

CORDILLERA VALLEY CLUB
PROPERTY OWNERS ASSOCIATION

BYLAWS

BYLAWS
OF
CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I
OFFICES

Cordillera Valley Club Property Owners Association, Inc. (the "Association") is a Colorado non-profit corporation, with its principal office located at 2206 Cordillera Way, P.O. Box 988, Edwards, CO 81632. The Association may also have other offices and may carry on its purposes at such other places within and outside the State of Colorado as the Executive Board may from time to time determine.

ARTICLE II
DEFINITIONS AND ASSENT

2.1 Definitions. The definitions contained in the Declaration of Covenants, Conditions, Restrictions and Easements for Cordillera Valley Club, as amended from time to time and recorded in the office of the Clerk and Recorder of Eagle County, Colorado, shall apply to these Bylaws, and all defined terms used in the Bylaws shall have the same meaning as defined terms used in the Declaration or the Act.

2.2 Assent. All present or future Owners, their families, present or future tenants, and their guests and invitees, and any other person using the facilities of Cordillera Valley Club (the "Property") in any manner are subject to the Association Documents, including these Bylaws. The acquisition or rental of any of the Lots in Cordillera Valley Club or the occupancy of any residence located thereon shall constitute ratification and acceptance of these Bylaws.

ARTICLE III
MEMBERSHIP, VOTING, QUORUM AND PROXIES

3.1 Membership and Voting. The Association shall be a membership corporation without certificates or shares of stock. The Association shall have one (1) class of voting membership consisting of all Owners, and, except as otherwise provided for in the Declaration or Articles of Incorporation, shall be entitled to vote in Association matters on the basis of one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members of the Association. The vote for each such Lot shall be exercised by one person or alternative persons (who may be a tenant of the Owners) appointed by proxy in accordance with these Bylaws. In the absence of a proxy, the vote allocated to the Lot shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner may assign his voting right to a tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which

the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Lot.

Membership shall terminate automatically without any Association action whenever an Owner ceases to own a Lot. Termination of membership shall not relieve or release any former Owner from any liability or obligation incurred by virtue of, or in any way connected with, ownership of a Lot, or impair any rights or remedies which the Association or others may have against such former Owner arising out of, or in any way connected with, such membership.

3.2 Declarant Control. Notwithstanding anything to the contrary provided for herein, Declarant shall be entitled during the Declarant Control Period (defined below) to appoint and remove the members of the Association's Executive Board and officers of the Association, subject to the following restrictions:

(a) Not later than sixty (60) days after conveyance by Declarant of twenty-five percent (25%) of the total number of Lots, including all Lots permitted to be located in the Expansion Property, to Owners, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant.

(b) Not later than sixty (60) days after conveyance by Declarant of fifty percent (50%) of the total number of Lots, including all Lots permitted to be located in the Expansion Property, to Owners, not less than thirty-three and one-third percent (33 1/3%) of the members of the Executive Board shall be elected by Owners other than Declarant.

(c) Not later than the termination of the Declarant Control Period, the Owners shall elect an Executive Board at least a majority of whom shall be Owners other than Declarant or designated representatives of Owners other than Declarant.

(d) The Declarant Control Period is hereby defined as the period of time commencing on the date of incorporation of the Association and terminating on the earliest of the following events: (i) sixty (60) days after conveyance by Declarant of seventy-five percent (75%) of the total number of Lots, including all Lots permitted to be located in the Expansion Property, to Owners, (ii) two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business, (iii) two (2) years after any right to add new Lots was last exercised, or (iv) the date on which Declarant voluntarily relinquishes such power, evidenced by a notice recorded in the Office of the Clerk and Recorder for Eagle County, Colorado.

3.3 Election of Directors. In the election of Directors by Owners, each Member shall have the right to vote the number of

votes to which he is entitled for as many persons as there are Directors to be elected, and for whose election he is entitled to vote. Cumulative voting shall not be allowed.

3.4 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of ten percent (10%) of the total number of votes entitled to be cast at such meeting shall constitute a quorum.

3.5 Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. All proxies must be in writing and may be either general or for a particular meeting. A proxy holder need not be an Owner.

