BYLAWS

OF

HOMESTEAD PROPERTY OWNERS' ASSOCIATION

a Colorado nonprofit corporation

ARTICLE I
Functions

Section 1.1 Purposes and Objects. The purpose for which this nonprofit corporation is formed is to govern The Homestead, a Subdivision, a subdivision situate in Gunnison County, Colorado, in accordance with the terms and conditions of the Declaration of Protective Covenants, Article of Incorporation and Bylaws of this corporation.

Section 1.2 Compliance. All present or future owners, tenants, future tenants or any other person who might use the facilities of the subdivision in any manner, are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the Lots of the subdivision or the mere act of occupancy of such Lots will signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE II
Membership

Section 2.1 Automatic Membership. The owner of a Lot, upon becoming such owner, shall be entitled and required to be a member of the corporation and shall be entitled and required to be a member of the corporation and shall remain a member for the period of his or her ownership.

Section 2.2 One Membership. There shall be one membership in the corporation for each Lot and one half membership in the corporation for any portion of an adjoining Lot. Such membership shall be appurtenant to the Lot or the portion of any Lot and shall be transferred automatically by a conveyance of that Lot or any portion of a Lot to any new owner. Each membership shall be entitled to one vote for each Lot and one half vote for a portion of each Lot, and in the event the membership is held by more than one owner, the vote must be cast only as a single vote and split or divided votes of membership shall not be allowed.

Section 2.3 Transfer. No person other than an owner of a Lot or a portion of a Lot may be a member of the corporation and a membership may not be transferred except in connection with the conveyance or transfer of the Lot or a portion of the Lot; provided, however, that such membership may be assigned to the

holder of a mortgage or Deed of Trust as further security for the loan secured by the lien of the mortgage holder upon the Lot or portion of a Lot.

Section 2.4 Person. The term "person" for the purpose of membership shall include a corporation, partnership, limited liability company, trust, joint venture or other legal entity that has valid title to any Lot. Any officer, director, shareholder, partner, or trustee of such entity may exercise the membership rights of the entity and shall further be entitled to serve on the board of directors and as an officer of the Corporation.

Section 2.5 Termination. Such membership shall terminate without any formal corporate action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Lot owner from any liability or obligation incurred under or in any way connected with The Homestead Property Owners' Association during the period of such ownership and membership in this corporation, or impair any rights or remedies which the Board of Directors of the corporation or others may have against such former owner and member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto.

ARTICLE III
Meetings

Section 3.1 Annual Meetings. The annual meeting of the membership shall be held on the second Saturday in the month of July of each year, beginning in the year 1998, at a time and place set forth in the notice of said meeting. At the annual meeting the membership shall elect the board of directors and transact such other business as may properly come before it.

Section 3.2 Special Meetings. Special meetings may be called at any time by the board of directors, the president, or upon a written request signed by a majority of the members. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths of the owners present, either in person or by proxy.

Section 3.3 Notice of Meeting. Notice of the date, place and time of the annual meeting, or any special meeting, shall be given to each member either by delivering such notice to the member personally, or by mailing the same to him or her by United States mail, which notice shall be given not later than ten days prior to the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the membership register of the corporation, with postage prepaid thereon.

A member may waive notice of any meeting.

Section 3.4 Quorum. A majority of the members of the corporation in good standing and in actual attendance in person or by proxy at any annual or special meeting of the corporation shall constitute a quorum at such meeting for the purpose of transacting business. If a quorum is present, the affirmative vote of a majority of the members present at such meeting in person or by proxy and entitled to vote on the subject matter shall be the act of the membership, unless the vote of a greater number is required by the Articles of Incorporation, the laws of the State of Colorado or the Declaration of Protective Covenants of The Homestead.

Section 3.5 Voting of Proxies. At all meetings of the members, a member may vote by proxy executed in writing by the member or by his or her duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of this execution unless otherwise provided in the proxy.

Section 3.6 Order of Business. The order of business at the annual meeting, and as applicable at any special meeting, shall be as follows:

1. Roll call
2. Proof of notice of meeting
3. Reading and approval of any unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New Business
8. Adjournment

Section 3.7 Majority of Members. The term "majority of members" shall mean the owners of more than fifty percent of the Lots.

ARTICLE IV
Board of Directors

Section 4.1 Number of Directors. The initial number of directors shall be five. The number of directors may be increased or decreased to not less than three nor more than seven by a majority vote of the board of directors or members.

Section 4.2 Powers and Duties. The board of directors shall have the powers and duties necessary for the administration of the affairs of the corporation. Such powers and duties shall include, but shall not be limited to, the following:

4.2.1 Exercising all power, duty and authority vested in or delegated to the board of directors under the Articles of Incorporation and Bylaws of the corporation.

4.2.2 Exercising all power, duty and authority vested in or delegated to the board of directors under the Amended Declaration of Protective Covenants of The Homestead.

4.2.3 To be the Architectural Control Committee in accordance with the Amended Declaration of Protective Covenants of The Homestead.

4.2.4 Fixing, collecting and enforcing all assessments as provided for in the protective covenants of the subdivision.

4.2.5 Exercising any and all powers granted to the corporation by the Colorado Nonprofit Corporation Act and the Colorado Common Interest Ownership Act, as the same now exists or may hereafter be amended from time to time.

