

BYLAWS

OF

PARKWOOD ESTATES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Offices

The principal office of the Association shall be in Grand Junction, Colorado, and the mailing address shall be such as is determined by the Board of Directors from time to time. The Board of Directors in its discretion may keep and maintain other offices within or without the State of Colorado wherever the business of the Association may require.

ARTICLE II

Object

1. The purpose for which this nonprofit Association is formed is to promote the common good and general welfare of the community and, in particular, of the property platted in the records of Mesa County, State of Colorado, which is known as Parkwood Estates.

2. All present or future owners, tenants and any other person that might use the facilities of Parkwood Estates in any manner are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the lots (hereinafter referred to as "Lots") of Parkwood Estates or the mere act of occupancy of any of said Lots or residences thereon will signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE III

Membership, Voting, Quorum and Proxies

1. Membership. Membership in this Association shall be limited to record Owners of the Lots and subject to the Declarations of Covenants, Conditions and Restrictions recorded in Mesa County records (hereinafter referred to as the "Declaration"). One membership in the Association shall be issued to the record Owner of each Lot. The record Owners of all Lots collectively shall constitute all the members. In the event any such Lot is owned by two or more persons, whether by joint tenancy, tenancy in common, or otherwise, the membership as to such Lot shall be joint and a single membership for such Lot shall be issued in the names of all Owners, and they shall designate to the Association in writing at the time of issuance one person who shall hold the membership and have the power

to vote said membership. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to new record Owners of Lots. In the event that an Owner is in default in his obligation to a first mortgagee, the first mortgagee shall be entitled to act as a member instead of the Lot Owner after first having given written notice to the Association of the fact and nature of the default.

2. Transfer of Membership. A membership in the Association and the share of a member in the assets of the Association shall not be assigned, encumbered or transferred in any manner except as an appurtenance to transfer of title to the Lot to which the membership pertains; provided, however, that the rights of membership may be assigned to the holder of a mortgage, deed of trust, or other security instrument on a Lot as further security for a loan secured by a lien on such Lot. A transfer of membership shall occur automatically upon the transfer of title to the Lot to which the membership pertains, but the Association shall be entitled to treat the person or persons in whose name or names the membership is recorded on the books and records of the Association as a member for all purposes until such time as evidence of a transfer of title (certified copy of deed), satisfactory to the Association, has been submitted to the Secretary. A transfer of membership shall not release the transferor from liability for obligations accrued incident to such membership prior to such transfer. In the event of dispute as to ownership appurtenant thereto, title to the Lot, as shown in the records of the County Clerk and Recorder of Mesa County, Colorado, shall be determinative.

3. Voting. The Association shall have two (2) classes of voting memberships:

Class A. Class A members shall be all Owners with the exception of Declarant. Each Class A membership shall be entitled to one (1) vote for each Lot owned on every matter to come before the membership.

Class B. Class B members shall be Declarant and any grantee from Declarant who acquired two (2) or more Lots for resale. Class B members shall be entitled to four (4) votes for each Lot owned on all matters submitted to a vote of Class A members. Class B membership shall cease and automatically be converted into Class A membership on the happening of either of the following events, whichever occurs first:

a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

b) on December 31, 1985.

4. Quorum. The presence either in person or by proxy of at least twenty (20) percent of the members of record shall constitute a quorum of the Association for all purposes unless the representation of a larger group shall be required by law, by the Articles of Incorporation, or by these Bylaws, and in that event representation of the number so required shall constitute a quorum. Cumulative voting shall not be allowed. The act of a majority of the members present at a meeting at which a quorum is present shall be the act of members.

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.

ARTICLE IV

Administration

1. General. The members of the Association will have the responsibility of administering the affairs of the Association through a Board of Directors as herein provided.

2. Place of Meetings. Meetings of the Association shall be held at such place as the Board of Directors may determine.

3. Annual Meetings. The first annual meeting of members of the Association shall be held within sixty (60) days after the Declarant, as defined in the Declaration, has constructed and conveyed fifty-one (51) percent of the total number of Lots to be constructed within the premises as described in Article II above, or within one (1) year from the date of incorporation, whichever is sooner. Thereafter the annual meetings of members of the Association shall be held on the second Tuesday in January after January 1, or at such other time as the members may by majority vote approve. At such meeting, members shall be elected to the Board of Directors in accordance with the requirements set forth herein. The members may also transact such other business of the Association as may properly come before them.