3.6 Majority Vote. Unless a different percentage is required by law, the Declaration, the Articles of Incorporation or these Bylaws, the affirmative vote of more than fifty percent (50%) of the votes represented at a meeting duly called and convened at which a quorum is present shall be sufficient to adopt decisions binding on all Members.

ARTICLE IV MEETINGS

4.1 Annual Meeting. The annual meeting of the Members shall be held at a time and date designated by the Executive Board in each calendar year for the purpose of electing Directors and for the transaction of such other business as may come before the meeting.

4.2 Special Meeting. Special meetings of the Members for any purpose other than those regulated by statute shall be called by the President of the Association, either upon resolution of the Executive Board, or by petition of Owners representing the Owners of at least ten percent (10%) of the Lots.

4.3 Notice of Meetings. The President or Secretary shall give, or cause to be given, written notice of the time, place and if a special meeting, the purpose, of each meeting by mailing, postage prepaid, or hand-delivering such notice at least ten (10) days, but not more than fifty (50) days, prior to such meeting to each Member of the Association at the address of such Members that appears in the records of the Association. The Executive Board may set a record date for determination of Members entitled to notice of and to vote at a meeting. If no such record date is set by the Executive Board, the date of mailing of the written notice of meeting shall for all purposes be deemed the record date for such meeting.

4.4 Adjourned Meetings. If, at the time and place of meeting, a quorum is lacking, the chairman of the meeting, or the

Members holding a majority of the votes present in person or by proxy, may adjourn the meeting from time to time until a quorum exists. At any adjourned meeting at which a quorum exists, any business may be transacted which might have been transacted at the original meeting.

4.5 Waiver of Notice. Any Member may at any time waive any notice required to be given under these Bylaws, by statute or otherwise. The presence of a Member in person at any meeting of the Members shall constitute a waiver, unless such presence is for the express purpose of objecting to the meeting for the reason that it was not properly called. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

4.6 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Executive Board either within the Property or as convenient thereto as possible and practical.

4.7 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to such action.

4.8 Order of Business. The order of business at all meetings of Members shall be as follows:

- (a) Roll call;
- (b) Statement of compliance with procedures for notice of meeting or waiver of notice;
- (c) Reading of minutes;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of Directors (annual meetings only);
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

4.9 Rules of Meetings. The Executive Board may prescribe reasonable rules for the conduct of all meetings of the Executive Board and Members and in the absence of such rules, Robert's Rules of Order shall be used.

ARTICLE V EXECUTIVE BOARD

5.1 Association Responsibilities. The Owners will constitute the Association, who will have the responsibility of administering

the Property through an Executive Board. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration or Bylaws, such dispute or disagreement shall be submitted to the Executive Board. The determination of such dispute or disagreement by the Executive Board shall be binding on all such Owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Executive Board.

5.2 Number and Initial Board. The affairs of this Association shall be managed by an Executive Board of between three (3) and seven (7) Directors who shall be Members of the Association or the delegates of Members appointed by proxy under Section 3.5 above (except as provided in Section 3.2). The number of the Executive Board shall be established from time to time by amendment to these Bylaws. The initial number of members of the Executive Board shall be three (3). The Directors selected by Declarant pursuant to Section 3.2 above need not be Members of the Association.

5.3 Term of Office of Directors. The term of office for the initial Directors shall be fixed at the time of their appointment as they themselves shall determine in order to establish a system of three (3) year terms in which at least one-third (1/3) of the Executive Board is elected each year, and the Executive Board shall identify in which year the directorships for each category of representation are subject to election. For example, if the number of Directors on the initial Board is set at three (3) pursuant to Section 5.2 above, one (1) Director shall serve for a one (1) year term, one (1) Director shall serve for a two (2) year term, and one (1) Director shall serve for a three (3) year term. At the expiration of the initial term of office of each respective Director, a successor shall be elected to serve three (3) years. Each Director shall hold office until such Director's successor is elected by the Association and qualified. Any Director elected by the Owners pursuant to Section 3.2 above shall serve for the remainder of the term of the Director replaced.

5.4 Removal of Directors; Vacancies. Directors may be removed and vacancies on the Executive Board may be filled as follows:

(a) By the Members. Subject to Section 3.2 above, any Director may be removed, with or without cause, at any regular or special meeting of the Members by a majority of votes of the Members entitled to vote for a successor. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members shall be given notice of the proposed removal at least ten (10) days prior to the date of such meeting and shall be given an opportunity to be heard at such meeting.

