BYLAWS

OF

HIGHLANDS PARK PROPERTY OWNERS' ASSOCIATION, INC.

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BYLAWS

OF

HIGHLANDS PARK PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I
DEFINITIONS

1.01 Declaration.

As used herein "Declaration" means the Declaration of Land Use Restrictions for Highlands Park recorded at Reception No. _____ in the real property records of Summit County, Colorado.

1.02 Other Definitions.

Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given to them in the Declaration.

ARTICLE II
OFFICES

The Association is a Colorado nonprofit corporation, with its principal office at 0069 Marksberry Way, P.O. Box 8029, Breckenridge, Colorado 80424. The Association may also have offices and may carry on its purposes at such other places within and outside the State of Colorado as the Board of Directors of the Association may from time to time determine.

ARTICLE III
MEMBERSHIP, VOTING, QUORUM AND PROXIES

3.01 Membership.

The members of the Association shall be as set forth in the Articles and Declaration.

3.02 Voting Rights.

(a) The Association shall have one class of voting membership. Each Lot to which a Membership is appurtenant pursuant to the Declaration shall be entitled to one vote.

(b) Fractional voting shall not be allowed. If Owners sharing a Membership

cannot agree among themselves as to how to cast their vote(s) when they are required to cast their vote(s) on a particular matter, they shall lose their right to vote on such matter. If any Owner casts the vote(s) representing a certain Membership, it will thereafter be conclusively presumed for all purposes that the Owner was acting with the authority and consent of all Owners with whom such Owner shares the Membership, unless objection thereto is made to the chairperson of the meeting at the time the vote is cast. If contradictory votes are cast for any particular Membership, none of such votes shall be counted and all of such votes shall be deemed null and void.

3.03 Quorum.

Except as otherwise required by law or the Articles, the presence in person or by proxy of Owners entitled to vote more than twenty percent (20%) of the total votes of the Owners holding Memberships shall constitute a quorum.

3.04 Proxies.

Votes may be cast in person or by proxy. Every proxy must be executed in writing by the Owner or his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Association before or at the time of the meeting. No proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy. If a Lot is owned by more than one Owner, any such Owner may execute a proxy on behalf of all such Owners, and it will be conclusively presumed for all purposes that such Owner acted with the authority and consent of all Owners with whom such Owner shares the Membership, unless objection thereto is made to the chairperson of the meeting at the time of the vote to which the proxy relates. If more than one proxy is executed for any particular Membership and such proxies contain contrary instructions regarding any vote, no such proxy shall be counted and all such proxies shall be deemed null and void for purpose of the vote as to which such proxies conflict.

3.05 Majority Vote.

At any meeting of the Owners, if a quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the Owners, unless the vote of a greater number is required by law, the Articles, the Declaration or these Bylaws.

ARTICLE IV
ADMINISTRATION

4.01 Annual Meeting.

The annual meeting of the Owners shall be held at a time designated by the Board of Directors of the Association on the second Saturday in the month of February in each year, or at

such other date in February or March designated by the Board of Directors, beginning with the year 2001, for the purpose of electing directors, Review Board members (if applicable) and for the transaction of such other business as may come before the meeting.

4.02 Special Meetings.

Special meetings of the Owners, for any purpose, unless otherwise prescribed by statute, may be called by the president or by a majority of the directors of the Board of Directors, and shall be called by the president at the request of Owners entitled to vote twenty percent (20%) or more of the total votes of all Owners holding Memberships.

4.03 Place of Meeting.

The Board of Directors may designate the Association's principal offices or any place within Summit County, Colorado, as the place for any annual meeting or for any special meeting called by the Board of Directors.

4.04 Notice of Meeting.

Written or printed notice of any meeting of the Owners, stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally or by mail to each Owner entitled to vote at such meeting not less than fifteen nor more than fifty days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid and addressed to the Owner at his or her address within the Subdivision or such other address as such Owner designates as the address for notice in a written notice to the secretary of the Association pursuant to Section 9.02 below. For the purpose of determining Owners entitled to notice of or to vote at any meeting of the Owners, the Board of Directors may set a record date for such determination of Owners, in accordance with the laws of the State of Colorado. If requested by the Person or Persons lawfully calling such meeting, the secretary shall give notice thereof at the expense of the Association.

