

BYLAWS
OF
CASTLE CREEK VALLEY RANCH HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
GENERAL

1.1 Purpose. The Castle Creek Valley Ranch Homeowners' Association, Inc. (the "Association") is a non-profit corporation formed pursuant to Articles of Incorporation (the "Articles") to own and govern certain facilities and functions which are or will be located on real property in Pitkin County, Colorado (the "Planned Community") as described in the Protective Covenants for Castle Creek Valley Ranch P.U.D/Subdivision (the "Subdivision"), dated April 26, 1993, and recorded in the office of the Clerk and Recorder of Pitkin County, Colorado, in Book 709 at Page 812, as Reception No. 356220 (the "Covenants"). Terms which are defined in the Covenants shall have the same meaning when used in these Bylaws, unless the context clearly requires otherwise.

1.2 Binding Effect. All present and future lot owners (as hereinafter defined) and their Lessees or other persons who might use the Planned Community are subject to the regulations set forth in these Bylaws. The mere acquisition, rental or occupancy of any Lot or the improvements thereon or the use of the Planned Community will signify that these Bylaws are accepted, ratified and will be complied with.

1.3 Principal Office. The principal office and place of business of the Association shall be at Law Offices of Gideon I. Kaufman, P.C., 315 East Hyman Avenue, Suite 305, Aspen, Colorado 81611. Other offices and places of business may be established from time to time by resolution of the Executive Board of the Association, as hereinafter defined in Article IV of these Bylaws.

1.4 Seal. The seal of the Association shall have inscribed thereon the name of the Association, the year of its incorporation and the words "Colorado" and "Seal", and shall be in the form as may be approved by the Executive Board.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

2.1 Membership. All persons, associations or other entities (hereinafter referred to as "Owners") who own or acquire fee title to any of the lots in the Subdivision (hereinafter referred to as "Lots"), by whatever means acquired, shall automatically become members of the Association in accordance with the Covenants. The membership of the Association at all times shall consist exclusively of all Owners of Lots, or,

following termination of the Planned Community, of all former Owners of Lots entitled to distributions of proceeds pursuant to the Colorado Common Interest Ownership Act, or their heirs, personal representatives, successors or assigns.

2.2 Voting Rights. Membership in the Association shall be comprised of Class A and Class B Owners. Class A Owners shall be comprised of the Owners of Free-Market Lots 1 through 14 (the "Class A Lots"). Class B Owners shall be comprised of the Owners of Free-Market Lots 15 and 16, and PMH Lots 1 through 4 (the "Class B Lots"). Each Class A Lot shall be entitled to one (1) vote, and each Class B Lot shall have no vote, except as provided herein.

2.3 Designation of Voting Owner.

(a) If a Lot has only one Owner, that person or entity shall have the right to vote with respect to such Lot, provided that if the Owner is a legal entity, the entity must designate a voting agent and register his or her name with the Secretary. Otherwise, the vote may be cast by any person present at a meeting of the Owners who purports to be the agent of the entity or, if there is more than one such person, the vote must be cast in accordance with their unanimous agreement. There is unanimous agreement if either of the agents casts a vote without prompt protest to the presiding officer of the other agent(s). With respect to mail-in votes, if no designated agent has been registered with the Secretary, the Association is entitled to mail all voting materials, in care of the entity, to the Owner c/o the Association, and may accept whatever voting materials are returned by the entity.

(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 unanimous agreement of the Owners. There is unanimous agreement if any one of the multiple Owners casts the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by an 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. An 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.

2.4 Cumulative Voting. Cumulative voting shall not be permitted in the election of members of the Executive Board (hereinafter referred to as "Board Members").

2.5 Majority Vote. Unless otherwise expressly provided in these Bylaws or the Covenants, any action which may be taken by the Association may be taken by a majority vote of a quorum of Owners.

2.6 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners representing at least fifty percent (50%) of the total votes of the Association then entitled to be cast, shall constitute a quorum. Owners present at a duly called and held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum.

2.7 Proxies. Votes may be cast in person or by proxy. All proxies shall be in writing and must be filed with the Secretary before the appointed time of each meeting. Each proxy shall be revocable and shall automatically cease to be effective on the earlier of eleven (11) months from the date of the proxy or, if applicable, after completion of the particular meeting for which the proxy was filed, or upon conveyance by the Owner of title to his Lot.

