

**BYLAWS
OF
PINE CREEK TOWNHOME ASSOCIATION, INC.**

ARTICLE 1 - INTRODUCTION

These are the Bylaws of Pine Creek Townhome Association, Inc., which shall operate under the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended ("Act").

ARTICLE 2 - BOARD

Section 2.1. Number and Qualification. Termination of Declarant Control.

(a) The affairs of the Common Interest Community and the Association shall be governed by an Executive Board which, until the termination of the period of Declarant control, shall consist of three persons the majority of whom, excepting the Directors appointed by Declarant, shall be Unit Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve as Director and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. Directors shall be elected by the Unit Owners, except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Unit Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

(b) The terms of at least one-third of the Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Unit Owners.

(c) The Declaration shall govern appointment of Directors of the Executive Board during the period of Declarant control.

(d) The Executive Board shall elect the officers. The Directors and officers shall take office upon election.

(e) At any time after Unit Owners, other than the Declarant, are entitled to elect a Director, the Association shall call a meeting and give not less than 10 nor more than 60 days' notice to the Unit Owners for this purpose. This meeting may be called and the notice given by any Unit Owner if the Association fails to do so.

Section 2.2. Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided on the Declaration, these Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration

of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

- (a) Adopt and amend Bylaws and Rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act;
- (k) Grant easements for any period of time, including permanent easements, and grant leases and concessions for no more than one year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
- (m) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, Rules and Regulations of the Association;
- (n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;

(o) Provide for the indemnification of the Association's officers and the Executive Board and maintain Directors' and officers' liability insurance.

(p) Exercise any other powers conferred by the Declaration or Bylaws;

(q) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

(r) Exercise any other power necessary and proper for the governance and operation of the Association; and

(s) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within 45 days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 2.3. Manager. The Executive Board may employ a Manager for the Common Interest Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the Manager only the powers granted to the Executive Board by these Bylaws under Section 2.2., Subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.

Section 2.4. Removal of Directors. The Unit Owners, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Unit Owners at which a quorum is present, may remove any Director of the Executive Board, other than a Director appointed by the Declarant, with or without cause.

Section 2.5. Vacancies. Vacancies in the Executive Board, caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

(a) As to vacancies of Directors whom Unit Owners other than the Declarant elected, by a majority of the remaining Directors constituting the Executive Board; and

(b) As to vacancies of Directors whom the Declarant has the right to appoint, by the Declarant.

Each person so elected or appointed shall be a Director for the remainder of the term of the Director so placed.

Section 2.6. Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Unit Owners shall be held within 10 days after the annual meeting at a time and place to be set by the Unit Owners at the meeting at which the Executive Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7. Special Meetings. Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least three business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.8. Location of Meetings. All meetings of the Executive Board shall be held within Colorado, unless all Directors consent in writing to another location.

Section 2.9. Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Executive Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10. Quorum of Directors. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11. Consent to Corporate Action. If all Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary shall file these consents with the minutes of the meeting of the Executive Board.

Section 2.12. Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the director

may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The Director's vote shall be counted and the presence noted as if that Directed were present in person on that particular matter.

ARTICLE 3 - UNIT OWNERS

Section 3.1. Annual Meeting. Annual meetings of Unit Owners shall be held in Breckenridge, Colorado at such date set forth in the notice. At these meetings, the Directors shall be elected by ballot of the Unit Owners, in accordance with the provisions of Article 2 of the Bylaws. The Unit Owners may transact other business as may properly come before them at these meetings.

Section 3.2. Budget Meeting. Meetings of Unit Owners to consider proposed budgets shall be called in accordance with the Act. The budget may be considered at Annual or Special Meetings called for other purposes as well.

Section 3.3. Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Executive Board or by Unit Owners comprising 20 percent of the votes in the Association.

Section 3.4. Place of Meetings. Meetings of the Unit Owners shall be held at the project or may be adjourned to a suitable place convenient to the Unit Owners, as may be designated by the Executive Board or president.