(b) By the Executive Board. Any Director who has three (3) consecutive unexcused absences from Executive Board meetings or who is delinquent in the payment of any Assessment for more than thirty (30) days may be removed by a majority vote of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Executive Board. In the event of the death, disability, resignation or removal by the Executive Board, as set forth in this subsection (b), of a Director, a vacancy may be declared by the Executive Board, and the Executive Board may appoint a successor. Any successor appointed by the Executive Board shall serve for the remainder of the term of the Director replaced.

5.5 Powers and Duties. The Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential project. The Executive Board may do all such acts and things as are not by law, the Act, the Articles, these Bylaws or the Declaration either prohibited or directed to be exercised and done by the Owners.

5.6 Other Powers and Duties. The Executive Board shall be empowered and shall have the duties as follows:

(a) to administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and in the Articles and these Bylaws;

(b) to establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Lots and the Common Area with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof;

(c) to keep in good order, condition and repair the Common Area, and all items of personal property owned by the Association, if any, and used in the enjoyment of the Property;

(d) to obtain and maintain to the extent obtainable all policies of insurance required by the Declaration;

(e) subject to the budgeting procedures contained in the Declaration, to periodically fix, determine, levy and collect the Assessments to be paid by each of the Owners towards the Common Expenses of the Association and to adjust, decrease or increase the amount of the Assessments, refund any excess Assessments to the Owners, credit any excess of Assessments over expenses and cash reserves to the Owners against the next succeeding assessment period, or place any excess Assessments into designated replacement reserves. Subject to restrictions set forth in the Act, to levy

and collect Special Assessments in accordance with the provisions of the Declaration whenever in the opinion of the Executive Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All Special Assessments shall be in statement form and shall set forth in detail the various expenses for which the Assessments are being made. The Act currently restricts the use of Special Assessments;

(f) to impose penalties and collect delinquent Assessments by suit or otherwise, to collect costs and reasonable attorney's fees, and to enjoin or seek damages from an Owner as is provided in the Declaration or in Section 5.17 below;

(g) to protect and defend the Property from loss and damage by suit or otherwise;

(h) subject to restrictions set forth in the Act, to borrow funds and to give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration or these Bylaws and to execute all such instruments evidencing such indebtedness as the Executive Board may deem necessary or desirable. Currently the Act restricts the conveyance or encumbrance of the Common Area pursuant to Section 38-33.3-312 of the Act;

(i) to enter into contracts within the scope of their duties and powers, provided however, that any agreement for professional management of the Property, or any other contract providing for services of the Declarant may not exceed three (3) years, and any such agreement must provide the right of termination by the Executive Board at the expiration of the Declarant Control Period upon no less than ninety (90) days' notice, as more fully set forth in Section 38-33.3-305 of the Act;

(j) to establish bank accounts which are interest-bearing or non-interest bearing, as may be deemed advisable by the Executive Board;

(k) to keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is more fully provided in Section 5.16 of these Bylaws and to cause, within the Executive Board's discretion, a complete audit to be made of the books and records by a competent certified public accountant;

(l) to designate and remove the personnel necessary for the operation, maintenance, repair and replacement of the Common Area and the fulfillment of other duties as set forth in the Declaration;

(m) to suspend the voting rights of an Owner for failure to comply with these Bylaws or the rules and regulations of the Association or with any other obligations of the Owners pursuant to the Declaration;

(n) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal with and in, real, personal and mixed property of all kinds, and any right or interest therein, for any purpose of the Association, subject to the Declaration and Bylaws of the Association. Currently the Act restricts the conveyance or encumbrance of the Common Area pursuant to Section 38-33.3-312 of the Act;

(o) in general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of the Property and to perform all other acts permitted under the Act.

5.7 Manager. The Executive Board may employ for the Association a Manager (at a compensation established by the Executive Board) to perform such duties and services as it shall authorize. The Executive Board may delegate any of the powers and duties granted to it but, notwithstanding such delegation, shall not be relieved of its responsibility under the Declaration, the Articles or these Bylaws.

