

**BYLAWS
of
THE RESERVE CLUB**

The following are the Bylaws of The Reserve Club, a Colorado Non-Profit Corporation which were duly adopted pursuant to the Colorado Non-Profit Corporation Act.

**ARTICLE I
NAME AND LOCATION**

The name of the non-profit corporation is THE RESERVE CLUB, hereinafter referred to as the "Club." The Club was established as a Non-Profit Corporation under Title 7, Articles 20 through 26, of the Colorado Revised Statutes as in effect on the date of incorporation. At the time of adoption of these Bylaws, the principal office of the Club shall be located at 888 Garden of the Gods Road, Suite 200, Colorado Springs, CO 80907, but may be changed from time to time by the Board of Directors (hereinafter "Board").

**ARTICLE II
OBJECTS AND PURPOSES**

The primary object and purpose of the Club is to own, operate, maintain, manage, sell or otherwise dispose of, lease, or mortgage, for the benefit of its members, a recreational facility consisting of one or more pools, other recreational improvements and any related equipment or amenities.

**ARTICLE III
DEVELOPER CONTROL**

The Club and its facilities are being established and built by Broadmoor Glen South, L.L.C. ("Developer"). For a period of five years from adoption of these Bylaws, or such shorter period as is determined by the Developer, Developer shall have the exclusive right to appoint members to the Board (hereinafter "Period of Developer Control"). The Developer's right to appoint Board members during the Period of Developer Control controls over conflicting provisions in these Bylaws, including without limitation the voting and meeting provisions of Article V herein. Developer's rights hereunder shall be transferable to a successor if transferred by affirmative act of Developer. Notwithstanding the provisions for amendment set forth herein, the provisions of this Article III and any of the rights granted to the Developer in these Bylaws may not be amended during the Period of Developer Control without the written consent of the Developer.

ARTICLE IV

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MEMBERSHIP

1. **Number and Term of Memberships.** The Club shall consist of three hundred (300) Memberships. All Memberships shall have a term of no more than one year, from May 1 of any year or from the date the Membership is purchased, whichever last occurs, to April 30 of the following year. Memberships may be renewed pursuant to provisions of these Bylaws and the Rules and Regulations adopted by the Board. Any eligible person interested in becoming a member of the Club ("Applicant") may apply for membership in accordance with these Bylaws and Rules and Regulations adopted by the Board. Once granted Membership, the Applicant and any other persons entitled to use the Membership shall be considered "Members," (hereinafter "Member".)

2. **Sale and Purchase of Memberships.** Memberships shall be owned and sold by the Club subject to the provisions of these Bylaws and the Rules and Regulations adopted by the Board. Of the three hundred Memberships, five shall be reserved for the Developer's use during the Period of Developer Control without being assessed Annual Dues as set forth hereinbelow. These five memberships shall have a term equivalent to the Period of Developer Control and may not be renewed upon expiration of the term. The right granted herein to the Developer to use said Memberships does not convey to the Developer any ownership interest in the Memberships .

Any available Memberships may be sold by the Club to Applicants for the sum of Five Hundred Dollars (\$500.00) per Membership ("Initial Fee"). The Club shall have the authority to sell no more than one hundred and fifty (150) Memberships during the Period of Developer Control without written authority from the Developer.

3. **Priority.** The first one hundred and fifty (150) Memberships sold by the Club shall be sold on a first come first served basis to Applicants whose applications are accepted by the Club. As additional Memberships become available for sale by the Club, or available for resale through the Club, they shall be offered for sale to Applicants in the following priority: First, to Applicants who maintain their primary residence within THE RESERVE AT BROADMOOR GLEN, the boundaries of which are delineated in "Appendix A" attached hereto; Second, to Applicants who maintain their primary residence within the development designated as the R-1 9000 parcel, as set forth in the Development Plan approved by the City Council of Colorado Springs for the area with boundaries of which are delineated in "Appendix B" attached hereto; Third, to Applicants who maintain their primary residence within the area known as BROADMOOR GLEN, the boundaries of which are delineated in "Appendix C" attached hereto and; Last to any other Applicants.

In the case of dispute, "primary residence" will be determined by the Board, in its sole discretion, using the Applicant's driver's license, voter registration, vehicle registration, tax returns or any other indicia of residence determined applicable by the Board.