Section 3.5. Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Unit Owners to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Unit Owner, not less than 10 nor more than 60 days in advance of a meeting. No action shall be adopted at a meeting except as state in the notice.

Section 3.6. Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.7. Adjournment of Meeting. At any meeting of Unit Owners, a Majority of the Unit Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8. Order of Business. The order of business at all meeting of the Unit Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;

- (e) Establish number and term of memberships of the Executive Board (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Executive Board (when required);
- (h) Ratification of budget (if required and noticed);
- (i) Unfinished business; and
- (j) New business.

Section 3.9. Voting.

(a) If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast all the Votes allocated to the Unit. If more than one of the owners are present, the Votes allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the owners casts the Votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

(b) Votes allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.

(c) The Vote of a corporation or business trust may be cast by an officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Executive Board of directors or bylaws of the owning corporation or business trust. The Vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified to vote.

(d) Votes allocated to a Unit owned by the Association may not be cast.

Section 3.10. Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy at any meeting of Unit Owners, [but no less than twenty five (25%) percent of the members], shall constitute a quorum at that meeting.

Section 3.11. Majority Vote. The Vote of a majority of the Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for

all purposes except where a higher percentage Vote is required in the Declaration, these Bylaws or by law.

ARTICLE 4 - OFFICERS

Section 4.1. Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2. Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board. They shall hold office at the pleasure of the Executive Board.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose.

Section 4.4. President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Unit Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Unit Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5. Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint some other Director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Executive Board or by the president.

Section 4.6. Secretary. The secretary shall keep the minutes of all meetings of the Unit Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties

incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7. Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Executive Board. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

Section 4.8. Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.6, 4.7, and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by an officer of the Association or by any other person or persons designated by the Executive Board.

Section 4.9. Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 316 of the Act.

The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Executive Board. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

ARTICLE 5 - ENFORCEMENT

Section 5.1. Abatement and Enjoinment of Violations by Unit Owners. The violation of any Rules and Regulations adopted by the Executive Board or the breach of any provision of the Declaration shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

(a) To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Declaration. The Executive Board shall not be deemed liable for any manner of trespass by this action; or

(b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2. Fine for Violation. By resolution, following notice and hearing, the Executive Board may levy a fine of up to twenty five dollars (25.00) per day for each day that a violation of the Declaration or Rules and Regulations persists after notice and hearing, but this amount shall not exceed that amount necessary to insure compliance with the rule or order of the Executive Board.

ARTICLE 6 - INDEMNIFICATION

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in Colorado Nonprofit Corporation Act, the provisions of which are incorporated by reference and made a part of this document.

ARTICLE 7 - RECORDS

Section 7.1. Records and Audits. The Association shall maintain financial records. The cost of any audit shall be a Common Expense unless otherwise provided in the Documents.

Section 7.2. Examination. All records maintained by the Association or the Manager shall be available for examination and copying by any Unit Owner, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3. Records. The Association shall keep the following records:

(a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;

(b) An account for each Unit Owner showing any other fees payable by the Unit Owner;

(c) A record of any capital expenditures in excess of three thousand dollars (\$3,000.) approved by the Executive Board for the current and next two succeeding fiscal years;

(d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;

(e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(f) The current operating budget adopted pursuant to Section 315(1) of the Act and ratified pursuant to the procedures of Section 303(4) of the Act;

(g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(h) A record of insurance coverage provided for the benefit of Unit Owners and the Association;

(i) A record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declarations of which the Executive Board has knowledge;

(j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Executive Board has knowledge;

(k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;

(l) Balance sheets and other records required by local corporate law;

(m) Tax returns for state and federal income taxation;

(n) Minutes of proceedings of incorporators, Unit Owners, Directors, committees of Directors and waivers of notice; and

(o) A copy of the most current versions of the Declaration, Bylaws, Rules, and resolutions of the Executive Board, along with their exhibits and schedules.

