

BYLAWS
OF
TALISMAN POINTE TOWNHOMES
OWNERS' ASSOCIATION, INC.
A Non-Profit Corporation

INTRODUCTION

These are the Bylaws of Talisman Pointe Townhomes Owners' Association, Inc. (the "Association") which shall operate under the Colorado Nonprofit Corporation Act, as amended ("Corporation Act").

Terms which are defined in the Declaration shall have the same meanings herein, unless otherwise defined herein. The word "Member" or "Members" as used in these Bylaws shall refer to Unit Owner(s) or Owner(s) as defined in the Declaration.

ARTICLE 1
OBJECT

The purpose for which the Association is formed is to:

- a. Govern and operate the project known as Talisman Pointe Townhomes, Phase I and all subsequent phases ("Project") located in Archuleta County, Colorado in accordance with the Corporation Act;
- b. Promote the health, safety, welfare and common benefit of the Owners of the Project;
- c. Be and constitute the Association to which reference is made in the Declaration of Covenants, Conditions and Restrictions for Talisman Pointe Townhomes ("Declaration") which is recorded or will be recorded in the office of the Clerk and Recorder of Archuleta County, Colorado, relating to a townhome project described therein, and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association as specified therein, including enforcement of the Declaration.

All present or future Owners, tenants, future tenants, or any other person that might use in any manner the facilities of the Project are subject to the terms and provisions set forth in these Bylaws. The mere acquisition or rental of any Unit, or the mere occupancy of any Unit will signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE 2 MEMBERS

SECTION 1. Qualification. Ownership of a Unit is required in order to qualify for membership in this Association. Any person, on becoming an Owner of a Unit, shall automatically become a Member of this Association. Such membership shall terminate without any formal Association action whenever such person ceases to own a Unit, but such termination shall not relieve or release any such former Owner(s) from any liability or obligation to the Association or impair any rights or remedies which the Association may have against such former Owner arising out of or in any way connected with the ownership of the Unit and membership in the Association. Membership in the Corporation shall consist of one class and shall be open to all townhome Unit Owners of Talisman Pointe.

SECTION 2. Voting. Each Member shall be entitled to one vote on each matter submitted to a vote at a meeting of Members. If title to any Unit shall be held by two (2) or more persons, or by an entity comprised of more than one person, then each such person shall be a Member of the Association, provided, however, that the voting rights of such Owners shall not be divided but those persons or entities shall agree among themselves how a vote for that Unit's membership is to be cast. Individual co-owners may not cast fractional votes and the maximum allowable vote per Townhome Unit shall be one (1). A vote by a co-owner for the entire Unit's membership interest shall be deemed to be pursuant to a valid proxy, unless another co-owner of the same Unit objects at the time the vote is cast, in which case such vote shall not be counted. Votes allocated to a Unit owned by the Association may not be cast. The Declarant, their successors or assigns may exercise the voting rights allocated to Units owned by them. Cumulative voting in the election of the Board of Directors shall not be permitted.

SECTION 3. Quorum and Voting. Except as otherwise provided in these Bylaws or in the Declaration, the presence at the beginning of any meeting of the Association in person or by proxy of twenty percent (20%) of the votes entitled to be cast shall constitute a quorum present throughout the meeting. If a quorum is present, unless otherwise provided by law or in the Articles of Incorporation, the affirmative vote of a majority of the Members at the meeting entitled to vote on the subject matter shall be the act of the Members. If a quorum is not present when a meeting starts, then a majority of the Members at the meeting may adjourn the meeting from time to time without further notice until a quorum is present.

SECTION 4. Proxies. Each Member entitled to vote at a meeting of Members or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy. Every proxy shall be in writing and shall be signed by the Member or his otherwise duly authorized attorney-in-fact. A proxy may be general or for a particular meeting. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it, except as otherwise provided by law. The Secretary of the Association must bring all proxies to each meeting where the Owners are entitled to vote and all proxies shall be available for inspection by the officers of the Association and by any Owners in attendance at such meeting. A proxy need not be an Owner.

SECTION 5. Votes of Certain Members. The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Board of Directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person by the partnership. The vote of a limited liability company may be cast by any manager of the limited liability company in the absence of express notice of the designation of a specific person by the limited liability company. The moderator at any meeting of the Association may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or business trust owner is qualified to vote.