2.8 Termination of Membership.

(a) Only Owners of record on the books of the Association shall be entitled to be treated by the Association as Owners in fact, and the Association shall not be bound to recognize any equitable or other claim to, or interest in, any membership on the part of any other person, firm or corporation, whether or not it shall have express or other notice thereof.

(b) Membership in the Association shall terminate without any formal Association action whenever ownership of a Lot in the Subdivision ceases. The termination of membership shall not relieve or release any former Owner from any liability or obligation owing to the Association or impair any right or remedies which the Association may have against a former Owner arising out of or in any way connected with his ownership of a Lot and membership in the Association.

ARTICLE III
ADMINISTRATION

3.1 Place of Meetings. Meetings of the Owners shall be held at a suitable place designated by the Executive Board.

3.2 Annual Meetings. Meetings of the Owners shall be held at least once each year. The annual meetings of the Owners shall be held at a time designated by the Executive Board in the month of December in each year, for the purpose of electing Board Members and for the transaction of such other business as may come before the meeting.

3.3 Special Meetings. Special meetings of the Owners may be called by the President of the Association, by a majority of the Board Members, or by Owners having twenty percent (20%) of the votes in the Association.

3.4 Attendance. Meetings shall be open to attendance by all Owners, any persons holding currently valid voting proxies of Owners, and the designated representatives of any holder of a beneficial interest in a first deed of trust on any Lot ("First Mortgagee").

3.5 Notice of Meetings. It shall be the duty of the Secretary of the Association to hand-deliver or to mail a notice of each annual or special meeting to each Owner of record and to each First Mortgagee, if such Mortgagee has filed a written request for such notice with the Secretary of the Association, together with a current address. Each notice must be hand-delivered or sent by first class mail, postage prepaid, not less than ten (10) nor more than fifty (50) days in advance of any meeting. The notice of any 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 Covenants or these Bylaws, any budget changes, and any proposal to remove an officer or Board Member. The notice may set forth time limits for speakers and nominating procedures for the meeting. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of Owners present, either by person or by proxy, representing at least two-thirds (2/3) of the votes of the Association.

3.6 Adjournment. If any meeting cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is obtained. Adjourned meetings may be reconvened only upon the giving of further notice as above provided.

3.7 Action Without Meeting. Any action which, under the provisions of the Colorado Nonprofit Corporation Act, may be taken at a meeting of the Owners, may be taken without a meeting if such action is authorized by a writing signed by all of the Owners who would be entitled to vote at a meeting and filed with the Secretary of the Association, or as otherwise provided in the Colorado Nonprofit Corporation Act.

3.8 Waiver. The transaction of business at any regular or special meeting of the Owners, however called and noticed, shall be valid as though transacted at a meeting duly held after regular call and notice, if a quorum be present, either in person or by proxy, and if, either before or after the meeting, each of the Owners not present in person or by proxy signs a written waiver of notice, a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records, or made a part of the minutes of the meeting.

3.9 Minutes. Minutes or a similar record of the proceedings of meetings of Owners, when signed by the President or Secretary of the Association, shall be presumed to truthfully evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV EXECUTIVE BOARD

4.1 Board Members. The affairs of the Association shall be governed by an Executive Board, composed of three (3) persons. Board Members may, but need not be, Owners of Lots in the Association. Board Members shall not receive any salary for their services as Board Members, but any Board Member may serve the Association in some other capacity and receive compensation therefor, and any Board Member may be reimbursed for his actual expenses incurred in the performance of his duties as a Board Member.

4.2 General Powers. The Executive Board has the powers and duties necessary for the administration of the affairs of the Association, and may do all acts which are not by law, by the Covenants, or by these Bylaws directed to be exercised exclusively by the Owners. The Executive Board shall not enter into any service contract for a term exceeding three (3) years without the approval of the Owners, except for any contract with a public utility company which requires a term in excess of three (3) years.

