BYLAWS
OF
THE HIGHLANDS AT THE GOLF COURSE PROPERTY OWNERS' ASSOCIATION

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BYLAWS

OF

THE HIGHLANDS AT THE GOLF COURSE PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I
DEFINITIONS

1.01 Declaration.

As used herein "Declaration" means the Declaration of Land Use Restrictions for The Highlands at The Golf Course Subdivision 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 106 North French Street, Suite 220, 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.

3.02 Voting Rights.

(a) The Association shall have one class of voting membership. The total number of votes shall be equal to the total number of Lots existing within the Subdivision from time to time. Each Lot to which a Membership is appurtenant pursuant to the Declaration shall

be entitled to one vote, except that the Association shall have no voting rights with respect to a Lot owned by the Association.

(b) If a Lot to which a Membership is appurtenant is owned by more than one Person, such Owners shall be entitled to cast one collective vote; fractional voting shall not be allowed. If Owners sharing a Membership cannot agree among themselves as to how to cast their vote when they are required to cast their vote on a particular matter, they shall lose their right to vote on such matter. If any Owner casts a vote 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 more than one vote is 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 1996, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in Colorado, such meeting shall be held on the next succeeding business day.

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 there shall be one vote per Lot, except those Lots owned by the Association at the time of such election, but the Owner or group of Owners owning a Lot entitled to voting rights shall have the right to cast such single vote 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 and the Expansion 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 thirty 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 thirty 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. Each initial director shall serve until the first annual meeting of the Owners, except that 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 one-year terms, and shall be elected annually by the Owners entitled to vote at the annual meeting. 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 a 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 Directors may be held without call or formal notice at such places within or outside the State of Colorado, and at such times as the Board of Directors from time to time by vote may determine. 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 at any place within the State of Colorado at any time when called by the president, or by two or more directors, upon the giving of at least three days' prior notice of the time and place thereof to each director by leaving such notice with him or her or at his or her residence or usual place of business, or by mailing or telegraphing it prepaid, and addressed to him or her at his or her post office address as it appears on the books of the Association, or by telephone. Notices need not state the purposes of the meeting. No notice of any adjourned meeting of the directors shall be required.

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 106 North French Street, P.O. Box ___, 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 Highlands.

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NONPROFIT

ARTICLES OF INCORPORATION
OF
THE HIGHLANDS AT THE GOLF COURSE PROPERTY OWNERS' ASSOCIATION, INC.

The undersigned adult natural person, acting as incorporator, hereby establishes a nonprofit corporation pursuant to the Colorado Nonprofit Corporation Act and adopts the following articles of incorporation:

951105179 C $50.00
SECRETARY OF STATE
08-22-95 13:54

ARTICLE I
NAME

The name of the corporation is The Highlands at The Golf Course Property Owners' Association, Inc.

ARTICLE II
DURATION

The corporation shall have perpetual existence.

ARTICLE III
REGISTERED OFFICE AND AGENT

The address of the initial registered office of the corporation is 106 North French Street, Suite 220, P.O. Box 8029, Breckenridge, Colorado 80424. The name of its initial registered agent at such address is Randall L. Harkness.

ARTICLE IV
DEFINITIONS

Any capitalized terms used in these Articles that are not defined in these Articles have the meanings given to them in the Declaration of Land Use Restrictions for The Highlands at The Golf Course Subdivision, to be recorded in the real property records of Summit County, Colorado (the "Declaration").

ARTICLE V
MEMBERSHIP AND VOTING

5.01 Membership.

(a) There shall be one Membership appurtenant to each Lot. A Membership may not be separated from the ownership of the Lot to which it is appurtenant.

(b) Any Membership appurtenant to a Lot having more than one Owner shall be shared by such Owners, and each such Owner shall be a member of the Association.

