuary, landscape planting or other exterior improvements is subject to review under this Design Guide. Drawings or plans for a proposed improvement must be submitted to the AA and the written approval of the AA obtained before the improvements are commenced.

1. Architectural Plan Review

For new building construction or major improvements, such as room additions, remodels, structural changes or accessory building construction, the Builder or Homeowner shall submit to the AA one set of construction documents to include the following:

1. Site Plan of the lot, at a scale of 1" = 10'0" -or 1" = 20'0", -including:
 - (a) Lot lines and dimensions, building setbacks, street right-of-way, easements and preservation areas.
 - (b) Existing and proposed contour lines at 2' intervals extending to all property lines, existing or proposed street elevations, finish grade at building corners, drainage swales.
 - (c) Building footprint, main finish floor and garage slab elevations.
 - (d) Culvert size and type of end treatment; i.e. headwalls or flared end sections
 - (e) Walks, driveways, decks, accessory structures, entry monuments, privacy fencing, retaining walls with top and bottom of wall elevations.
 - (f) Fencing style, type and location if home site has horse privileges. All tree locations shall be on site plan. Size and Location of septic tank and leach field

2. One set of Architectural Plans, at a scale of 1/4 " or 3/16 " = 1'-0", including:
 - (a) Architectural elevations (front, sides and rear).
 - (b) Floor plans, including square footage for each floor.
 - (c) Roof plans indicating pitches, ridges, valleys and location of mounted equipment.
 - (d) Indication of all proposed exterior materials.
 - (e) Exterior details, including items such as chimneys, exterior stairs and decks, railings, and deck supports.
3. Any other proposed improvements (i.e. decks, awnings, hot tubs, entry monuments, etc.).
4. Exterior colors, materials and finishes, including:
 - (a) Schedule of all finished exterior materials and colors, including siding/downspouts, fascia/gutters, roofing, garage doors, masonry products, front door, and all trim.
 - (b) Samples of materials at appropriate size may be required at the discretion of the AA.

2. *Landscape Plan and Other Site Improvements Review*

Approval shall be obtained prior to installation of any landscaping or any other site improvements including, but not limited to, dog runs, play equipment, fencing, deck or patio additions, site lighting, etc. In most cases, the materials to be submitted will not have to be professionally prepared by an architect, landscape architect, or draftsman, but at a minimum shall be drawn to scale and shall have sufficient detail to permit a comprehensive review by the AA. The following guidelines should be utilized in preparing drawings or plans:

1. The drawing or plan should be done at a scale of 1 " =10 'or 1 " =20 'and should depict the property lines of your lot and the " footprint " of the home as located on the lot. Existing improvements, in addition to your home, should be shown on the drawing and identified. Such existing improvements include accessory buildings, driveways, walkways, decks, trees, shrubs, etc.
2. All proposed plant locations, types, quantities and sizes, location of turf and other ground cover materials should be shown on the plan and labeled. The plan should exhibit grading and layout of all additional landscape improvements such as berms, walks and structures not covered under the approved Architectural Plan Review.

3. Total square feet of irrigated area.

4. Plans for any other site improvements, such as play/sports equipment, dog runs, hot tubs, trellises, retaining walls, fencing, lighting, gazebos, etc. should be shown on the plan with a description of the proposed improvement, including the materials and colors to be used. In the case of structural improvements (trellises, gazebos, fencing, etc.), an elevation drawn to scale of the proposed improvement is required.

3. *Revisions and Additions to Approved Plans*

Any revisions and/or additions to the approved Architectural or Landscape Plans made by either the Builder, Homeowner, or as required by El Paso County, must be resubmitted for approval by the AA. The revised plans must follow the requirements outlined above. The AA will then review the plans and provide a written response no later than 30 days after the submittal.

4. *Fees*

The Site Plan review fee is \$ _____. This fee will cover the initial and second review. Subsequent reviews will cost \$ _____ for each review. Fees shall be paid at the time the request for approval is submitted.

The Building Plan review fee is \$ _____. This fee will cover the initial and second review. Subsequent reviews will cost \$ _____ for each review. Fees shall be paid at the time the request for approval is submitted.

The Landscape Plan review fee is \$ _____. This fee will cover the initial and second review. Subsequent reviews will cost \$ _____ for each review.