ARTICLE 3 ASSOCIATION MEETINGS

SECTION 1. Annual Meeting. The first annual meeting of the Members of the Talisman Pointe Townhomes Owners' Association shall be held within one year after the date of the adoption of these Bylaws. Thereafter, annual meetings of the Talisman Pointe Townhomes Owners' Association shall be held on the date and at a time selected by the Board. The purpose of the annual meeting of Members is to elect Directors as provided in these Bylaws and such other business as may properly come before the meeting. If the election of the Directors shall not be held on the day designated for the annual meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as may be convenient.

SECTION 2. Special Meetings. Special meetings of the Members may be called by the President or a majority of the Board of Directors, or shall be called by the President at the request of one-fourth of the Members. The purpose for each special meeting shall be stated in the notice and may only include purposes which are lawful and proper for the Members to consider.

SECTION 3. Place of Meeting. The Board of Directors may designate any place, either within or outside the State of Colorado, as the place of meeting for any meeting of Members. If no designation is made, then the place of meeting shall be the principal office of the Corporation in the State of Colorado.

SECTION 4. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered personally or by mail not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Notice shall be given by or at the direction of the President or the Secretary or the persons calling the meeting to each Member of record entitled to vote at the meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States Mail addressed to the Member at his address as it appears in the records of the Corporation with postage thereon prepaid.

SECTION 5. Waiver of Notice. A written waiver of notice signed by a Member, whether before or after a meeting, shall be equivalent to the giving of such notice. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member attends

for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6. Informal Action By Members. Any action required or permitted to 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 Members entitled to vote with respect to the subject matter thereof.

SECTION 7. Rules of Meetings. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and Owners and in the absence of such rules, Robert's Rules of Order shall be used.

ARTICLE 4 BOARD OF DIRECTORS

SECTION 1. Association Responsibilities. The Association has the responsibility to manage the Common Elements and to administer the Project, acting through a Board of Directors ("Board"). In the event of any dispute or disagreement between any Owner relating to the Project, or any questions of interpretation or application of the provisions of the Declaration or Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Board.

SECTION 2. Number and Qualification. The Board shall be composed of five (5) persons elected from among the Owners, as provided in the Articles. In the case of Declarant or other corporate or partnership Owners, the officers, directors, employees, partners or agents of such entities may be members of the Board. The number of directors may be increased or decreased by amendment of these Bylaws; provided however, that the number of directors shall not be reduced to less than two. Three of the five members of the Board of Directors shall be full time residents of Pagosa Springs, Colorado, and all Directors must be owners of Units.

SECTION 3. Initial Board. The names and addresses of the two persons who are to initially act in the capacity of Director until their successors are duly elected and qualified are as follows:

Michael C. Branch
P.O. Box 1333
Pagosa Springs, CO 81147

Curt Johnson
2343 W. Highway 160
Pagosa Springs, CO 81147

SECTION 4. Terms of Office.

4.1 Initial Board. The terms of office of the Board initially appointed by the

Declarant shall be set as they among themselves decide, subject to the following requirements:

a. The term of office of one Director shall expire at the first annual meeting of the Members and he shall serve until his successor is duly elected and qualified.

b. The term of office of a second director shall expire at the second annual meeting of the Members and he shall serve until his successor is duly elected and qualified.

4.2 Terms of office for subsequent Board. Every Director appointed or elected to replace the members of the initial Board shall serve a term of three years. In addition to the Directors appointed or elected pursuant to the provisions of Section 4.1 above, three Directors shall be nominated and elected by the Members at the first annual meeting to serve a term of three years until their successors are duly elected and qualified.

SECTION 5. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class commercial Project. The Board may do all such acts and things as are not by law, the Articles, these Bylaws or the Declaration either prohibited or directed to be exercised and done by the Owners directly.

SECTION 6. Other Powers and Duties. The Board shall be empowered and shall have the duties as follows:

6.1 To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and in the Articles and these Bylaws;

6.2 To establish bank accounts that are interest-bearing or non-interest bearing, as may be deemed advisable by the Board;

6.3 To keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is provided in the Declaration and, upon the request of any Agency or upon the vote of Owners representing an aggregate ownership percentage interest of at least fifty-one percent (51%) of the Common Elements, to cause a complete audit to be made of the books and records by a competent certified public accountant;

6.4 To hire and fire the personnel necessary for the operation, maintenance, repair and replacement of the Common Elements;

6.5 To suspend the voting rights of an Owner for failure to comply with these Bylaws or the rules and regulations of the Association or with any other obligations of the Owners pursuant to the Declaration; and

6.6 In general, to carry on the administration of the Association and to do all of

those things necessary and/or desirable in order to carry out the governance and operations of the Project.