4.3 Specific Powers. Without limitation on the general powers stated in Section 4.2, the Executive Board is vested with, and responsible for, the following powers and duties:

(a) to select, appoint, and remove all officers, agents, and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, the Articles, the Covenants, and these Bylaws; to fix their compensation; and to require from them security for faithful

service when and in the amount deemed advisable by the Executive Board;

(b) to conduct the business of the Association;

(c) to change the principal office for the transaction of the business of the Association; to designate any place within Pitkin County, Colorado, for the holding of any annual or special meeting of Owners; and to adopt a corporate seal and to alter the form of such seal from time to time, as the Executive Board, in its sole judgment, may deem best and in compliance with the provisions of law;

(d) to borrow money and to incur or assume indebtedness for the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities;

(e) to prepare, adopt, and modify from time to time, the Association's annual budget in accordance with Article VI, Section 6.4 of these Bylaws; to fix and levy from time to time assessments upon the Owners as provided in the Covenants, to determine and fix the due date for the payment of installments of such assessments, and the date upon which the same shall become delinquent; and, to hold all funds collected by reason of such assessments for the Owners, and in accordance with the purpose for which the assessments were collected;

(f) to establish a working capital reserve fund;

(g) to enforce the provisions of the Covenants, these Bylaws, the Articles, or other agreements of the Association;

(h) to contract and pay the premiums for insurance coverage, and to review, not less frequently than annually, all insurance policies and bonds obtained by the Executive Board;

(i) to contract, pay for, and discharge personnel to provide maintenance and services relating to the Planned Community; to employ personnel necessary for the operation of the Planned Community, including legal and accounting services; to contract and pay for alterations, improvements, and maintenance;

(j) to grant easements to and over the Planned Community;

(k) to take and hold by purchase, gift, or otherwise, real and personal property for the Association, to exercise all of the rights, powers and privileges of ownership to the same, and to use, manage, mortgage, or lease of any such property or any interest therein;

(l) to adopt and amend, by majority vote, such rules consistent with the Covenants, the Articles, and these Bylaws as the Executive Board may deem necessary for the management and operation of the Planned Community;

(m) to enter into a management agreement with a managing agent to perform such duties and services as the Executive Board shall authorize, to the extent such services and duties do not require the collective decision-making authority of the Executive Board, including, but not limited to, the duties listed in Section 4.3 other than this subparagraph (m);

(n) to enter into agreements for maintenance of the Planned Community;

(o) to establish orderly procedures for giving notice and an impartial hearing to any Owner who is alleged to be in default in paying his assessments or the installments thereof, or to have violated the Covenants, Articles, these Bylaws, or the Association's rules; and

(p) to obtain a fidelity bond or fidelity insurance on behalf of the Executive Board.

4.4 Election of Board Members. The initial Executive Board designated in the Articles shall serve as set forth in Section 4.5 below; provided, however, that any vacancy occurring on the Executive Board prior to the next annual meeting of Owners may be filled by an affirmative vote of a majority of the remaining Board Members, though less than a quorum of the Executive Board. Thereafter, the Board Members shall be elected by the Owners. Any person serving as a Board Member may be re-elected, and there shall be no limitation on the number of terms which he may serve. Any person desiring to be a candidate for Board Member shall submit a written statement to that effect to the Secretary of the Association, signed by the candidate, or be nominated orally by an Owner at the meeting at which voting is to occur.

4.5 Terms of Office. Of the three (3) original appointed Board Members, one (1) Board Member shall be elected to serve for a one (1) year term, one (1) Board Member shall be elected to serve for a two (2) year term, and one (1) Board Member shall be elected to serve for a three (3) year term. Each of their successors thereafter shall serve for a three (3) year term, or until the election and qualification of his successor.

4.6 Vacancies. A vacancy shall be deemed to exist in the case of death, resignation, an adjudication of the incompetence of any Board Member, or in case the Owners fail to elect the full number of authorized Board Members at any meeting at which such election is to take place. A vacancy in a Board

Member's seat, caused by any reason other than the removal of a Board Member by a vote of the Owners, shall be filled by a vote of the majority of the remaining Board Members, even though they may constitute less than a quorum. Each person so elected shall be a Board Member until a successor is elected at the next annual meeting of the Owners, or at a special meeting of the Owners called for that purpose.