(c) An Owner shall not sell, assign, transfer, convey, pledge or encumber the Owner's Membership in any way, except upon the sale or encumbrance of the Lot to which the Membership is appurtenant, and then only to the Purchaser or Mortgagee of a Lot. A transfer of ownership of a Lot may be made by deed, intestate succession, testamentary disposition, foreclosure of a deed of trust or mortgage of record or such other legal process as is now effective or may hereafter become effective under the laws of the State of Colorado. Any attempt to transfer a Membership in a manner other than those permitted by this paragraph 5.01(c) shall be null and void.

5.02 Voting.

(a) The Owner of each Lot to which a Membership is appurtenant shall be entitled to one vote, except that the Association shall have no voting rights with respect to any Lot owned by it during the period of its ownership of such Lot.

(b) If a Lot to which a Membership is appurtenant is owned by more than one Person, such Owners shall be entitled to cast one collective vote; fractional voting shall not be allowed. If such Owners cannot agree as to how to cast their vote when they are required to cast their vote on a particular matter, they shall lose their right to vote on such matter. If any Owner casts a vote 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 more than one vote is cast for any particular Membership, none of such votes shall be counted and all of such votes shall be deemed null and void.

(c) In any election of Directors to the Board of Directors, the Owner (or group of Owners) of each Lot to which a Membership is appurtenant shall have a number of votes equal to the number of Directors to be elected. Cumulative voting shall not be allowed in the election of Directors or for any other purpose.

ARTICLE VI
PURPOSES AND POWERS

6.01 Purposes.

The Association's purposes are as follows:

(a) to manage, operate, construct, improve and maintain the Common Elements, as necessary or appropriate;

(b) to administer and enforce the covenants, conditions, restrictions, reservations and easements created by the Declaration;

(c) to levy, collect and enforce the assessments, liens, charges and penalties imposed pursuant to the Declaration;

(d) to create, manage and otherwise provide recreational and social activities for Owners and residents of The Highlands and their guests;

(e) to appoint a Design Review Board with the goal of ensuring that all improvements within the Subdivision are constructed in accordance with design guidelines adopted by such Design Review Board;

(f) to take any action necessary or appropriate to protect the general welfare and safety of Owners and residents of the Subdivision and their guests; and

(g) to regulate and manage the Subdivision with the goal of enhancing and protecting its value.

6.02 Powers.

Unless expressly prohibited by law or any of the Association Documents, the Association may take any and all actions that it deems necessary or advisable to fulfill its purposes. Without in any way limiting the foregoing, the Association may:

(a) adopt and amend the Bylaws and the Rules and Regulations;

(b) adopt and amend budgets for revenues, expenditures and reserves and collect assessments levied by the Association;

(c) hire and fire managing agents and other employees, agents and contractors;

(d) institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Subdivision;

(e) make contracts and incur liabilities;

(f) regulate the use, maintenance, repair, replacement and modification of the Common Elements;

(g) cause additional improvements to be made part of the Common Elements;

(h) acquire, hold, encumber and convey in its own name any right, title or interest in real or personal property;

(i) grant easements, leases, licenses and concessions across, through, under or over the Common Elements;

(j) impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements;

(k) impose charges for late payments of assessments, recover reasonable attorneys' fees and disbursements and other costs of collection for assessments and other actions to enforce the rights of the Association, regardless of whether suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines and impose reasonable penalties for violations of Association Documents or any of them;

(l) impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments;

(m) provide for the indemnification of the Association's officers and Directors and maintain Directors' and officers' liability insurance;

(n) assign its right to future income, including its right to receive assessments;

(o) provide or procure any services necessary for the safety or security of the Property, Owners, guests or visitors;

(p) approve, install, maintain, repair and replace signage;

(q) provide or procure landscaping services within the Subdivision;

(r) plan, arrange and hold recreational activities for the benefit of Owners, residents and their guests;

(s) become a member of another property owners' association or other similar associations;

(t) exercise any other powers expressly or implicitly conferred to it by the Association Documents;

(u) exercise all other powers that may be exercised in Colorado by nonprofit corporations; and

(v) exercise any other powers necessary and proper for the governance and operation of the Association.