4.05 Informal Action by Owners.

Any action required or permitted to be taken at a meeting of the Owners 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 entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Owners.

4.06 Voting.

In the election of directors the Owner or group of Owners owning a Lot entitled to voting rights shall have the right to cast the number of votes attributable to such Lot for as many persons as there are directors to be elected. Cumulative voting shall not be allowed in the election of directors or for any other purpose.

ARTICLE V
DECLARANT CONTROL

5.01 Declarant Control of the Association.

(a) Subject to the terms and conditions of paragraphs 5.01(b) and (c) and Section 5.02 below, Declarant shall have the exclusive right to appoint and remove two- thirds (rounded upward to the nearest whole director) of the members of the Board of Directors during the Declarant Control Period. The term "Declarant Control Period" means the period commencing on the date hereof and ending on the date on which Declarant no longer owns any Lot or Tract.

(b) Notwithstanding anything to the contrary contained in these Bylaws or in any other Association Document, Declarant shall have the exclusive right to appoint and remove all members of the Board of Directors of the Association during that portion of the Declarant Control Period commencing on the date hereof and ending on the date on which 95 percent of the Property has been sold to a Person or Persons other than Declarant.

(c) Declarant may voluntarily surrender its right to appoint and remove Directors, or any of them, prior to the expiration of the Declarant Control Period, by giving written notice to Association that Declarant relinquishes its right to appoint all Directors or any Director, which notice shall be accompanied by the written resignation of those Directors or that Director. In the event Declarant so relinquishes its right with respect to a Director or all Directors, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Association or the Board of Directors, as described in a recorded instrument executed by Declarant, be approved by the Declarant before they become effective.

5.02 Elections By Owners.

(a) Not later than ninety days after the date as of which 95 percent of the Property and the Expansion Property has been sold to a Person or Persons other than Declarant, the Owners entitled to vote shall elect one director to the Board of Directors.

(b) Not later than ninety days after the expiration of the Declarant Control Period, the Owners shall elect a Board of Directors of at least three directors.

ARTICLE VI
BOARD OF DIRECTORS

6.01 Number, Tenure and Qualifications.

(a) The business and affairs of the Association shall be managed by a Board of Directors consisting of not less than three nor more than five directors, each of whom shall be

(a) an individual Owner; (b) a partner, trustee, officer, director or twenty-five percent shareholder of an organizational Owner; or (c) one of the directors appointed by Declarant. A Person other than a director appointed by Declarant shall automatically cease to be a director at such time as such Person ceases to be an individual Owner or a partner, trustee, officer, director or twenty-five percent shareholder of an organizational Owner. The terms of the directors shall be staggered as provided in the Articles. Upon Declarant's loss of its right to appoint all directors pursuant to Section 5.01 above, one director appointed by Declarant shall be replaced with a director elected by the Owners in accordance with Section 5.02 above; otherwise directors shall serve for two-year terms. Each director shall hold office until the election and qualification of his successor or until his earlier death, resignation or removal.

(b) The number of directors may be changed by amendment of these bylaws in the manner set forth herein; provided, however, that the initial Board of Directors shall consist of four members, and the size of the Board of Directors shall not be increased until the expiration of the Declarant Control Period.

6.02 Resignations; Vacancies.

Any director may resign at any time by giving written notice to the president or to the secretary of the Association. Such resignation shall take effect on receipt of written notice by the Association, unless an effective time is set forth in such notice, in which event such resignation shall take effect at the time specified in such notice. Unless otherwise specified in a resignation notice, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring on the Board of Directors (by reason of resignation, death or an increase in the number of directors) or any newly created directorship resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A director elected to fill a vacancy or newly created directorship shall hold office until the next annual meeting of the Owners and until his successor is duly elected and qualified.

6.03 Powers.

(a) Except as provided in the Declaration, the Articles and these Bylaws, the Board of Directors may act on behalf of the Association in all instances.