5.8 Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held each year. Notice of regular meetings of the Executive Board shall be given to each Director, personally or by mail, telephone, telegraph or facsimile transmission, at least four (4) days prior to the day named for such meeting.

5.9 Special Meetings. Special meetings of the Executive Board may be called by the President, on his own initiative, on three (3) days' notice to each Director, given personally, or by mail, telephone, telegraph or facsimile transmission, which notice shall set forth the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on receipt of a written request to call such a special meeting from at least two (2) Directors.

5.10 Waiver of Notice. Before or at any regular or special meeting of the Executive Board, 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 Executive Board shall be a waiver of notice by him of the time and place thereof and, in the case of a special

meeting, the purposes therefor. If all the Directors are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting.

5.11 Executive Boards' Quorum; Voting. At all meetings of the Executive Board, 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 Executive Board. If at any meeting of the Executive Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time for periods of no longer than one (1) week until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.12 Compensation; Fidelity Bonds. The members' of the Executive Board shall serve without salary or compensation. The Executive Board may employ professional consultants for the Association at a compensation established by the Executive Board. The Association must secure and maintain fidelity insurance or fidelity bonds with aggregate coverage of not less than fifty thousand dollars (\$50,000.00) or two (2) months' Assessment plus reserves, as calculated from the then-current budget of the Association, whichever is greater. The premiums on such insurance or bonds shall be paid by the Association.

5.13 Informal Action by Directors. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as the unanimous vote of the Directors.

5.14 Teleconference Meetings. Any regular or special meeting of the Executive Board may be conducted by teleconference, followed by minutes of such meeting, which shall be distributed to each Director.

5.15 Executive Board Committees. The Executive Board may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be delegated to it by the Executive Board. Vacancies in such committees shall be filled by the Executive Board or as the Executive Board may provide.

5.16 Accounts and Reports. The following management standards of performance will be followed unless the Executive Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the Manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the Manager may have in any firm providing goods or services to the Association shall be disclosed promptly to the Executive Board;

(f) commencing at the end of the month in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (any Assessment or installment thereof shall be considered to be delinquent on the fifteenth (15th) day following the due date unless otherwise specified by resolution of the Executive Board); and

(g) an annual report consisting of at least the following shall be distributed to all Members within one hundred and twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a report statement of changes in financial position for the fiscal

year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Executive Board, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Lot, the Association shall provide an audited financial statement.

5.17 Enforcement. The Executive Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Lot of the violating Owner and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Executive Board to limit ingress and egress to or from a Lot. In the event that any occupant, guest or invitee of a Lot violates the Declaration, Bylaws or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Executive Board, the Owner shall pay the fine upon notice from the Association. The failure of the Executive Board to enforce any provision of the Declaration, Bylaws or any rule or regulation shall not be deemed a waiver of the right of the Executive Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction, the Executive Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Executive Board for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested within the allotted ten day period, a hearing before the Executive Board shall be held affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director or agent who delivered such notice.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary, the Association, acting through the Executive Board, may elect to enforce any provision of the Declaration, these Bylaws, or the Association Rules by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), suit at law or in equity to enjoin any violation or to recover monetary damages, or pursue any other remedy, or any combination of remedies

without the necessity of compliance with the procedures set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE VI OFFICERS

6.1 General. The officers of the Association (who shall be elected from among the members of the Executive Board) shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer. The officers shall be elected by an affirmative vote of a majority of the members of the Executive Board. The Executive Board may elect such other officers, assistant officers, committees and agents, including Assistant Secretaries and Assistant Treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Executive Board. One (1) person may hold two (2) offices, except that no person may simultaneously hold the offices of President and Secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Executive Board, such officer, agent or employee shall follow the orders and instructions of the President.

6.2 Removal of Officers. Upon an affirmative vote of a majority of the members of the Executive Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Executive Board, or at any special meeting of the Executive Board called for such purpose.

6.3 Vacancies. A vacancy in any office, however occurring, may be filled by an affirmative vote of a majority of the members of the Executive Board for the unexpired portion of the term.

6.4 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 the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees. The President has the authority to prepare, execute, certify and record documents reflecting amendment to the Declaration which are properly amended pursuant to the provisions of the Declaration.