4.7 Removal. At any annual or special meeting of the Owners duly called, if the prior notice of the meeting states this as one of its purposes, any one (1) or more of the Board Members may be removed with or without cause by majority vote of the Owners present in person or by proxy. A successor or successors may then and there be elected to fill the vacancy thus created. Any such successor shall serve for the unexpired term of his predecessor in office. Any Board Member whose removal has been proposed by any Owner shall be given an opportunity to be heard at the meeting, if he is present; provided, however, that the original appointed two-year Board Member can only be removed for cause.

4.8 Executive Board Meetings. The first meeting of the newly elected Executive Board shall be held as soon as practicable following the meeting at which the Executive Board is elected. Other regular meetings of the Executive Board may be held at such time and place as shall be determined, from time to time, by a resolution adopted by the majority of the Board Members, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings of the Executive Board (other than the first meeting of the newly elected Executive Board) shall be given by the Secretary of the Association to each Board Member, personally or by mail, telephone, or telegraph, at least five (5) days prior to the date set for such meeting.

4.9 Special Executive Board Meetings. Special meetings of the Executive Board may be called by the President of the Association, or, if he is absent or refuses to act, by the Vice President of the Association, or by any two (2) Board Members. At least two (2) days notice shall be given by the Secretary of the Association to each Board Member, personally or by mail, telephone, or telegraph. Such notice shall state the time, place, and purpose of the meeting. If service is by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. of the second day after it is deposited in a regular depository of the United States mail. Whenever any Board Member has been absent from any special meeting of the Executive Board, an entry in the minutes to the effect that notice has been duly given shall be presumptive evidence that due notice of such meeting was given to such Board Member.

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

4.11 Quorum. At all meetings of the Executive Board, a majority of the Board Members shall constitute a quorum for the transaction of business, and the acts of the majority of the Board Members present at a meeting at which a quorum is present shall be the acts of the Executive Board. If, at any meeting of the Executive Board, there is less than a quorum, the majority of Board Members present may adjourn the meeting from time to time. At any such adjourned meeting, which shall be reconvened only upon the giving of notice, as above provided, any business which might have been transacted at the meeting as originally called may be transacted.

4.12 Consent by Board Members. The Board Members shall have the right to take any action without a meeting which they could have taken at a meeting by obtaining the vote or written consent of all the Board Members, or as otherwise provided in the Colorado Nonprofit Corporation Act, as amended from time to time. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board.

4.13 Committees. The Executive Board may, by resolution, from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for such reports, termination, and other administrative matters as the Executive Board deems appropriate.

ARTICLE V OFFICERS

5.1 Officers. The Association shall have a President (who shall serve as Chairman of the Executive Board), one (1) or more Vice Presidents, a Secretary, and a Treasurer (who may be the Secretary). All such officers shall be elected by the Executive Board, and hold office at its pleasure. Only the President need be a Board Member, although other officers may be Board Members.

5.2 Removal. Upon an affirmative vote of a majority of the entire Executive Board, any officer may be removed, either

with or without cause, and his or her successor elected. Any officer may resign at any time by giving written notice to the Executive Board, the President, or the Secretary, such resignation taking effect on the date of receipt of the notice, or at any later time specified therein, and unless otherwise specified in the notice. Acceptance of such resignation by the Executive Board shall not be necessary to make it effective.

5.3 Compensation. Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Executive Board. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee.

5.4 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Executive Board. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the Owners, from time to time as he may deem appropriate, to assist in the conduct of the affairs of the Association. The President shall be ex officio a member of all standing committees, and shall have such other powers and duties as may be prescribed by the Executive Board or these Bylaws.

5.5 Vice President. The Vice President (in order of designation at the time of appointment, of more than one) shall take the place of the President, and shall perform his duties whenever the President shall be absent, disabled, unwilling, or unable to act. If neither the President nor any Vice President is able to act, the Executive Board shall appoint another Board Member to act on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Executive Board or these Bylaws.

5.6 Secretary. The Secretary shall keep the minutes of all meetings of the Executive Board, and the minutes of all meetings of the Association at the principal office of the Association, or at such other place as the Executive Board may order. The Secretary shall perform all other duties given to him by the Executive Board or these Bylaws. The Secretary shall keep the seal of the Association; shall have charge of such books and papers as the Executive Board may direct; shall give or cause to be given notices of meetings of the Owners and of the Executive Board; shall maintain a book of record Owners listing the names, addresses, and telephone numbers of the Owners as furnished to the Association; and, shall ascertain, certify, record, and publicize the outcome of all votes taken by the Board Members or the Owners, as the case may be. The Secretary shall also be responsible for all filings required by law, except tax returns.