6.03 Restrictions on Purposes and Powers.

The purposes and powers of the Association described in Sections 6.01 and 6.02 above are subject to the following limitations:

(a) The Association shall be organized and operated exclusively for nonprofit purposes as set forth in Section 528 of the Internal Revenue Code of 1986, as amended, or in any corresponding provision of any future law of the United States of America providing for exemption of similar organizations from income taxation.

(b) No part of the net earnings of the Association shall inure to the benefit of any Owner, except as expressly permitted in paragraph 6.03(c) below with respect to the dissolution of the Association.

(c) The Association shall not pay any dividends. No distribution of the Association's assets to Owners shall be made until all of the Association's debts are paid, and then only upon the final dissolution of the Association as permitted in the Declaration. Upon payment of all of the Association's debts and final dissolution, any remaining assets of the Association shall be distributed among the Owners in accordance with the terms and conditions of Section 38-33.3-218(10) of the Colorado Common Interest Ownership Act.

ARTICLE VII
BOARD OF DIRECTORS

7.01 Board of Directors.

(a) The business and affairs of the Association shall be controlled, conducted and managed by the Board of Directors, except as otherwise provided in the Colorado Nonprofit Corporation Act, the Declaration, these Articles or the Bylaws.

(b) Except as provided by law or in the Declaration, these Articles or the Bylaws, the Board of Directors may act on behalf of the Association in all instances. The Board of Directors may not however, act on behalf of the Association to (i) amend the Declaration; (ii) terminate the legal status of the Subdivision; (iii) elect Directors, other than to fill a vacancy for the unexpired portion of the term of a Director; or (iv) determine the qualifications, powers and duties, or terms of office, of Directors.

(c) The Board of Directors shall consist of not less than three nor more than five Directors. Four Directors shall constitute the initial Board of Directors. Their names and addresses are as follows:

Name	Address
Kenneth M. Adams	100 South Main Street, P.O. Box 7 Breckenridge, Colorado 80424
Nick J. Hackstock	1401 17th Street, Suite 750 Denver, Colorado 80202
Jon A. Brownson	100 South Main Street, P.O. Box 7 Breckenridge, Colorado 80424
Randall L. Harkness	106 North French Street, Suite 220, P.O. Box 8029 Breckenridge, Colorado 80424

7.02 Declarant Control Period.

(a) Declarant shall have the exclusive right to appoint and remove all of the members of the Board of Directors of the Association during that portion of the Declarant Control Period (as such term is defined in paragraph (b) below) commencing on the date on which Declarant forms the Association and ending on the date on which 95 percent of the Property and the Expansion Property has been sold to a Person or Persons other than Declarant.

(b) Subject to the terms and conditions of paragraphs 7.02(a) above and 7.02(c) below, but notwithstanding anything else to the contrary contained in these Articles or in any other Association Document, 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 of the Association during the Declarant Control Period. The term "Declarant Control Period" means the period commencing on the date on which Declarant forms the Association and ending on the date on which Declarant no longer owns any Lot or Tract.

(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.

(d) All members of the Board of Directors not appointed by Declarant pursuant to its rights under this Article VII shall be elected by the Owners at their annual meeting, in accordance with the Bylaws.

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

ARTICLE VIII
LIABILITY AND INDEMNIFICATION

8.01 Limits on Directors' Liability.

To the fullest extent permitted by the Colorado Nonprofit Corporation Act, as the same exists or may hereafter be amended, a Director, officer, employee, agent or committee member of the Association shall not be liable to the Association or the Owners for monetary damages for breach of fiduciary duty or for any injury, damage, loss, cost or expense suffered or incurred by reason of any act or omission of such Director, officer, employee, agent or committee member unless a court of competent jurisdiction finds that the act or omission of such Director was wanton and willful. Any repeal or modification of this Section 8.01 shall be prospective only and shall not adversely affect any right or protection of a Director existing at the time of such repeal or modification.