6.5 Vice Presidents. The Vice Presidents shall assist the President and shall perform such duties as may be assigned to them by the President or by the Executive Board. In the absence of the President, the Vice President elected by the Executive Board shall have the powers and perform the duties of the President.

6.6 Secretary. The Secretary shall keep the minutes of the proceedings of the Members and the Executive Board. He shall see that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration and as required by law. He shall be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Executive Board. He shall keep at its registered office or principal place of business within or outside Colorado a record containing the names and registered addresses of all Members, the designation of the Lot owned by each Member, and, if such Lot is mortgaged, the name and address of each Mortgagee. He shall, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Executive Board. Assistant Secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

6.7 Treasurer. The Treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the Executive Board. He shall receive and give receipts and acquittances for monies paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity. He shall perform all other duties incident to the office of the Treasurer and, upon request of the Executive Board, shall make such reports to it as may be required at any time. He shall, if required by the Executive Board, give the Association a bond in such sums and with such sureties as shall be satisfactory to the Executive Board, conditioned upon the faithful performance of this duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Executive Board or the President. The Assistant Treasurers, if any, shall have the same powers and duties, subject to the supervision of the Treasurer.

ARTICLE VII INDEMNIFICATION

7.1 Definitions. For purposes of this Article VII, the following terms shall have the meanings set forth below:

(a) Proceeding. Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

(b) Indemnified Party. Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of

the fact that he is or was a Director or officer of the Association or a member of a committee formed by the Association or, while a Director or officer of the Association or a member of a committee, is or was serving at the request of the Association as a Director, officer, member, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, committee or other enterprise including, without limitation, any employee benefit plan of the Association for which any such person is or was serving as a trustee, plan administrator or other fiduciary.

7.2 Indemnification.

(a) Except as provided in paragraph (d) of this Section 7.2, the Association shall indemnify against liability incurred in any Proceeding an Indemnified Party if:

(I) He conducted himself in good faith;

(II) He reasonably believed:

(A) In the case of conduct in his official capacity with the Association that his conduct was in the Associations' best interests; or

(B) In all other cases, that his conduct was at least not opposed to the Association's best interests; and

(III) In the case of any criminal Proceeding, he had no reasonable cause to believe his conduct was unlawful.

(b) An Indemnified Party's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirements of sub-subparagraph (B) of subparagraph (II) of paragraph (a) of this Section. An Indemnified Party's conduct with respect to an employee benefit plan for a purpose that he did not reasonably believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirements of subparagraph (I) of paragraph (a) of this Section.

(c) The termination of any Proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the individual did not meet the standard of conduct set forth in paragraph (a) of this Section.

(d) The Association may not indemnify an Indemnified Party under this Section either:

(I) In connection with a Proceeding by or in the right of the Association in which the Indemnified Party was adjudged liable to the Association; or

(II) In connection with any Proceeding charging improper personal benefit to the Indemnified Party,

whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

(e) Indemnification permitted under this Section in connection with a Proceeding by or in the right of the Association is limited to reasonable expenses incurred in connection with the Proceeding.

7.3 Insurance. By action of the Executive Board, notwithstanding any interest of the Directors in such action, the Association may purchase and maintain insurance, in such amounts as the Executive Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him and incurred by him in his capacity of or arising out of his status as an Indemnified Party, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of laws.

7.4 Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article VII, such reasonable requirements and conditions as to the Executive Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following; (a) that any counsel representing the Indemnified Party in connection with the defense or settlement of any Proceeding shall be counsel mutually agreeable to the Indemnified Party and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or Proceeding made, initiated or threatened against the Indemnified Party; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the Indemnified Party's right of recovery, and that the Indemnified Party shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

ARTICLE VIII AMENDMENT OF BYLAWS

8.1 Amendment by the Members. These Bylaws may be amended by the affirmative vote of a majority of the votes in the Association present or represented by proxy at any regular or special meeting, provided that a quorum is present at any such meeting. However, notwithstanding the foregoing, no provisions of these Bylaws may be amended by a number of Owners which is less than the number of Owners that is required within that particular provision to take certain action. Amendments may be proposed by the Executive Board or by petition signed by the holders of at least a majority of the votes. A statement of any proposed

amendment shall accompany the notice of any regular or special meeting at which such proposed amendment will be voted upon.