6.7 The Board may employ for the Association a Managing Agent (at a compensation established by the Board), to perform such duties and services as it shall authorize. The Board may delegate any of the powers and duties granted to it but, notwithstanding such delegation, shall not be relieved of its responsibility under the Declaration, the Articles or these Bylaws. If the Board delegates any powers relating to collection, deposit, transfer or disbursement of Association funds, (a) the Managing Agent or others to whom such powers are delegated (collectively "Delegatee") shall maintain all funds and accounts of the Association separate from the funds and accounts of the Delegatee, (b) the Delegatee shall maintain all reserve accounts of each association so managed separate from the operational accounts of each association, (c) fidelity bonds or insurance shall be maintained for or by the Delegatee in the amounts set forth in Section 18 below, and (d) an annual accounting of Association funds shall be prepared and presented to the Association by the Delegatee, a public accountant or a certified public accountant.

SECTION 7. Annual Meetings. The Board of Directors shall hold its annual meeting at the same place as and immediately following each annual meeting of Members for the purpose of the election of Officers and the transaction of such other business as may come before the meeting. If a majority of the Directors are present at the annual meeting of Members, no prior notice of the annual meeting of the Board of Directors shall be required. However, another place and time for such meeting may be fixed by written consent of all the Directors.

SECTION 8. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall be determined from time to time by the Board of Directors, but at least two such meetings shall be held each year. These meetings shall be open to any Members who wish to attend.

SECTION 9. Special Meetings. Special meetings of the Board of Directors may be called by the President and must be called by the President at the request of any two Directors. The President may set a reasonable time and place for the meeting.

SECTION 10. Telephone Meetings. Directors may participate in meetings of the Board of Directors by means of a conference telephone or similar communications equipment by which all persons participating can hear each other at the same time, and participation by such means shall constitute presence in person at such meeting.

SECTION 11. Action Without Meeting. Any action of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken signed by all of the Directors is filed in the minutes of the Board of Directors. Such consent shall have the same effect as a unanimous vote.

SECTION 12. Notice and Waiver. Notice of any special meeting shall be given at least three (3) days prior thereto by written notice delivered personally, by mail, electronically transmitted, or telegram to each Director at his address or place of business. If mailed, such notice shall be

deemed to be delivered when deposited in the United States Mail with postage prepaid. If notice is given electronically, such notice shall be deemed to be delivered when confirmation of the transmission has been received by the sender. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting, either before, at, or after such meeting by signing a waiver of notice. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of such meeting or the manner in which it has been called or convened, except when a Director states at the beginning of the meeting any objection to the transaction of business because the meeting is not lawfully called or convened.

SECTION 13. Quorum and Voting. A majority of Directors in office shall constitute a quorum for the transaction of business. The vote of a majority of Directors present at a meeting at which a quorum is present shall constitute the action of the Board of Directors. If less than a quorum is present, then a majority of those Directors present may adjourn the meeting from time to time without notice until a quorum is present.

SECTION 14. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors even though it is less than a quorum of the Board of Directors, unless otherwise provided by law or the Articles of Incorporation. A director elected or appointed, as the case may be, to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office.

SECTION 15. Resignation. Any Director of the Corporation may resign at any time by giving written notice to the President or the Secretary of the Corporation. The resignation of any Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 16. Removal. Any elected Director of the Corporation may be removed at any time, with or without cause, only by a unanimous vote of the remaining Directors who are not the subject of the removal vote, and in the manner provided in the Colorado Nonprofit Corporation Act. At any annual or special meeting of the Association, duly called, any elected Director of the Corporation may be removed, with or without cause, by a two-thirds vote of the Owners of the Project. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at such meeting.

SECTION 17. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 18. Compensation. Fidelity Bonds. The members of the Board shall serve without salary or compensation. The Board shall require that all officers or employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds or insurance in amounts not less than fifty thousand dollars (\$50,000.00) or such higher amount as the Board may require. The premiums on such bonds shall be paid by the Association, provided, however, that the bond for a Managing Agent shall be paid by such Managing Agent.

ARTICLE 5 OFFICERS

SECTION 1. Officers. The Officers of this Corporation shall be a President, Vice-President and a Secretary/Treasurer, each of whom shall be elected by the Board of Directors. Such other Officers and Assistant Officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. A failure to elect a President, Secretary, or Treasurer shall not affect the existence of the Corporation.

SECTION 2. Election and Term of Office. The Officers of the Corporation shall be elected annually by the Board of Directors at its meeting after each annual meeting of Members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any Officer may be removed from office at any time, with or without cause, on the affirmative vote of a majority of the Board of Directors whenever, in its judgment, the best interests of the Corporation will be served thereby. Removal shall be without prejudice to any contract rights of the person so removed, but election of an officer shall not of itself create contract rights.