4. **Annual Dues and Renewal.** Together with the Initial Fee for a Membership, Applicants shall pay to the Club an amount as determined by the Board for dues for the year of

Membership ("Annual Dues"). A Membership shall automatically renew, from year to year, for additional one year terms. Prior to the beginning of a renewal year, the Member shall pay to the Club the Annual Dues required for that year. In the event Annual Dues are not paid within thirty (30) days of the beginning of a renewed Membership year, together with a late charge as determined by the Board, the Membership shall automatically terminate, with ownership of the Membership reverting to the Club without compensation to the Member.

5. **Liability and Use of Membership and Facilities.** Persons entitled to use a Membership shall be the Applicant and members of his or her immediate family, if identified on the application. The Board may adopt Rules to establish which persons are entitled to use a Membership or Club facilities and, in cases of dispute, the determination of the Board shall be final and not subject to challenge. All such persons shall be subject to these Bylaws and any Rules and Regulations adopted pursuant thereto. By using the Membership, all such persons agree to be jointly and severally liable with the Applicant for amounts due to the Club.

Any adult Member may act on behalf of the Membership concerning rights or obligations arising hereunder and the Club may rely on such actions as the acts of the Membership. However, in the event of dispute between persons entitled to use a Membership, which dispute is communicated to the Club, the Club shall deal with the Applicant and the Applicant shall have authority to bind such other persons.

6. **Termination.** In addition to other methods of termination as set out in these Bylaws, a Membership may be terminated at any time by the Board for cause, including but not limited to violation by a Member, or by others entitled to use Club facilities pursuant to Club Rules and regulations, of provisions of these Bylaws or provisions of Club Rules or Regulations. Whether or not cause for termination exists shall be a determination within the sole discretion of the Board. Prior to any such termination, the Board shall provide a representative of the Membership the opportunity to present evidence and argument to the Board as to why the Membership should not be terminated. After such opportunity, the determination of the Board shall be final.

In the event of termination of a Membership, the Member shall not be entitled to refund of the Initial Fee or of any amounts paid for Annual Dues.

7. **Application.** Procedures for application for Membership shall be adopted by the Board and an application shall not be deemed complete unless said procedures have been complied with.

8. **Transfer.** Memberships are non-transferable except for resale through the Club or pursuant to Court order. Memberships may not be leased except by the Club. In the event of transfer pursuant to Court order, such as in dissolution proceedings, the transferee shall be deemed the Applicant for purposes of the Membership but all other provisions of these Bylaws shall apply, including residence requirements and termination provisions.

In the event a Member desires to transfer their Membership, the Member shall so notify the Club. Upon such notification, the Club shall make the Membership available for purchase to Applicants pursuant to these Bylaws and the Rules and Regulations adopted by the Board. When an application is accepted by the Club and the Initial Fee paid, ownership of the Membership shall be transferred to the new Applicant, at which time the selling Member shall pay a transfer fee to the Club in an amount as is determined by the Board. When a Membership is transferred as set forth herein, the selling Member shall not be entitled to a refund of Annual Dues paid and, unless the transfer is to be effective at the end of a Membership year, the buying Member shall pay full Annual Dues for the remainder of the year of purchase. Until transfer of a Membership is completed, the Member is liable for all obligations arising under these Bylaws, including payment of Annual Dues as they come due. Upon completion of the transfer by the Club, the Initial Fee paid by the transferring Member, less any amounts due to the Club, shall be paid to the transferring Member.

9. **Rental.** The Club is entitled to lease any of the unsold Memberships, whether authorized by the Developer to sell the Memberships or not. All leases shall be subject to the following conditions.

a. A written lease shall be entered with the lessee setting forth the persons entitled to use the Membership and subjecting all such persons to the terms of these Bylaws and any Rules and Regulations adopted pursuant hereto. The lease shall specify the Membership rights being leased to the tenant.

b. The lease term shall not exceed a Membership year and may only be renewed for a like term at the election of the Club and subject to these Bylaws. A lease may be terminated for cause and if so terminated, the lease shall terminate at such time as is determined by the Board.

c. For purposes of applying these Bylaws or Rules and Regulations to the lease, the person signing the lease shall be placed in the position of the Applicant.

d. Notwithstanding anything herein, or in the lease to the contrary, no tenant shall have the right to vote as a Member or to automatically renew the lease upon expiration of its term.

e. Leases, including renewals, shall be granted to lessees in the same priority as is applied to sale of Memberships set forth hereinabove and only where unsold Memberships are available for lease.