5. *Action by AA*

The AA will meet regularly to review all plans submitted for approval. The AA may require submission of additional material and may postpone action until all required materials have been submitted. The AA will contact you, in writing or by phone, if the AA feels additional materials are necessary or if it needs additional information or has any suggestions for change. The AA will act on the plans within 30 days after receipt of all materials required by the AA (unless the time is extended by mutual agreement). A written response of the decision of the AA will be sent by mail within five (5) days of the AA decision. The AA may extend the time frame up to an additional 20 days upon notification of the applicant.

6. *Certification of Accuracy*

The AA, at its sole discretion, may require the Builder to provide a Certificate of accuracy from a registered licensed Surveyor (hired by the Builder) attesting to the accuracy of the following:

1. The building foundation is located as approved by the AA in the final approved

plans.

2. The building foundation elevation is as approved by the AA in the final approved plans.

The certificate must be in the form of an improvement survey showing dimensions of foundation to property lines and elevations (related to USGS datum or equivalent benchmark) of top of foundation walls. Points at which elevations are taken must be clearly identified and correlate with location of top of foundation as shown on the final approved plans.

7. *Review of Work in Progress*

As provided in the Declaration, the AA shall have primary authority to enforce the provisions of this Design Guide. The AA may review all work in progress to the extent required to ensure that the construction or work complies with any and all approved plans and construction procedures. Absence of such reviews or notification during the construction period does not constitute either approval by the AA of work in progress or compliance with this Design Guide or the Declaration. The AA may withdraw approval of any project and require all activity at such project to be stopped, if deviations from the approved plan or approved construction practices are not corrected or reconciled within ten (10) days after written notification to the Builder or Homeowner specifying such deviations or such longer period as the AA may specify. Any AA visits are in addition to standard inspections required by other jurisdictions throughout the construction process.

8. *Effect of Governmental and Other Regulations*

Approval of plans by the AA shall not be deemed to constitute compliance with the requirements of any local, zoning, safety, health or fire codes, and it shall be the responsibility of the Builder or Homeowner or duly authorized representative submitting plans to assure such compliance. Nor shall approval waive any requirements on the part of the Builder or Homeowner or his representative to comply with setbacks, height restrictions, or other requirements unless such waiver or variance is specifically requested at the time of submittal and provided that the waiver or variance may properly be granted by the AA and local jurisdictions, where applicable.

9. *Period of Plan Validation*

Final approval of plans is valid for twelve (12) months unless otherwise agreed to by the AA and the Builder or Homeowner in writing. Construction must begin within this period. If not, plans must be resubmitted for review by the AA.

10. *Variances*

Approval of any proposed plans is within the sole discretion of the AA, which shall have the authority to grant variances from compliance with any of the provisions of this Design Guide when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and

signed by a majority of the members of the AA. Any Owner seeking a variance from El Paso County must have first obtained AA approval of such variance application.

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Part F - Construction Regulations

In the interest of all Builders and Homeowners, the following regulations shall be enforced during the construction period. These regulations shall be a part of the construction documents contract for each residence, and all Builders and Homeowners shall abide by these regulations.

1. *OSHA*

All applicable OSHA regulations and guidelines must be strictly observed at all times.

2. *Construction Hours*

Construction hours shall be between the hours of 7:00 A.M. and 6:00 P.M., Monday through Saturday.

3. *Construction Access*

Declarant may designate specific access points for exclusive and limited use by construction vehicles.

4. *Construction Trailers, Sheds or Temporary Structures*

Construction shelters/trailers shall not be permitted in Cornerstone Estates without express approval of the AA.

5. *Excavation*

Excess excavation material shall be removed from the property and shall not be placed in common areas or on roads. Excavation, except for utility trenching, shall be on the Homeowners home site only. Contractors are prohibited from spreading excess debris or material over the remainder of the home site, other property, or any other home site without approval.

6. *Debris and Trash Removal*

Regular cleanup of the construction home site is mandatory. All trash and debris shall be stored in a trash container and shall be removed on a weekly basis or when full. All soil and debris flowing into the street(s) or open spaces from the construction home site shall be cleaned as needed. A fine may be imposed by the AA for noncompliance with these requirements.