SECTION 4. Vacancies. Vacancies in offices, however occasioned, may be filled at any time by election by the Board of Directors for the unexpired terms of such offices.

SECTION 5. Duties. The President shall preside at all meetings of the Board of Directors and of the Members. The President shall be the chief executive officer of the Corporation. Subject to the foregoing, the Officers of the Corporation shall have such powers and duties as usually pertain to their respective offices and such additional powers and duties specifically conferred by law, by the Articles of Incorporation, by these Bylaws, or as may be assigned to them from time to time by the Board of Directors.

SECTION 6. Salaries. The Officers shall serve without salaries.

SECTION 7. Loans to Officers. No loans shall be made by the Corporation to any Officer or Director of the Corporation.

SECTION 8. Delegation of Duties. In the absence or disability of any Officer of the Corporation or for any other reason deemed sufficient by the Board of Directors, the Board may delegate his powers or duties to any other Officer or to any other Director.

ARTICLE 6 COMMITTEES

SECTION 1. Creation of Committees. The Board of Directors may, by resolution passed by a majority of the Directors in office, designate and appoint one or more committees.

SECTION 2. Committee Functions. Such committees shall have such functions and may exercise such power of the Board of Directors as can be lawfully delegated and to the extent provided in the resolution or resolutions creating such committee or committees.

SECTION 3. Meetings. Regular meetings of any committee may be held without notice at such time and at such place as shall from time to time be determined by the committee, and special meetings of any committee may be called by any member thereof upon two (2) days notice to the other members of such committee, given either personally or in the manner provided in these Bylaws pertaining to notice for Directors' meetings.

SECTION 4. Vacancies. Vacancies on the committees shall be filled by the Board of Directors then in office at any regular or special meeting of the Board of Directors.

SECTION 5. Quorum. At all meetings of any committee, a majority of the committee's members then in office shall constitute a quorum for the transaction of business.

SECTION 6. Manner of Acting. The acts of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of such committee.

SECTION 7. Minutes. Any committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

ARTICLE 7 MEMBERSHIP CERTIFICATES

SECTION 1. Form and Issuance. Members of the Corporation may be issued certificates signed by the President and by the Secretary. Each Membership certificate shall state the following: (a) the name of the Corporation; (b) that the Corporation is organized under the laws of the State of Colorado; (c) the name of the person or persons to whom issued; and (d) the class of Membership. The Membership certificate itself shall convey no rights or privileges, but shall only be for identification.

SECTION 2. Lost, Stolen or Destroyed Certificates. The Corporation may issue a new Membership certificate in the place of any certificate previously issued if the Member named in the certificate (a) makes proof in affidavit form that it has been lost, destroyed or stolen; (b) requests the

issuance of a new certificate; and (c) satisfies any other reasonable requirements imposed by the Corporation.

ARTICLE 8 BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account, including a record of the names and addresses of its members entitled to vote; and shall also keep minutes of the proceedings of the Board of Directors and committees having any of the authority of the Board of Directors. All books and records of the Corporation may be inspected by any Member or his agent or attorney or lien holder for any proper purpose at any reasonable time. The Corporation may charge a reasonable fee for copying such materials.

ARTICLE 9 NONDISCRIMINATION

The Officers, Directors, Members and persons served by this Corporation shall be selected entirely on a nondiscriminatory basis with respect to age, sex, race, religion, national origin and sexual orientation.

ARTICLE 10 NONPROFIT OPERATION

The Corporation will not have or issue shares of stock. No dividends will be paid. No part of the income or assets of the Corporation will be distributed to its Members, Trustees or Officers without full consideration. No Member of the Corporation has any vested right, interest or privilege in or to the assets, property, functions or activities of the Corporation. The Corporation may contract in due course with its Members, Directors and Officers without violating this provision.

ARTICLE 11 INDEMNIFICATION

SECTION 1. Indemnification Against Third Party Claims. Any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a Director, Officer, employee, fiduciary, or agent of the Corporation or is or was serving at the request of the Corporation as a

Director, Officer, employee, fiduciary of another Corporation, partnership, joint venture, trust, or other enterprise, shall be indemnified by the Corporation against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in the best interest of the Corporation and, with respect to any criminal action or proceeding, had not reasonable cause to believe his conduct was unlawful.

