

BYLAWS
OF
STONEHAVEN AT BRECKENRIDGE GOLF COURSE ASSOCIATION INC.
(A NONPROFIT CORPORATION)

ARTICLE I
INTRODUCTION

These are the Bylaws of Stonehaven at Breckenridge Golf Course Association Inc., a nonprofit corporation. Capitalized terms are as defined herein or are as defined in the Declaration.

ARTICLE II
EXECUTIVE 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 Declarant Control Period (defined below), shall consist of three (3) persons, and following such date shall consist of five (5) persons, the majority of whom, excepting the Directors appointed by the Declarant, shall be Lot Owners. If any Lot is owned by a partnership, corporation or trust, any officer, director, partner, trustee or employee of that Lot Owner shall be eligible to serve as a Director and shall be deemed to be a Lot owner for the purposes of the preceding sentence. Directors shall be elected by the Lot Owners. At any meeting at which Directors are to be elected, the Lot Owners may, by resolution, adopt specific procedures for conducting the elections, not inconsistent with these Bylaws or the Corporation Laws of the State of Colorado.

(b) The terms of the Directors shall expire annually.

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

Section 2.2 - Selection of the Executive Board. Directors shall be selected in accordance with the provisions of this section.

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

(1) Not later than sixty (60) days after conveyance by Declarant of twenty-five percent (25%) of the Lots that can be created 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 Lot Members other than Declarant.

(2) Not later than sixty (60) days after conveyance by Declarant of fifty percent (50%) of the Lots that may be created 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 Lot Members other than Declarant.

(3) No later than the termination of the Declarant Control Period (defined below), the Owners shall elect the entire Executive Board of which at least a majority must be Owners other than Declarant or its designee.

(e) The Declarant Control Period is hereby defined as the period of time commencing on the date of incorporation of the Stonehaven at Breckenridge Golf Course Association, Inc. and terminating on the earliest of the following events: (i) sixty (60) days after conveyance by Declarant of seventy-five percent (75%) of the Lots that can be created to Owners, (ii) two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business or two years after any right to add new lots was last exercised, or (iii) the date on which Declarant voluntarily relinquishes such power evidenced by a notice recorded in the Office of the Clerk and Recorder for Summit County, Colorado.

Section 2.3 - Powers and Duties. The Executive Board may act in all instances on behalf of the Association except as provided in 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 which shall include, but not be limited to, the following:

- (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 Lot Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees and agents other than managing agents and independent contractors;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declarations, Bylaws or rules in the Association's name on behalf of the Association or two or more Lot 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 part of the described Common Elements;

(j) Acquire, hold, encumber and convey in the Association's name any right, title or interest to real estate or personal property, pursuant to Section 38-33.3-312 of the Act;

(k) Grant easements, leases, licenses, and concessions through or over the Common Elements;

(l) Impose and receive a payment, fee or charge for the use, rental, or operation of the Common Elements other than limited common elements described in Section 38-33.3-212(1)(b) and (1)(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 an amendment to the Declaration or a statement of unpaid assessments;

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

(p) Assign the Association's right to future income, including the right to receive Common Expenses assessments;

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

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

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

(t) 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 Lot Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Lot Owner within forty-five (45) days of publication of such notice, and such committee action may be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 2.4 - Standard of Care. In the performance of their duties, the officers and members of the Executive Board are required to exercise the care required of fiduciaries of the Lot Owners.

Section 2.5 - Manager. The Executive Board may employ a manager for the Common Interest Community at a compensation established by the Executive Board to perform such duties and services as the Executive Board shall authorize. 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 2.6 - Removal of Directors. The Lot Owners, by a three-fourths vote of all persons present and entitled to vote at any meeting of the Lot Owners at which a quorum is present, may remove any Director of the Executive board with or without cause, other than a Director appointed by the Declarant.

Section 2.7 - Vacancies. Vacancies in the Executive Board caused by any reason other than the removal of a Director by a vote of the Lot Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, in the following manner:

(a) as to vacancies of Directors whom Lot Owners other than the Declarant elected, by a majority of the remaining such 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 replaced.

Section 2.8 - Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Lot Owners shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Lot Owners at the meeting at which such Executive Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, providing a majority of the Directors shall be present. The Executive Board may set a schedule of additional regular meetings by resolution and no further notice is necessary to constitute such regular meetings.

Section 2.9 - 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 (3) 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 2.10 - Location of Meetings. All meetings of the Executive Board shall be held within the Town of Breckenridge, unless all Directors consent in writing to another location.

Section 2.11 - 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 2.12 - 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 the decision of the meeting. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. 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 2.13 - Compensation. A Director may receive a fee from the Association for acting as such, as may be set by resolution of the Lot Owners, and reimbursement for necessary expenses actually incurred in connection with his or her duties. Directors acting as officers or employees may also be compensated for such duties.

Section 2.14 - Consent to Corporate Action. If all the 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 or committee constitutes a quorum for such action, such 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 such consents with the minutes of the meetings of the Executive Board.

Section 2.15 - Telephonic Attendance. A Director may attend a meeting of the Executive Board by an electronic or telephonic communication method whereby the director may be heard by the other members, and hear the deliberations of the other members, on any matter properly brought before the Executive Board, and his or her vote shall be counted, and his or her presence shall be noted as if he or she were present in person on that particular matter.

ARTICLE III LOT OWNERS

Section 3.1 - Annual Meeting. An annual meeting of Lot Owners shall be held on the first Friday in June or at such other time as the Lot Owners may mutually agree. The Lot Owners may transact business at such meetings as may properly come before them.

Section 3.2 - 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 Lot Owners comprising forty percent of the votes in the Association.