8.2 Amendment by the Executive Board. These Bylaws may be amended by the unanimous vote of the Executive Board at any regular or special meeting, provided that a quorum is present at such meeting. A statement of any proposed amendment shall accompany the notice of any regular or special Executive Board meeting at which such proposed amendment will be voted upon. No amendment may be adopted by the Executive Board which conflicts with an amendment adopted by the Members.

8.3 Scope of Amendments. These Bylaws may not be amended in a manner inconsistent with the Articles of Incorporation of the Association, the Declaration, or any applicable provision of Colorado law.

ARTICLE IX CORPORATE SEAL

The Executive Board shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the custody and control of the Secretary. The corporate seal shall be circular and shall have inscribed thereon the name of the Association and the word "Colorado" in the circle and the word "Seal" in the middle. If and when so directed by the Executive Board, a duplicate seal may be kept and used by such officer or other person as the Executive Board may name.

ARTICLE X MISCELLANEOUS

10.1 Registration of Mailing Address. If a Lot is owned by two (2) or more Owners, such co-owners shall designate one (1) address as the registered address required by the Declaration and shall designate the "voting member." An Owner or Owners shall notify the Secretary of his or their (a) registered address within five (5) days after any transfer of title or change of address, and (b) "voting member" within five (5) days after any transfer of title or designation thereof. Such notice shall be written and signed by all of the Owners to which it relates or by such persons authorized to sign on behalf of such Owners.

10.2 Notice to Association. Every Owner shall timely notify the Association of the name and address of any Mortgagee, purchaser, transferee or lessee of his Lot. The Association shall maintain such information at the office of the Association.

10.3 Proof of Ownership. Except for those Owners who initially purchase a Lot from Declarant, every person becoming an Owner shall immediately furnish to the Executive Board a photocopy or a certified copy of the recorded instrument vesting in that

person such ownership, which instrument shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

10.4 Character of Association. This Association is not organized for profit. No Member, member of the Executive Board, officer or person for whom the Association may receive any property or funds shall receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of, any of the Executive Board, officers or Members, except upon a dissolution of the Association; provided, however, (1) that reasonable compensation may be paid to any Member, manager, Director, or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any Member, manager, Director, or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

10.5 Right of Entry. The Manager and any person authorized by the Executive Board shall have the right to enter each Lot in case of any emergency originating in or threatening such Lot whether or not the Owner or occupant is present at the time. Such authorized persons shall also have the right to enter each Lot to perform maintenance and repair work as prescribed by these Bylaws and the Declaration.

10.6 Fiscal Year. The fiscal year of the Association shall be determined by the Executive Board and shall be subject to change by the Executive Board as necessary.

10.7 Annual Budget. Within thirty (30) days after the adoption of any proposed budget for the Association, 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 sixty percent (60%) of all Owners, whether or not present at the meeting, 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. The Executive Board shall adopt a budget and submit the budget to a vote of the Owners as provided herein no less frequently than annually. The Executive Board shall levy, and assess the Association's annual Assessments in accordance with the annual budget.

10.8 Inspection of Records. Any Owner or First Mortgagee may inspect the Association's records of receipts and expenditures at any reasonable time during convenient weekday business hours, and, upon fourteen (14) days' notice to the Executive Board, Manager (if any) or registered agent of the Association, and upon payment of a reasonable fee, not to exceed Twenty Dollars (\$20.00), any Owner or First Mortgagee shall be furnished a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner, as more fully set forth in the Declaration.

10.9 Captions. The captions and headings in these Bylaws are for convenience only and shall not be considered in construing any provision of these Bylaws.

10.10 Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

CERTIFICATION

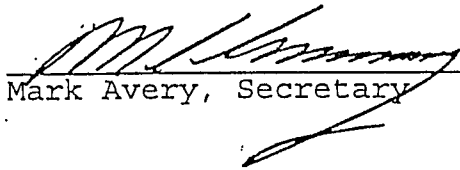
I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Cordillera Valley Club Property Owners Association, Inc., a Colorado nonprofit corporation;

That the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Executive Board thereof held on the 19th day of September, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 19th of September, 1995.

[SEAL]


Mark Avery, Secretary