8.02 Indemnification.

To the fullest extent permitted by the Colorado Nonprofit Corporation Act, as the same exists or may hereafter be amended, the Association shall indemnify each present or former Director and each officer, employee, agent or committee member of the Association; provided, however, that in no event shall the Association indemnify or hold harmless any such Director, officer, employee, agent or committee member to the extent that he or she is personally liable for an act or omission under Section 8.01 above.

ARTICLE IX
BYLAWS

The initial Bylaws of the Association shall be as adopted by the Board of Directors. The Board of Directors shall have the power to alter, amend or repeal the Bylaws from time to time in force and adopt new Bylaws. The Bylaws of the Association may contain any provisions for the regulation or management of the affairs of the Association that are not inconsistent with applicable law, the Declaration or these Articles. However, no Bylaw at any time in effect, and no amendment to these Articles, shall have the effect of giving any Director or officer of the Association any proprietary interest in the Association's property or assets, whether during the term of the Association's existence or as an incident to its dissolution.

ARTICLE X
AMENDMENT

The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles by, unless a higher voting requirement is set forth herein with respect to any particular provisions, the vote of the holders of at least 67 percent of the votes of all

members present in person or by proxy at any regular or special meeting called for that purpose at which a quorum shall be represented, or the written consent of the holders of at least 67 percent of the votes to which all members are entitled.

ARTICLE XI
INCORPORATOR

The name and address of the incorporator is:

Name: Lisa Anne Hawkins
Address: 1700 Lincoln, Suite 4100
Denver, Colorado 80203

Dated: August 21, 1995

Incorporator

BYLAWS

OF

THE HIGHLANDS AT THE GOLF COURSE PROPERTY OWNERS' ASSOCIATION, INC.

ACTION BY WRITTEN CONSENT
OF
THE BOARD OF DIRECTORS
OF
THE HIGHLANDS AT THE GOLF COURSE PROPERTY OWNERS' ASSOCIATION

The undersigned, being all of the directors of The Highlands at the Golf Course Property Owners' Association, a Colorado nonprofit corporation (the "Corporation") hereby unanimously consent to, vote in favor of and adopt the following resolutions:

I

RESOLVED that the articles of incorporation of the Corporation, which were filed with the Colorado Secretary of State on August 22, 1995, be placed in the Corporation's minute book.

II

RESOLVED that the bylaws attached to this consent of directors are adopted as the bylaws of the Corporation, and that a copy of such bylaws be placed in the Corporation's minute book.

III

RESOLVED that the seal of this Corporation be circular in form and contain the name of the corporation, the year of its organization and the words "Seal" and "Colorado."

IV

RESOLVED that each of the persons named below is elected to the office or offices set forth opposite his or her name, to serve until his or her successor is duly elected and shall qualify:

NAME	OFFICE
_____	President
_____	Vice-President
_____	Secretary
_____	Treasurer

V

RESOLVED that the officers of the Corporation, if they deem such action appropriate, are authorized to apply to the Internal Revenue Service for recognition of the corporation as a tax exempt organization and to execute and deliver all such applications, certificates, powers of attorney and other instruments and perform all such other acts as any of them may deem necessary or appropriate to obtain such recognition.

VI

RESOLVED that all acts of the incorporator or any director with regard to the formation of the Corporation or the conduct of its business to date are hereby ratified in all respects.