(b) The Board of Directors may not act on behalf of the Association to (i) amend the Declaration; (ii) terminate the legal status of the Subdivision; (iii) elect members of the Board of Directors, other than to fill a vacancy for the unexpired portion of the term of a member; or (iv) determine the qualifications, powers and duties or terms of office, of the members of the Board of Directors.

6.04 Managing Agent.

The Board of Directors may employ a manager or managing agent, or both, for the Association at a compensation established by the Board of Directors to perform such duties and

services as the Board of Directors shall authorize. Any such delegation, however, shall not relieve the Board of Directors of its responsibility under the Declaration. If, and to the extent that, the Board of Directors delegates its powers relating to the collection, deposit, transfer or disbursement of Association funds to a manager or managing agent, or both, such manager or managing agent, or both shall:

(a) maintain fidelity insurance coverage or a bond in an amount not less than $50,000 or such higher amount as the Board of Directors may require;

(b) maintain all funds and accounts of the Association separate from the funds and accounts of any other associations managed by the manager or managing agent, and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and

(c) have prepared and present to the Association an annual accounting for Association funds and financial statement, which accounting and financial statement shall be prepared by the managing agent, a public accountant, or a certified public accountant.

6.05 Regular Meetings.

Regular meetings of the Board of Directions may be held in Summit County, Colorado after formal notice of at least seven (7) days has been posted on the Highland Park HOA website. The website will notify all members of the date, time and place of the Board of Directors meeting. Any business may be transacted at a regular meeting. The regular meeting of the Board of Directors for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of Owners, or any special meeting of Owners at which a member of the Board of Directors is elected.

6.06 Special Meetings.

Special meetings of the Board of Directors may be held in Summit County, Colorado after formal notice of not less than seven (7) days has been posted on the Highland Park HOA website. The website will notify all members of the date, time and place of the Special Board of Directors meeting. A Special meeting may be called the president, or by two or more directors. All Directors must receive notice of the date, time and place of the Special Meeting by leaving such notice with him or her at his or her residence or usual place of business, and addressed to him or her at this or her post office address or email as it appears on the books of the Association or by telephone.

6.07 Quorum.

A majority of the number of directors fixed by these bylaws, as amended from time to time, shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting. When a quorum is present at any meeting, a majority of the directors in attendance shall, except where a larger number is required by law, by the Articles or by these Bylaws, decide any question brought before such meeting.

6.08 Waiver of Notice.

Before, at or after 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 of Directors shall be a waiver of notice by him or her except when such director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

6.09 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 a unanimous vote of the directors.

ARTICLE VII
OFFICERS AND AGENTS

7.01 General.

The officers of the Association shall be a president (who shall be chosen from among the members of the Board of Directors), one or more vice presidents, a secretary and a treasurer. The Board of Directors may appoint such other officers, assistant officers, committees and agents, including assistant secretaries and assistant treasurers, as they may consider necessary or advisable, which other officers and/or assistant officers 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 Board of Directors. One person may hold any two 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 Board of Directors, such officer, agent or employee shall follow the orders and instructions of the president.

7.02 Removal of Officers.

The Board of Directors may remove any officer, either with or without cause, and elect a successor at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

7.03 Vacancies.

A vacancy in any office, however occurring, shall be filled by the Board of Directors for the unexpired portion of the term.

7.04 President.

The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors, and 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 of the Association is designated as the officer with the power to prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

7.05 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 Board of Directors. In the absence of the president, the vice president designated by the Board of Directors or (if there be no such designation) designated in writing by the president shall have the powers and perform the duties of the president. If no such designation shall be made, all vice presidents may exercise such powers and perform such duties.