4. Special Meetings. Special meetings of the members for any purpose or purposes other than those regulated by statute may be called for by the President as directed by resolution of the Board of Directors or upon a petition signed by ten (10) percent of the members of the Association. Such petition shall state the purpose or purposes of such proposed meeting and the location of the meeting. If called pursuant to petition, the meeting shall be held within the confines of Parkwood Estates.

5. Notice of Meeting. The President or Secretary shall give or cause to be given notice of the time, place and purpose of holding each annual or special meeting by mailing 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 respective addresses of said members as they appear on the records of the Association.

6. Adjourned Meetings. If the number of members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the Chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time until the necessary number of Association members shall be in attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

7. Waiver of Notice. Any member may at any time waive any notice required to be given under these Bylaws, or by statute or otherwise. The presence of a member in person at any meeting of the members shall be deemed such a waiver.

8. Action of Members Without a Meeting. Any action required to be taken, or any action 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 shall be signed by all of the Owners and Co-Owners of membership entitled to vote with respect to the subject matter thereof.

ARTICLE V

Board of Directors

1. Number and Qualification. The Association shall be governed by a Board of Directors. Initially, the Board of Directors shall consist of three (3) persons, as set forth in the Articles of Incorporation, said three (3) persons to serve until and through September 30, 1981. On October 1, 1981, the number of directors shall be increased to seven (7) persons, said persons to be appointed by Jack Payne as Agent for the Declarant, and shall serve until and through September 30, 1982. The number of directors may be increased up to nine (9) persons, from time to time, by amendment of these Bylaws. Directors need not be members of the Association.

2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these bylaws directed to be exercised and done by the members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these Bylaws and the Articles of Incorporation and in the Declaration and in Article II above and shall also include the power to promulgate such rules and regulations pertaining to such rights and duties as may be deemed proper and which are consistent

with the foregoing. The Board of Directors may delegate such duties as appear in the best interests of the Association and to the extent permitted by law.

The Board of Directors may, on contract, delegate the routine operation and management of Association affairs to a Managing Agent to be selected by and responsible to the Board of Directors

At each annual meeting the Managing Agent, if any, shall submit to the Board of Directors a comprehensive report on his activities for the preceding year.

3. Election and Term of Office. Members of the Board of Directors shall be elected at the regular annual directors meeting of the members of the Association by the members and shall serve staggered terms of three (3) years or until their successors have been duly elected and qualified.

4. Vacancies. Vacancies on the Board of Directors caused by any reason shall be filled for the unexpired term of office by vote of the majority of the remaining directors even though they may consist of less than a quorum and each member so elected shall be a director until his successor is duly elected by the members of the Association at the expiration of the term.

5. Removal of Directors. At any regular or special meeting of the members, any one or more of the directors may be removed, either with or without cause, at any time by the affirmative vote of a majority of the entire membership of record and a successor may then be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at the meeting.

6. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

7. Meetings. There shall be a regular annual meeting of the Board of Directors immediately following the annual meeting of the members of the Association, and the board may establish regular meetings to be held at such other places and such other times as shall be determined, from time to time, by a majority of the directors. Notice of regular meetings of the Board of Directors shall be given to each director, personally, by mail, or telegraph, at least ten (10) days prior to the day named for the meeting.

8. Special Meetings. Special meetings of the Board of Directors may be called by the President on ten (10) days' notice to each

director, given personally, by mail, or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice of the written request of at least fifty (50) percent of the directors.

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

10. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the directors.

11. Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interest of the Association, provided that no meeting may be adjourned for a period longer than thirty (30) days.

12. Action of Directors Without a Meeting. Any action required to be taken, or any action which may 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.

ARTICLE VI

Officers

1. Designation. The principal officers of the Association shall be a President, Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The directors may appoint an Assistant Secretary, an Assistant Treasurer and such other officers as in their judgment may be necessary.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at a regular annual meeting and shall hold office at the pleasure of the board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors present at a meeting, any officer may be removed, either with or without cause, and his

successor elected at any regular meeting of the Board of Directors, or at any special meeting of the board called for such purpose.

4. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the Association and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the members of the Association.

5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

6. Secretary. The Secretary shall be the custodian of the records and of the seal of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law, and that the books, reports and other documents and records of the Association are properly kept and filed; shall keep minutes of the proceedings of the members, Board of Directors and executive committee; shall keep at the registered office of the Association a record of the names and addresses of the Owners and Co-Owners entitled vote; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. The board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his death, absence, inability or failure to act.

7. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association, shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Board of Directors, shall keep correct and complete books and records of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board of Directors may, from time to time, require, and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. The board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence, inability or failure to act.