10. In the event it becomes necessary for the Club to enforce the provisions of these Bylaws or the Rules and Regulations adopted pursuant hereto, the Club shall be entitled to recover from the Member(s) against whom enforcement is sought, all costs resulting therefrom, including attorneys fees, court costs and costs of collection.

ARTICLE V MEETINGS OF MEMBERS

1. **Voting Rights.** Each Membership in the Association shall be entitled to one vote on every matter presented to the Members for determination. The Applicant or, where Applicant does not vote, another person entitled to use the Membership may cast the vote for the Membership, provided only one vote for the Membership is cast. The affirmative vote of a majority of the Memberships represented at a meeting shall be required for decisions and action by the Club at that meeting.
2. **Annual Meetings.** The annual meeting of the Memberships shall be held at 7:30 p.m. on the third Thursday of August of each year, unless otherwise determined by the Board, and at such place as determined by the Board. At the annual meeting, Members shall elect members to the Board of Directors whose terms are expiring and shall transact such other business as shall properly come before them.
3. **Special Meetings.** Special meetings of the Memberships may be called at any time by the President or by the Board, or upon written request of one-fifth (20%) of the Memberships.
4. **Notice of Meetings.** Written notice of each meeting of the Memberships shall be given by, or at the direction of, the Secretary or persons authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days prior to such meeting, to each Membership entitled to vote thereat, addressed to the Member's address last appearing on the books of the Club, or supplied by such Member to the Club for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. No business shall be transacted at the special meeting except as stated in the notice sent to Members.
5. **Action Taken Without A Meeting.** Notwithstanding any provision to the contrary, any action required or permitted to be taken at any meeting of Memberships may be taken without a meeting and without prior notice or a vote, if consent in writing, setting forth the action so taken is signed by all the Memberships.
6. **Quorum.** The presence at the meeting of Memberships entitled to cast, or of proxies entitled to cast, ten percent (10%) of the votes of the Memberships shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Memberships entitled to vote thereat shall have the power to adjourn the meeting, from time to time, with proper notice as set forth above for meetings of Memberships. If a quorum is present, Memberships entitled to vote thereat shall have the power to adjourn from day to day as required to conduct the business of the Club and notice of such adjournment need not be given, other than announcement at the meeting, and a quorum need not be separately established on the day adjourned to.

7. Proxies. At all meetings of Memberships, each Membership may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to the meeting. Every proxy shall be revocable upon written notice to the Secretary.

ARTICLE VI BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

1. Number. The property, business and affairs of the Club shall be managed by a Board of Directors. The Board of Directors shall be composed of nine Directors, five (5) of whom shall be elected in the even years and four (4) of whom shall be elected in the odd years by the Memberships at the annual meeting. Each Director shall be elected for a two year term. Directors shall be Members. During the Period of Developer Control, Board members shall be appointed by the Developer and need not be Members. Also during the Period of Developer Control, the number of Board members may differ from nine as shall be determined by the Board. If there are less than nine Directors at the time the Period of Developer Control expires, the existing Board shall call a special meeting of the Membership for election of Directors to fill remaining positions.

2. Term of Office. During the Period of Developer Control, the terms of Board members shall be as determined by the Developer. The terms of Board members, elected or appointed subsequent to the initial Board after termination of the Period of Developer Control, will commence on January 1 of the year following their appointment or election and shall continue until successors have been elected and have taken office.

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.

4. Removal. Except during the Period of Developer Control, Directors may be removed from the Board, with or without cause, by at least a majority vote of the Members present in person or by proxy at a meeting called for that purpose. During the Period of Developer Control, Directors may be removed by the Developer.

5. Vacancies. Except during the Period of Developer Control, in the event of death, resignation, removal or other causes of a vacancy on the Board, the Director's successor shall be selected by a majority of the remaining Directors and shall serve for the unexpired term of his predecessor. During the Period of Developer Control, a Director's successor shall be appointed by the Developer.