Section 3.3 - Place of Meetings. Meetings of the Lot Owners shall be held at the Property, or may be adjourned to such suitable place convenient to the Lot Owners as may be designated by the Executive Board or the president.

Section 3.4 - Notice of Meetings. Except for budget meetings which will be noticed not less than 14 days nor more than 60 days after the mailing of the proposed budget, not less than 10 days nor more than 50 days in advance of a meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Lot Owner or to the mailing address designated in writing by the Lot Owner. No action shall be adopted at a meeting except as stated in the notice.

Section 3.5 - Waiver of Notice. Any Lot Owner may, at any time, waive notice of any meeting of the Lot Owners in writing, and such waiver shall be deemed equivalent to the receipt of such notice.

Section 3.6 - Adjournment of Meeting. At any meeting of Lot Owners, a majority of the Lot Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.7 - Order of Business. The order of business at all meetings of the Lot 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.
- (j) New business.

Section 3.8 - Voting.

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

(b) Votes allocated to a Lot may be cast under a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each owner of the Lot may vote or register protest to the casting of votes by the other lot owners of the Lot through a duly executed proxy. A Lot 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 specified a shorter term.

(c) The vote of a corporation or business trust may be cast by any officer of such corporation or business trust in the absence of express notice of the designation of a specific person by the 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 so to vote.

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

Section 3.9 - Quorum. A quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty-five percent (25%) of the votes are present in person or by proxy at the beginning of the meeting.

Section 3.10 - Majority Vote. The vote of a majority of the Lot Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Lot Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or by law.

ARTICLE IV 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 such other officers as in its judgment may be necessary. The president and vice president, but no other officers, need 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 or held by the treasurer.

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 and 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, and his or her 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. He or she shall preside at all meetings of the Lot Owners and of the Executive Board. He or she shall have all of the general powers and duties which are incident to the office of president of a nonstock corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Lot Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. He or she may fulfill the role of treasurer in the absence of the treasurer. The president, as attested by the secretary, may cause to be prepared and may execute amendments 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 his or her 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 such other duties as may be imposed upon him or her by the Executive Board or by the president.

Section 4.6 - Secretary. The secretary shall keep the minutes of all meetings of the Lot Owners and the Executive Board. He or she shall have charge of such books and papers as the Executive Board may direct and he or she shall, in general, perform all the duties incident to the office of secretary of a nonstock 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 have the responsibility for Association funds and securities and shall be responsible 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. He or she shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the Executive Board, and he or she shall, in general, perform all the duties incident to the office of treasurer of a nonstock corporation organized under the laws of the State of Colorado. He or she 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 such banks as the Executive Board may designate. He or she 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.

Section 4.8 - Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.6, 4.7 and 4.10 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by such other person or persons as may be designated by the Executive Board.

Section 4.9 - Compensation. An officer may receive a fee from the Association for acting as such, as may be set by resolution of the Lot Owners, and reimbursement for necessary expenses actually incurred in connection with his or her duties.

Section 4.10 - Statements of Unpaid Assessments. The treasurer, assistant treasurer, or 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 Subsection 316(8) 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. The Association may refuse to furnish statements of unpaid assessments until the fee is paid. Any unpaid fees may be assessed as a Common Expense against the Lot for which the statement is furnished.

ARTICLE V ENFORCEMENT

Section 5.1 - Abatement and Enjoinment of Violations by Lot Owners. The violation of any of the Rules and regulations adopted by the Executive Board, or the breach of any provision of the Documents 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 Lot in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Lot Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist therein) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Documents, and the Executive Board shall not thereby be deemed liable for any manner of trespass; or

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

Section 5.2 - Fine for Violation. By resolution, following notice and hearing, the Executive Board may levy a fine of up to \$25 per day for each day that a violation of the Documents or Rules persists after such notice and hearing, but such amount shall not exceed that amount necessary to insure compliance with the rule or order of the Executive Board.

ARTICLE VI
INDEMNIFICATION

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in Colorado nonprofit corporation law, the provisions of which are hereby incorporated by reference and made a part hereof.

ARTICLE VII
RECORDS

Section 7.1 - Records and Audits. The Association shall maintain financial records in accordance with accepted accounting procedures.

Section 7.2 - Examination. All records maintained by the Association or by the manager shall be available for examination and copying by any Lot Owner, by any holder of a Security Interest in a Lot, 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 Lot which shall designate the name and address of each Lot Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Lot, 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 Lot Owner showing any other fees payable by the Lot Owner.

(c) A record of any capital expenditures 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 recently regularly prepared balance sheet and income and expense statement, if any, of the Association.

(f) The current operating budget adopted pursuant to Article IV of the Declaration.

(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 to Lot Owners and the Association.

(i) A record of any alterations or improvements to Lots 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) Such balance sheets and other records required by local corporate law.

(l) Tax returns for state and Federal income taxation.

(m) Minutes of proceedings of incorporators, Lot Owners, Directors, committees of Directors and waivers of notice.

ARTICLE VIII 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 hereafter designate from time to time, by notice in writing to all Lot Owners and to all holders of Security Interest in the Lots who have notified the association that they hold a Security Interest in a Lot. Except as otherwise provided, all notices to any Lot Owner shall be sent to his or her address as it appears in the records of the Association. All notices to holders of Security Interest in the Lots 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 from time to time, 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 which 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.

ARTICLE IX AMENDMENTS TO BYLAWS

Amendment of these Bylaws shall require the assent of at least eighty (80%) of the Executive Board. The Bylaws can be amended without the consent of the First Lienors as long as such amendment is consistent with the Declaration.