7.06 Secretary.

The secretary shall:

(a) keep the minutes of the proceedings of the Owners and the Board of Directors;

(b) see that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration and as required by law;

(c) be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board of Directors;

(d) keep at the Association's principal offices a record containing the names and registered addresses of all Owners, the designation of the Lot owned by each Owner, and, if such Lot is mortgaged and the Association has received written notice of such mortgage from the Mortgagee, the name and address of such Mortgagee; and

(e) 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 or her by the president or by the Board of Directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

7.07 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 Board of Directors. He or she shall receive and give receipts and acquittances for moneys 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 or she shall perform all other duties incident to the office of the treasurer and, upon request of the Board of Directors, shall make such reports to it as may be required at any time. He or she shall, if required by the Board of Directors, give the Association a bond in such sums and with such sureties as shall be satisfactory to the Board of Directors, conditioned upon the faithful performance of his or her duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association. The treasurer shall have such other powers and perform such other duties as may be from time to time prescribed by the Board of Directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF THE OWNERS

Each Owner shall have the rights, duties and obligations set forth in the Association Documents.

ARTICLE IX
EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND LIEN HOLDERS

9.01 Proof of Ownership.

Except for those Owners who initially contracted to purchase a Lot from Declarant, any Person on becoming an Owner shall furnish to the Association a photocopy or a certified copy of the recorded instrument vesting that Person with an ownership interest in the Lot. Such copy shall remain in the files of the Association. An Owner shall not be deemed to be in good standing and shall not be entitled to vote at any annual or special meeting of Owners unless this requirement is first satisfied.

9.02 Registration of Mailing Address.

The address of the Lot within the Subdivision owned by a given Owner or group of Owners shall be used as the registered address required by the Declaration for such Owner(s), unless such Owner(s) furnish to the secretary of the Association a written notice setting forth another address as the registered address.

9.03 Address of the Association.

The address of the Association shall be 0069 Marksberry Way, P.O. Box 8029,

Breckenridge, Colorado 80424. Such address may be changed from time to time upon written notice to all Owners and all listed Mortgagees.

ARTICLE X
SECURITY INTEREST IN MEMBERSHIP

Owners entitled to vote shall have the right irrevocably to constitute and appoint a Mortgagee their true and lawful attorney-in-fact to vote their Membership in the Association at any and all meetings of the Association and to vest in the Mortgagee any and all rights, privileges and powers that they have as Owners under the Articles and these Bylaws or by virtue of the Declaration. Such proxy shall become effective upon the filing of notice by the Mortgagee with the secretary of the Association at such time or times as the Mortgagee shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Association, the Board of Directors or the Owners to carry out their duties as set forth in the Declaration. A release of the Mortgage covering the subject Lot shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners, as mortgagors, of their duties and obligations as Owners or to impose upon the Mortgagee the duties and obligations of an Owner.

ARTICLE XI
AMENDMENTS

11.01 By Directors.

Except as limited by law, the Articles, the Declaration or these Bylaws, the Board of Directors shall have power to make, amend and repeal the Bylaws of the Association at any regular meeting of the Board of Directors or at any special meeting called for that purpose at which a quorum is represented. If, however, the Owners entitled to vote shall make, amend or repeal any Bylaw, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the Owners in taking such action.

11.02 Owners.

The Owners may, by the vote of the holders of at least sixty-seven percent (67%) of the votes of the Owners entitled to vote, unless a greater percentage is expressly required by law, the Articles, the Declaration or these Bylaws, make, alter, amend or repeal the Bylaws of the Association at any annual meeting or at any special meeting called for that purpose at which a quorum shall be represented.

ARTICLE XII
MISCELLANEOUS

12.01 Seal.

The corporate seal of the Association shall be circular in form and shall contain the name of the Association, the year of its organization and the words "Seal, Colorado."

12.02 Fiscal Year.

The fiscal year of the Association shall be such as may from time to time be established by the Board of Directors.

12.03 Construction with Other Documents.

The Declaration, as it may be amended or supplemented from time to time, and the Articles, as they may be amended from time to time, are hereby incorporated herein. The provisions of such instruments shall control in the event of an irreconcilable conflict with the provisions of these Bylaws. Similarly, the Rules and Regulations issued by the Board of Directors, as such Rules and Regulations may be amended or supplemented from time to time, are hereby incorporated herein, and together with the Declaration, the Articles and these Bylaws shall control each Owner's rights and obligations with respect to the Property.