6. Compensation. Directors shall receive no compensation for any service he/she may render to the Club. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

7. 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. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

8. **Powers.** The Directors shall have the general management and control of the business and affairs of the Club and shall exercise all the powers that may be exercised or performed by the Club under the Laws of Colorado, Articles of Incorporation for the Club or these Bylaws. The Directors shall have the power and authority to adopt such Rules and Regulations concerning Memberships, Members and use of Club Property as are necessary to accomplish its responsibilities and to fulfill the purposes of the Club .

ARTICLE VII MEETINGS OF DIRECTORS

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 or E-mail, at least three (3) days prior to the day named for such meeting.

2. **Special Meetings.** Special meetings of the Board of Directors may be called by the President, or by any three or more Directors, upon three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, the place and the purpose of the meeting.

3. **Waiver of Notice.** Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4. **Quorum.** 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 any meeting of the Board, there be 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.

ARTICLE VIII OFFICERS AND THEIR DUTIES

1. **Enumeration of Offices.** The officers of the Club shall be a President,

Vice-President, Secretary, Treasurer, Membership Chairperson, Senior Maintenance Chairperson, Junior Maintenance Chairperson, Social Chairperson and Management Chairperson. These officers shall also constitute the Board of Directors and, except during the Period of Developer Control, shall be elected by the Members concurrently with election of Directors. During the Period of Developer Control, the officers may differ from those set forth herein, provided there be a President, Vice President, Secretary and Treasurer; shall be appointed by the Developer; may hold more than one office except that an officer can not be both President and Secretary; and, at the election of the Developer, may or may not be subject to the remaining provisions in this Section 1. Each officer shall serve a two year term. The officer elected as Vice President shall serve the first year as Vice President and the second year as President. Likewise, the Junior Maintenance Chairperson shall serve the first year as Junior Maintenance Chairperson and the second year as Senior Maintenance Chairperson. The offices of Vice-President and Junior Maintenance Chairperson shall be elected annually. The offices of Secretary, Treasurer and Social Chairperson shall be elected in even numbered years and the offices of Membership Chairperson and Management Chairperson in odd numbered years.

2. Duties. The duties of the officers are as follows:

(a) The President shall preside at all meetings of the Board of Directors and of Members; shall see that orders and resolutions of the Board are carried out and shall otherwise have general charge of and control over the affairs of the Club; shall sign all leases, mortgages, deeds 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 the president of a non-profit corporation, including but not limited to the power to appoint committees from among the Members from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Club or as may be established by the Board or by the Members of the Club 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 President or the Board. The Vice-President shall succeed the President in office upon expiration of the President's term.

© The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Memberships; keep the corporate seal of the Club and affix it on all papers requiring said seal; serve notice of any meetings of the Board and of the Memberships; and shall, in general, perform all duties incident to the office of secretary, and shall perform such other duties as required by the Board.

(d) The Treasurer shall keep the financial records and books of account and shall receive and deposit in appropriate bank accounts all monies of the Club and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Club; keep proper books of account; upon resolution by the Board of Directors shall cause an annual audit of the Club books to be made by a certified or public accountant at the completion of

the fiscal year; 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 Memberships; and shall perform such other duties as are delegated to him/her by the Board.

(e) The Senior Maintenance Chairperson shall have charge of any pools, community building, grounds, or other real and personal properties of the Club and shall be responsible for regulating the use of such properties of the Club as decided by the Board; shall cause to be made the repair and maintenance of such properties; shall schedule and manage any necessary work parties for repair, maintenance or the opening or closing of Club facilities; shall train the Junior Maintenance Chairperson and delegate to him tasks and responsibilities; shall solicit such assistance as can be found from the membership for repair and maintenance; shall bring to the attention of the Board matters of repair and maintenance requiring Board decision; and shall perform such other duties as are delegated to him/her by the Board.

(f) The Junior Maintenance Chairperson shall perform such duties as may be assigned to him by the Senior Maintenance Chairperson and shall have the same general responsibilities. The Junior Maintenance Chairperson shall succeed the Senior Maintenance Chairperson in office upon expiration of the Senior Maintenance Chairperson's term.