The Secretary shall also prepare, execute, certify, and record amendments to the Covenants on behalf of the Association.

5.7 Treasurer. The Treasurer shall have the responsibility for Association funds and securities, and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records, and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements, and books belonging to the Association. The Treasurer's books and records shall be open to inspection by all Owners and First Mortgagees at convenient weekday business hours. The Treasurer shall make a report to the Executive Board, at least once annually, containing the Association's balance sheet as of the end of the fiscal period covered by the report, and a statement of the Association's income and expenses for the same period. The Executive Board shall cause to be transmitted a summary of the Treasurer's Report to each Owner. The Treasurer shall co-sign with another person designated by the Executive Board all checks and promissory notes on behalf of the Association. The Treasurer shall be responsible for keeping the assessment roll required in the fiscal management of the Association, and for filing tax returns as required by law.

ARTICLE VI FISCAL MANAGEMENT

6.1 Assessments. Assessments shall be in amounts sufficient to pay for the estimated common expenses, including the following expenses: maintenance, insurance, service and leasing contracts for the Association and the Planned Community, management fees, debt service, debt retirement, printing supplies and postage, employees' compensation, and taxes paid by the Association, and all other fiscal outlays required or permitted under the Covenants, these Bylaws, the Articles, or law. Notwithstanding the foregoing, the Owners of Lots 14, 15, and 16, and PMH Lots 1 through 4 shall only be responsible for assessments as provided for in the Covenants. The Owners of Lot 14 and PMH Lots 1 through 3 shall be responsible for the costs of maintenance of Loge's Spring Road, which shall be assessed based upon a vote of said four (4) Owners, subject, however, to a vote of the Executive Board in case of a tie. Loge's Spring Road, North Hayden Road, and South Hayden Road shall be maintained on a regular basis, and plowed as required for safety.

6.2 Assessment Roll. The Treasurer shall maintain an assessment roll and such other financial records as shall be necessary to maintain a separate account for each Lot, except for any Lot which is owned by the Association. These financial records shall be sufficiently detailed to enable the Association to comply with Section 6.3 of these Bylaws concerning statements of unpaid assessments. All financial and other records shall be

made reasonably available for examination by any Owner, and such Owner's authorized agents. Such records shall designate the name and address of the Owner, the amount of each assessment against the Owner, the due dates of all assessment installments, the amounts paid by the Owner, and all unpaid assessments.

6.3 Statement of Assessments. The Association shall furnish to each Owner, or such Owner's designee, or to a holder of a security interest, or its designee, upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within fourteen (14) business days after receipt of the request, and is binding upon the Association, the Executive Board, and every Owner. If no statement is furnished to the Owner, or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Lot for unpaid assessments which were due as of the date of the request.

6.4 Budget. It shall be the responsibility of the Executive Board to establish and adopt a budget. The budget shall be estimated based on the budget of the previous year and projected expense for the coming year. Within thirty (30) days after adoption of any proposed budget, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless, at that meeting, a majority of all Owners, or any larger percentage specified in the Covenants, reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

6.5 Fiscal Year. The fiscal year shall be the calendar year. This shall be the Association's budgeting and accounting period. Assessments shall be prepared, levied, and collected at such times and in such manner as to insure that sufficient funds are available for budgeted expenditures and operations when needed.

6.6 Bank Accounts. One or more bank accounts shall be maintained in the name of the Association. All checks and drafts upon the funds to the credit of the Association in any of its depositories shall be signed by such of its officers or agents,

and shall from time to time be determined by resolution of the Executive Board, which may provide for the use of facsimile signatures under specified conditions; and all notes, acceptances, drafts, and other evidences of indebtedness payable to the Association shall, for the purpose of deposit, discount or collection, be endorsed by such officers or agents of the corporation, and in such manner as shall from time to time be determined by resolution of the Executive Board.