8. Compensation. No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an

officer for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

ARTICLE VII

Indemnification of Officers and Directors

The Association shall indemnify every director or officer, his heirs, executors, administrators and representatives against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Board of Directors may determine that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duties such manager or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such manager or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason of, arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article VII contained shall be deemed to obligate the Association to indemnify any member or Owner of a Lot, who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a member or Owner of a Lot covered thereby.

ARTICLE VIII

Corporate Seal

1. The Board of Directors shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the custody and control of the Secretary.

2. The corporate seal shall be circular form 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 Board of Directors, a duplicate seal may be kept and used by such officer or other person as the Board of Directors shall name.

ARTICLE IX

Miscellaneous

1. Contracts. The Board of Directors may authorize any officer or agent of the Association to enter into any contract or execute and deliver any instrument in the name of the Association, except as otherwise specifically required by the Articles of Incorporation or these Bylaws.

2. Auditing. At the closing of each fiscal year, the books and records of the Association shall be summarized. Based on such reports the Association will have available for inspection by its members a statement of the income and disbursements of the Association for each fiscal year.

3. Inspection of Books. Financial reports, such as are required to be furnished, and the membership records of the Association shall be available at the principal offices of the Association for inspection at reasonable times by any members, or by any individual or entity holding a first mortgage on a Lot.

4. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the Association by any two (2) officers of the Association.

5. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors and shall be subject to change by the Board of Directors should Association practice subsequently necessitate such change.

6. Budget. At each annual meeting of the members of the Association the Board of Directors or the Managing Agent shall present for approval thereby a proposed budget for the operation of the Project during the forthcoming year. Said budget shall include such items of expense as shall be determined from time to time by the Board of Directors.

7. Notices. All notices, demands or other notices intended to be served upon the Association, its Board of Directors or Managing Agent, whether pursuant to the Declaration or not, shall be sent by registered or certified mail, postage prepaid, to the registered office as filed with the Colorado Secretary of State's Office.

ARTICLE X

Assessments

Jack Payne shall fix, levy and collect assessments in the manner and for the purposes specified in the Declaration, and shall

establish the assessment for the period from October 1, 1981, to September 30, 1982, at an amount not to exceed \$30 per lot. Thereafter, the Board of Directors shall fix, levy and collect assessments in the manner and for the purposes specified in the Declaration, and the members shall pay assessments as therein provided.

ARTICLE XI

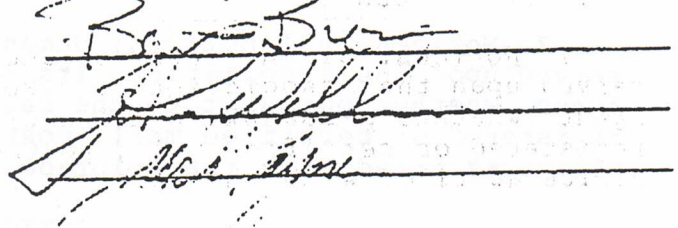
Amendment of Bylaws

1. Amendment by the Members. These Bylaws may be amended by the affirmative vote of a majority of the members of the Association present or represented by proxy at any regular or special meeting, provided that a quorum as prescribed in Article IV herein is present at any such meeting. Amendments may be proposed by the Board of Directors or petition signed by at least fifty-one (51) percent of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. These Bylaws may not be amended insofar as such amendment would be inconsistent with the Declaration.

2. Amendment by the Directors. The directors of the Association by the affirmative vote of a majority of all of the directors of the Association may amend or alter the Bylaws of the Association at any regular meeting or at any special meeting provided that no such alteration or amendment by the Board of Directors shall increase the powers of the Board of Directors. The statement of any proposed amendment shall accompany notice of any regular or special meeting at which such proposed amendment shall be voted upon. These Bylaws may not be amended insofar as such amendment would be inconsistent with the Declaration.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 1st day of September, 1980.

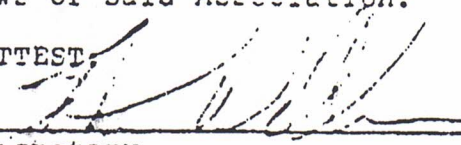
BOARD OF DIRECTORS:



KNOW ALL MEN BY THESE PRESENTS, that the undersigned Secretary of the Association known as the Parkwood Estates Homeowners Association, Inc., does hereby certify that the above and foregoing Bylaws were

duly adopted by the directors of said Association as the Bylaws of said Association on the 1st day of September, 1980, and that they do now constitute the Bylaws of said Association.

ATTEST.



Secretary