7. *Vehicles and Parking*

All vehicles must be parked so as not to inhibit traffic or damage surrounding natural landscape. Vehicles shall not be left on community roads overnight. The AA may designate, at time of plan review or during construction, specific areas for parking of construction workers vehicles and/or equipment.

8. *Pets*

Contractors, subcontractors, and employees are prohibited from bringing dogs and other pets to the construction home site.

9. *Blasting*

If any blasting is to occur, the contractor shall be responsible for informing all residents in the proximity of the blasting home site.

10. *Restoration and Repair*

Damage to any property other than the Lot owner 's shall be promptly repaired at the expense of the person or entity causing the damage.

All trails and roadside drainage ditches shall be repaired to their original state, including the re-gravel of trails and re-seeding of ditches.

11. *Dust, Noise and Odor*

Every effort shall be made to control dust, noise (including the personal use of radios, CD and tape players), and odor emitted from a construction area. The contractor will be responsible for watering, screening or alleviating dust problem areas as well as controlling noise and offensive odors from the home site.

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Part G - Miscellaneous

1. Non-liability

AA approval pursuant to this Design Guide does not approve or guarantee engineering design or compliance with law and applicable governmental ordinances or regulations (such as zoning and building ordinances), and does not reflect any representation by the AA as to such matters. By approving plans and specifications, neither the AA, its members, the Association nor the Declarant assumes any liability or responsibility for engineering design or compliance with law and applicable governmental ordinances or regulations or any other matter relating thereto, other than this Design Guide. Neither the AA, its members, its agents, the Association, the directors of the Association, the Declarant, nor any successors, assigns, agents, employees or officers of them shall be liable to any Homeowner or other person for any damage, loss, or prejudice suffered or claimed on account of: (1) approval or disapproval of any plans, (2) performance of any work, whether or not pursuant to approved plans, drawings and specifications: or (3) development of any property within the subdivision.

2. Aesthetic Considerations

Aesthetic Considerations relating to any improvement or other matter that is addressed in this Design Guide are within the scope of the design review process, and the AA may deny or condition any application or request before it on the basis of aesthetic considerations, including the design theme for the development and specific areas within the development as well as the aesthetic consistency of a proposed improvement or other matter with the surrounding landscape and structures.

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Part H - Exhibits

**RULES
OF
CORNERSTONE ESTATES HOMEOWNERS ASSOCIATION, INC.**

1. Homeowners Association. Each Owner of a Lot in the subdivision shall read the Declaration of Covenants, Conditions, Restrictions and Easements, the Articles of Incorporation, the Bylaws, the Design Guidelines, and these Rules (the "Association Documents") of the Cornerstone Estates Homeowners Association, Inc. (the "Association"). Each Owner shall strictly comply with the Association Documents. The Association's Board of Directors ("Board") shall have the power to enforce the Association Documents and to amend these Rules from time to time.

2. Pets.

A. No more than two dogs and four cats shall be permitted on any Lot. Any dog and cat must be kept inside the building and must not violate these Rules.

B. Animals or pets shall not be bred or kept for commercial purposes, shall not be allowed to make objectionable noises, smells or otherwise constitute a nuisance or inconvenience to other homeowners or shall not be kept in violation of any law or insurance regulation. Pets may not be allowed to run loose through the subdivision nor tied or chained to any tree, building or structure.

C. Pets shall only be allowed outside the buildings when on a leash or in a carrier container. Pets shall be under complete control at all times. Pets shall not be allowed to defecate on the walks, driveways, landscaped areas and the pet Owner must immediately pick up after the pet.

D. No free roaming cats shall be allowed within the Common Area or open spaces within the Property. No feeding of wild birds or animals is allowed.

E. The Board may amend these rules to provide such restrictions and prohibitions on pets and animals in the future as may be necessary in the sole discretion of the Board.

3. Vehicles.

A. All residents and guests shall drive with extreme care to avoid injury to children, other residents and other vehicles and property.

B. All vehicles must meet local noise and safety requirements. Vehicles or motorcycles without mufflers in good condition are prohibited.

C. No recreational vehicles, boats, campers, trailers, junk or inoperative vehicles, as determined in the sole discretion of the Board, shall be parked in any driveway, on any Lot, on any street or elsewhere within the subdivision.