ARTICLE 8 - MISCELLANEOUS

Section 8.1. Notices. All notices to the Association or the Executive Board shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Unit Owners and to all holders of Security Interests in the Units who have notified the Association that they hold a Security Interest in a Unit. Except as otherwise provided, all notice to any Unit Owner shall be sent to the Unit Owner's address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2. Fiscal Year. The Executive Board shall establish the fiscal year of the Association.

Section 8.3. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches may occur.

Section 8.4. Office. The principal office of the Association shall be on the Property or at such other place as the Executive Board may from time to time designate.

Section 8.5. Working Capital. A working capital fund is to be established in the amount of three months' regularly budgeted initial Common Expense assessments, measured as of the date of the first assessment on the first phase, for all Units as they are created in proportion to their respective Allocated Interests in Common Expenses. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by the Declarant at the time of the sale of the Unit is closed or at the termination of Declarant control. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment, with a lien on the Declarant's unsold Units pursuant to the Act. Until termination of Declarant control of the Executive Board, the working capital shall be deposited without interest in a segregated fund. While the Declarant is in control of the Executive Board, the Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

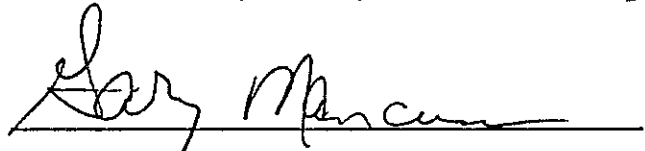
Section 8.6. Reserves. As a part of the adoption of the regular budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements that it is obligated to maintain, based upon the project's age, remaining life and the quantity and replacement cost of major Common Element improvements.

ARTICLE 9 - AMENDMENTS TO BYLAWS

Section 9.1. The Bylaws may be amended only by vote of two-thirds of the members of the Executive Board, following notice and comment to all Unit Owners, at any meeting duly called for such purpose.

Section 9.2. No amendment to the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any mortgage covering any Unit or which would change the provisions of the Bylaws with respect to institutional mortgages of record.

ATTEST: Certified to be the Bylaws adopted by consent of the Directors of Pine Creek Townhome Association, Inc., dated January 28, 1993.



Gary Mancuso, Secretary

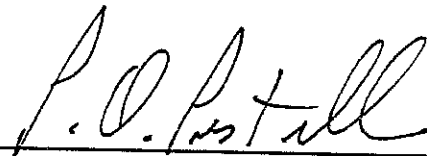
Pine Creek Townhomes
P.O. Box 2858
Breckenridge, CO 80424

**AMENDMENT TO THE BY-LAWS OF
PINE CREEK TOWNHOMES**

Under the Powers & Duties conferred upon the Executive Board by the Declarations and By-Laws of Pine Creek Townhome Association, on August 12, 1997 the Executive Board amends the By-Laws of Pine Creek Townhome Association to include:

ARTICLE 5 SECTION 5.3

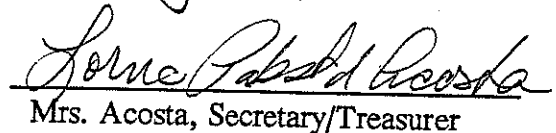
Association dues are due on the first day of the month. Association dues postmarked later than the 15th of the month are considered late and a late fee of \$25.00 plus 1.5% interest will be charged on any unpaid balance. Units with unpaid amounts after three months will have all association provided services (i.e. water, cable, sewer, trash, etc.) shut off automatically. All unpaid amounts will be paid in full before services will be reinstated. After six months, liens will be placed upon the property. These rules will be enforced as of October 1, 1997 and are made to protect the fiscal stability of Pine Creek Townhomes.



Mr. Pistilli, President



Mr. Wolf, Vice President



Mrs. Acosta, Secretary/Treasurer



Mr. Hoffman, Director