(g) The Membership Chairperson shall maintain the list of Memberships in the Club; shall review all Membership applications; shall determine which applications comply with rules adopted by the Board; shall collect Membership fees and forward same to the Treasurer; shall communicate with Members regarding Membership concerns; and shall perform all other duties as are delegated to him/her by the Board.

(h) The Social Chairperson shall take care of all publicity, including newsletters, information letters, calendars, etc.; shall organize events for the membership and the Board; and shall perform all other duties delegated to him/her by the Board.

(i) The Management Chairperson shall be responsible for assuring that sufficient personnel and systems are in place for management and operation of the Club, including hiring, firing, supervision, training and discipline of personnel.

3. **Compensation.** Each Officer shall be entitled to a reduction in Annual Dues for each year in which he/she serves as an Officer in an amount to be determined from time to time by the Board of Directors. Every officer may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

4. **Resignation.** Any Officer may resign at any time by giving written notice of such resignation to the President, Secretary or to each Board member. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the officer or Board members.

5. **Removal.** Except during the Period of Developer Control, Officers may be

removed from office, with or without cause, by at least a majority vote of the Directors at a meeting called for that purpose. During the Period of Developer Control, Officers may be removed by the Developer.

6. Vacancies. Except during the Period of Developer Control, in the event of death, resignation, removal or other causes of a vacancy in an office, an officer's successor shall be selected by a majority of the Directors and shall serve the unexpired term of his predecessor. During the Period of Developer Control, an officer's successor shall be appointed by the Developer.

ARTICLE IX DIRECTORS AND OFFICERS AS AGENTS OF THE CLUB

Contracts or other commitments made by the Board of Directors or Officers shall be made as agent for the Club and they shall have no personal responsibility on any such contract or commitment.

ARTICLE X COMMITTEES

The Board of Directors may appoint any committees which are required or deemed appropriate in carrying out its purpose.

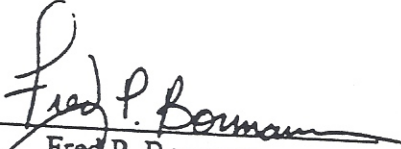
ARTICLE XI BOOKS AND RECORDS

The Club shall make available to Members copies of the Articles of Incorporation, Bylaws, other rules concerning the Club and the books, records, records of receipts and expenditures, and financial statements of the Club. "Available" means available for inspection, upon request, during reasonable times considering the Board and its Officers are volunteers with other full time commitments.

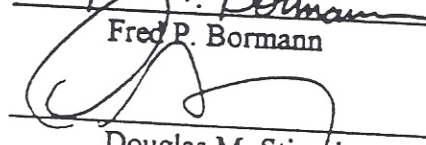
**ARTICLE XII
AMENDMENTS**

Any of these Bylaws may be amended by a majority vote of the Directors, present and voting, at any meeting or at any special meeting of the Board called for that purpose.

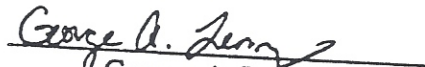
IN WITNESS WHEREOF, We, being all of the Board members of THE RESERVE CLUB, have hereunto set our hand effective this 1st day of March, 1997.



Fred P. Bormann



Douglas M. Stimple



George A. Lenz

CERTIFICATION

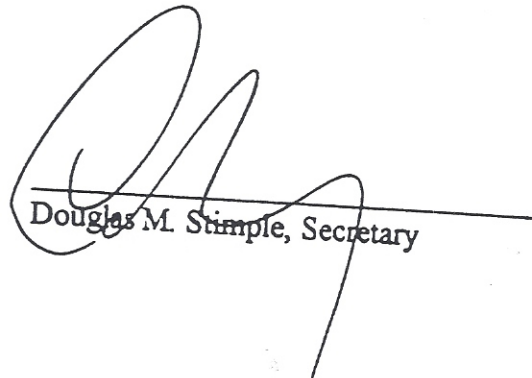
I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of THE RESERVE CLUB, a Colorado Non-Profit Corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Corporation, as duly adopted by the initial Board of Directors at the organizational meeting thereof, held effective the 1st day of March, 1997.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 2nd day of March, 1997.

SEAL



Douglas M. Stimple, Secretary