D. No mechanical work on vehicles will be performed.

E. Owners shall not allow heavily loaded trucks, moving vans or other vehicles on the streets or driveways to cause damage to those areas.

F. No parking shall be allowed in any fire lanes or other restricted areas of the streets. Vehicles violating this subsection shall be subject to immediate towing without notice.

G. Garage doors shall be closed at all times except when used for ingress or egress.

H. Any vehicles which are parked illegally or in violation of this rule or the Association Documents may be towed, removed or disabled by the Association, and any expenses therefore shall be paid by the offending party.

4. Common Area. Each Owner, the Owner's family, guests, contractors and invitees may use the Common Area, including the sidewalks, for the purposes intended, subject to the rules and the decisions of the Board of Directors.

5. Nuisances.

A. Soliciting, whether commercial, political, religious, or otherwise is strictly forbidden within the subdivision. To the fullest extent allowed by law, any such solicitors shall be trespassers and subject to civil and criminal penalties.

B. No Owner shall allow noise by radios, televisions, parties or otherwise to annoy other Owners.

C. No Owner, guest, family member or tenant shall damage the landscaped areas nor any of the streets, sidewalks or other common property of the Association.

D. No Owner or occupant shall discharge any firearms in the subdivision.

E. No Owner or occupant shall do any open cooking which may cause a fire danger or noise or inconvenience to other Owners.

F. No Owner or occupant shall store or keep any flammable liquids, solvents, or toxic materials in their units.

G. All Owners and occupants shall notify the Association regarding inoperative light fixtures, drainage problems or other matters regarding the common areas. Each Owner shall keep their own lights in operable condition.

H. No excessive noise or disturbance shall be allowed upon the Property.

6. Trash Collection. No Owner or occupant shall allow garbage cans, trash, milk containers or other refuse to be placed outside the garage, except on the day of trash collection, and all trash and refuse must be placed in a proper receptacle, sealed and deposited in the appropriate place.

7. Insurance. The Association's insurance policy does not cover the contents of a Home, the personal property therein nor any liability to guests or other occupants therein. Each Owner or occupant should obtain their own insurance for such matters and liabilities.

8. Guests, Family Members, and Tenants. Each Owner shall be liable for any violations or damage done by that Owner's guests, tenants, contractors, invitees, or family members, and each Owner shall be subject to fine for any violation of the Association Documents by those persons. Each Owner shall make such persons fully aware of the Association Documents and their requirements and shall incorporate the same into any leases and agreements.

9. Fines and Penalties. The Board may impose such fines as it determines after providing notice to the alleged violator and Owner and providing an opportunity to be heard, for the violation of the Association Documents, including these rules. Any such notice may be sent by certified mail, return receipt requested, at least 7 days prior to the meeting of the Board. At the hearing, the Board may consider any oral and written information produced by the alleged violator and any other interested party; the legal and statutory rules of evidence and procedure shall not apply. The Board may in its sole discretion determine the procedure and compliance with the Association Documents. The fine may be imposed upon an Owner for the acts or omissions of other persons as set forth in these rules. Each incident or each day of a continuing violation may be considered a separate violation for which the maximum fine may be imposed. Any fines shall be both a personal obligation of the Owner of the Lot and the violator or both and shall also constitute a statutory lien which may be recorded against the Lot and foreclosed as provided by the Declaration for foreclosure of assessment liens. Any technical irregularities or defects in the proceedings or notifications shall not invalidate any fine imposed hereunder.

10. Assessments. Any assessment which is not received by the 5th day of the month shall be subject to a \$15.00 per month administration fee. The Association shall have all rights and remedies set forth in the Association Documents and in law and statute. Additionally, the Association may terminate any services, such as utilities, insurance, parking, or use of Common Area, to any delinquent Owner and/or Unit, may make deductions from that Owner's and/or Unit's reserve funds, and may require any tenant to pay any rental to the Association.

12. Amendments. These Rules may be amended by the Board at any time in the future.

These Rules were adopted this _____ day of _____, 2009.

**CORNERSTONE ESTATES HOMEOWNERS
ASSOCIATION, INC.**