SECTION 2. Indemnification Against Derivative Claims. Any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason for the fact that he is or was a Director, Officer, employee, fiduciary, or agent of the corporation or is or was serving at the request of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, employee, fiduciary or agent of another Corporation, partnership, joint venture, trust, or other enterprise, shall be indemnified by the corporation against expenses (including attorney fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in the best interest of the corporation; but no indemnification shall be made in respect to any claim, issue, or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court deems proper.

SECTION 3. Rights to Indemnification. To the extent that a Director, Officer, employee, fiduciary, or agent of the Corporation has been successful on the merits in defense of any action, suit or proceeding referred to in Section 1 and 2 of this Article 11 or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him in connection therewith without the necessity of any action being taken by the Corporation other than the determination in good faith that such defense has been successful. In all other cases, any indemnification under Section 1 or 2 of this Article 11 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee, fiduciary, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 and 2.

Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit, or proceeding, or if such quorum is not obtainable or even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in written opinion, or by the shareholders.

SECTION 4. Effect of Termination of Action. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person seeking indemnification did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Entry of judgment by a consent as a part of a settlement shall not be deemed a final adjudication of liability for negligence or misconduct in the performance of duty, nor of any other issue or matter.

SECTION 5. Advance Expenses. Expenses (including attorney fees) incurred in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized in Section 3 of this Article 11 upon receipt of an undertaking by or on behalf of the Director, Officer, employee, fiduciary, or agent involved to repay such amount unless it is ultimately determined that he is entitled to be indemnified

by the Corporation.

SECTION 6. Other Indemnification Rights. The indemnification provided hereby shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of members or disinterested Directors, or otherwise, and any procedure provided for by any of the foregoing, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Officer, employee, fiduciary, or agent and shall inure to the benefit of heirs, executors, and administrators of such person.

SECTION 7. Non-liability of the Directors, Board, Officers and Declarant. Neither the Board nor the Officers of the Association, nor the Declarant shall be personally liable to the Owners for any mistake or judgment or for any acts or omissions of any nature whatsoever as such Directors, Board, Officers or Declarant, except for any acts or omissions found by a court to constitute gross negligence or fraud.

ARTICLE 12 MISCELLANEOUS PROVISIONS

SECTION 1. Waiver of Notice. Whenever notice is required by law, by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing signed by the Director, member or other person entitled to said notice, whether before, or after the time stated therein, or his appearance at such meeting in person, shall be equivalent to such notice.

SECTION 2. Fiscal Year. The fiscal year of the Corporation shall be as established by the Board of Directors.

SECTION 3. Amendments.

a. **By Directors.** These Bylaws may be amended by a vote of a majority of a quorum of the Board of Directors at a regular or special meeting of the Board of Directors. No amendment shall serve to shorten the term of any Director, or conflict with the Declaration, Articles or any state law. If, however, the Members 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 Members in taking such action.

b. **By Members.** Subject to any rights conferred upon first Lienors in the Declaration, the Members may, by the vote of the holders of two-thirds of the votes of the Members, 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 special meeting called for that purpose at which a quorum is present.

SECTION 4. Notice to Association. Every Owner shall timely notify the Association of the name and address of any Mortgagee, purchaser, transferee or lessee of his Unit. The Association shall maintain such information at the office of the Association.

4. That the Bank is hereby authorized to honor and pay checks or other orders for the payment of money drawn in the name of the Corporation when signed by any one of the following:

Michael C. Branch
Curt Johnson

RESOLVED FURTHER, that the President and Secretary of the Corporation are hereby authorized to open the aforesaid accounts with the Bank using the standard form of banking resolution, if necessary, for each such bank or trust company, which resolutions are hereby approved and adopted.

RESOLVED, that the Corporation shall begin its first fiscal year on the date of incorporation, and shall adopt an accounting year ending December 31 of each year, with the first year to end December 31, 1998. This fiscal year shall be adopted for accounting purposes.

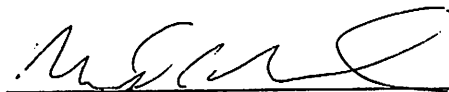
RESOLVED, that the officers and directors are authorized to reimburse themselves and/or other corporate employees from time to time for expenses incurred on behalf of the Corporation for legitimate business purposes.

RESOLVED, that the pre-incorporation activities performed by the officers and directors of the Corporation are hereby approved and ratified as activities performed on behalf of the Corporation.


The execution of this Consent shall constitute a written waiver of any notice required by the Corporation's Articles of Incorporation.

DATED this 1st day of July, 1998.

DIRECTORS:



Michael C. Branch



Curt Johnson