6.7 **Records and Inspections.** The Executive Board shall keep detailed, accurate records of the receipts and expenditures affecting the Planned Community. Such records authorizing the payments shall be available for examination by the Owners at convenient weekday business hours.

ARTICLE VII
MISCELLANEOUS

7.1 **Indemnification.** Any person who is or was a Board Member, officer, employee, fiduciary, or agent of the Association, or is or was serving at the request of the Association as a Board Member, manager, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, or other enterprise, and who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he is or was serving in such capacity, may be indemnified by the Association to the extent and in the manner described herein. The indemnification authorized by this Section shall continue as to any person who has ceased to be a Board Member, officer, employee, fiduciary, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such person. No Board Member and no officer shall be liable for actions taken or omissions made in the performance of such Board Member's or officer's duties, except for wanton and willful acts or omissions.

(a) The Association shall indemnify such person who has been successful on the merits in defense of any such proceeding, against expenses, including reasonable attorneys' fees, actually and reasonably incurred by him in connection therewith.

(b) The Association shall indemnify such person against expenses, including reasonable attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in such proceeding (other than an action brought by or in the right of the Association) if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Association and, with respect to any

criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

(c) In any threatened, pending or completed action by or in the right of the Association to procure a judgment in its favor against such person, the Association shall indemnify such person against expenses, including reasonable attorneys' fees, actually and reasonably believed to be in the best interests of the Association. The Association shall not indemnify such person if he shall have been adjudged to be liable for wanton or willful acts or omissions in the performance of his duty to the Association, unless and only to the extent that the court in which such action was brought, determines upon application that such person is fairly and reasonably entitled to such indemnity for such expenses as the court shall deem proper.

(d) Any indemnification authorized under subparagraphs (b) and (c) (unless ordered by a court), shall be made only upon a determination that such person has met the standard of conduct set forth in such subparagraphs. Such determination shall be made by a majority of a quorum of disinterested Board Members, or if a disinterested quorum is not available, or even if obtainable, if a quorum of disinterested Board Members so directs, by independent legal counsel chosen by the Executive Board or by vote of the Owners.

(e) Expenses (including reasonable attorneys' fees) incurred in defending such proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in subparagraph (d), upon receipt of an undertaking by or on behalf of such person to repay such amount, unless it shall be ultimately determined that he is entitled to be indemnified by the Association.

The Association shall also have the power to purchase and maintain insurance on behalf of any person who is or was a Board Member, officer, employee, fiduciary, or agent of the Association, or is serving at the request of the Association in said capacity, or a similar capacity of another Association, against any liability asserted against him and 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 against such liability under the provisions of this Section.

Rights of indemnification under this Section shall be in addition to rights which such person may otherwise be lawfully entitled.

7.2 Conflicts Null and Void. In case any provisions of these Bylaws conflict with any provisions of the laws of the State of Colorado, the Articles, or the Covenants, such conflicting provisions of these Bylaws shall be null and void,

but all other provisions of these Bylaws shall remain in full force and effect.

7.3 Amendment.

(a) By Owners. Except as limited by law, these Bylaws may be amended by a vote of sixty-six and two-thirds percent (66 2/3%) of the Owners in a duly constituted meeting of Owners for such purpose.

(b) Reference to Bylaws. From and after any amendment of these Bylaws, any references to "the Bylaws" shall be deemed to include any such amendments, unless otherwise stated.

7.4 Copy of Bylaws. This Association shall keep in its office for the transaction of business the original or a copy of these Bylaws, as amended from time to time, certified by the Secretary, which shall be open to inspection by the Owners and First Mortgagees at reasonable times during office hours.

7.5 Limitation of Liability. The Executive Board shall not be liable for any failure to any service to be obtained and paid for by the Executive Board hereunder, or for injury or damage to person or property caused by the elements, or by another Owner or person, unless caused by wanton and willful acts or omissions of the Executive Board. No diminution or abatement of common expense assessments shall be claimed or allowed for inconveniences or discomfort arising for the making of repairs or improvements to the Planned Community, or from any action taken by the Executive Board to comply with any law, ordinance, or order of a governmental authority.

7.6 Severability. The provisions hereof shall be deemed independent and severable, and invalidity or partial invalidity or unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

7.7 Interpretation. The provisions of these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a Planned Community. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce such provision, or any other provision hereof.