Date: September ___, 1995 .....
Kenneth M. Adams

Date: September___, 1995 .....
Nick J. Hackstock

Date: September___, 1995 .....
Jon A. Brownson

Date: September___, 1995 .....
Randall L. Harkness

Golf Course Property Owners Association
List of Fines and Fees not associated with Construction of an Authorized Dwelling or Structure
August, 2012

Unless there is prior written approval of the Board, the following prohibited activities may result in a fine of $50.00 per day being assessed for each day the prohibited activity is not rectified or ceases. This fine is retroactive to the date of direct contact by telephone, email, or in person with the property owner by a Board member or representative of the Board or to the date of receipt of the certified letter sent by the Board or its representative specifying the prohibited activity must be rectified or ceased. This fine will be assessed to the property owner whether or not the owner is the actual violator (e.g., the renter of the property is the violator). The property owner will have a "grace period" of the number of calendar days listed next to each prohibited activity grouping below. The grace period will begin as of the date of direct contact or receipt of the certified letter.[1] If the prohibited activity cannot be rectified or ceased within the grace period the property owner must provide a plan acceptable to the Board[2] for rectifying or ceasing the prohibited activity within a reasonable time period[3]. If the prohibited activity is rectified or ceases or an acceptable plan is submitted to the Board within the grace period no fine will be assessed. Otherwise, the fine will be imposed upon expiration of the grace period.

- Erecting or placing structures or buildings of a temporary character including but not limited to any tent, shack or play fort/tepee made of tree trunks or limbs within the subdivision. The grace period is fifteen (15) calendar days.

- Storing, except in the garage, all boats, snowmobiles, ATVs, snowplows, campers, and any other such vehicles and hauling trailers. The grace period is five (5) calendar days.

- Parking or storing motor/mobile homes, house/travel trailers or any other outsized machinery and equipment within the subdivision except for a reasonable time not to exceed 48 hours to load or unload a motor home or travel trailer. The grace period is five (5) calendar days.

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[1] If the property owner refuses to sign for the certified letter the date of refusal will be the beginning date for the grace period.

[2] The property owner is strongly encouraged to work with the Board or its representative during the grace period to have a plan that is acceptable to the Board upon submission.

[3] If the prohibited activity is not rectified or ceased within the plan's time period the imposition of the fine will be retroactive to the expiration date of the original grace period unless an extension is granted by the Board due to a delay(s) beyond the control of the property owner.

Each summer or early fall a tree survey will be conducted to identify standing dead/snapped/leaning (in eminent danger of falling) /infested trees, fallen or cut trees, and large slash piles on property owners' lots. These trees and slash piles will be marked with a paint color to be determined each year. All these trees and large slash piles must be removed by no later than June 15th of the following year. Failure to comply with the June 15th deadline may result in the owner being fined as follows:

- Unless there is prior written approval by the Board, a fine of $75.00 per unit (i.e., each marked standing dead/snapped/leaning/infested tree, each marked fallen or cut tree, and each marked slash pile) and a $50.00 administrative fee will be assessed. The property owner will have a 30 calendar day "grace period" to remove the trees and slash piles. The grace period will begin as of the date of direct contact by telephone, email, or in person with the property owner by a Board member or representative of the Board or to the date of receipt of the certified letter sent by the Board or its representative[4] requiring the removal of the trees and slash piles. If the removal of the trees and slash piles cannot be completed within the grace period, the property owner must provide a plan acceptable to the Board[5] for having the trees and slash piles removed within a reasonable time period[6]. If the trees and slash piles are removed or an acceptable plan is submitted to the Board within the grace period no fine will be assessed. Otherwise, the fine and fee will be imposed upon expiration of the grace period. Each subsequent year a fine and fee will be assessed until the trees and slash piles are removed.

If assessed fines and fees are not paid within thirty (30) days of their imposition, the Association will file a lien on the violator's property for the amount of the fines and fees. All costs associated with the filing of the lien will also be assessed to the property owner.

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[4] If the property owner refuses to sign for the certified letter the date of refusal will be the beginning date for the grace period.

[5] The property owner is strongly encouraged to work with the Board or its representative during the grace period to have a plan that is acceptable to the Board upon submission.

[6] If the trees and slash piles are not removed within the plan's time period the imposition of the fine will be retroactive to the expiration date of the original grace period unless an extension is granted by the Board due to a delay(s) beyond the control of the property owner.