4.2.6 Exercising any other power permissible under applicable Colorado law.

4.2.7 Commencing and maintaining, in its own name, on its own behalf, or in the names and on behalf of Lot owners who consent thereto, suits and actions to restrain and enjoin any breach or threatened breach of the Rules and Regulations of the corporation.

Section 4.3 Qualifications. All directors shall be members of the Corporation.

Section 4.4 Term of Office and Tenure. Directors shall be elected at each annual meeting and shall serve for a term of three years; provided, however, that at the organizational meeting of the board of directors, two directors shall be elected for a term of three years, two directors shall be elected for a term of two years, and one director shall be elected for a term of one year. Thereafter a director shall be elected for a term of three years to fill the vacancy of a director whose term expires. Each director shall hold office for a term of three years from the date of his or her election and until his or her successor shall have been elected and qualified to office, except only as above provided for the initial term of office.

Section 4.5 Elections. Elections for the board of directors shall be by ballot, either oral or written, with the person receiving the highest number of ballots cast for such director vacancy being declared elected.

Section 4.6 Vacancies. The board of directors is empowered to fill any vacancy that may occur in its own body, or among the officers of the corporation, and the person so appointed to such office shall hold that office until the expiration of the term of the person he or she succeeds.

Section 4.7 Compensation. No director shall be entitled to receive any compensation as a director of the corporation; provided, however, that he or she may be reimbursed for any actual expenses incurred in the performance of his or her duties as a director.

Section 4.8 Regular Meetings. The regular meeting of the board of directors shall be held without other notice than this Bylaw immediately after and at the same place as the annual meeting of the members of the corporation. Additional regular meetings shall be held quarterly at a time and place to be designated in the notice of such meetings.

Section 4.9 Special Meetings. Special meetings of the board of directors may be called by the president or any two directors. Any special meeting shall be held at a time and place designated in the notice of such meeting.

Section 4.10 Telephonic Meetings. All members of the board of directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 4.11 Quorum. A majority of the board of directors, as provided in Section 4.1, shall constitute a quorum for the transaction of business at any meeting of the board of directors. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number of directors is required by the Articles of Incorporation, the statutes of the State of Colorado, or the Declaration of Protective Covenants of The Homestead.

Section 4.12 Notice. Notice of any meeting of the board of directors shall be given at least three days prior thereto by written notice delivered personally to a director or mailed to each director by United States mail at his address as shown on the membership roll of the corporation. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the expressed purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the board of directors must be specified in a waiver of notice of such meeting.

Section 4.13 Removal. Directors may only be removed at a meeting of the membership called in accordance with the requirements of Article III. The entire board of directors or a lesser number may be removed, with or without cause, by a vote of a majority of the members in good standing present at such meeting in person or by proxy.

Section 4.14 Committees. The Board of Directors may appoint one or more committees by appropriate resolution. Such Committees shall have the powers and duties assigned to it by the resolution of the Board of Directors creating the Committee.

ARTICLE V
Officers

Section 5.1 Number. The officers of the corporation shall be a president, vice president, secretary and treasurer. 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 that the office of president and secretary may not be held by the same person.

Section 5.2 Tenure. The officers set forth in this Article shall be elected at the annual meeting of the board of directors of the corporation, shall hold office until the next annual meeting of the board of directors and until their successors have been elected and qualified.

Section 5.3 Qualifications. The president, vice president and secretary-treasurer shall be members of the board of directors. Any additional officers elected or appointed by the board of directors need not be members of the board of directors of the corporation.

Section 5.4 Election. The officers of the corporation shall be elected by the board of directors by ballot, oral or written, with the person receiving the majority of the ballots cast for such office being declared elected.

Section 5.5 Vacancy. A vacancy in any office because of the death, resignation, removal, disqualification or inability to act shall be filled by the board of directors for the unexpired portion of the term of that office.

Section 5.6 President. The president shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. He or she shall, when present, preside at all meetings of the members and of the board of directors. He or she may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the board of directors, deeds, mortgages,

contracts or other instruments, and in general, shall perform all duties incident to the office of the president and such other duties as may be prescribed by the board of directors from time to time.

Section 5.7 Vice President. In the absence of the president, or in the event of his or her death or inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all of the powers of the president and be subject to all the restrictions upon the president and shall perform such other duties as from time to time may be assigned to the vice president by the president or the board of directors.

Section 5.8 Secretary. The secretary shall: (a) keep the minutes of the members' meetings and of the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized and (d) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or by the board of directors.

Section 5.9 Treasurer. The treasurer shall: (a) if required by the board of directors, the treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties, as the board of directors shall determine; (b) shall be responsible for all funds of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever; deposit all such monies in the name of the corporation in such banks as shall be selected by the board of directors; sign checks and drafts for the payment of corporate funds; and (c) in general, perform all of the duties as from time to time may be assigned to him or her by the president or by the board of directors.

Section 5.10 Salaries. Officers of the corporation may receive salary or compensation for their services in such offices if, in the discretion of the board of directors, it is deemed necessary and reasonable.

Section 5.11 Removal. Any officer may be removed by the board of directors whenever, in the board's judgment, the best interests of the corporation would be served thereby. Such removal can be accomplished at any special meeting of the board of directors called in accordance with the requirements of Article IV. Such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

ARTICLE VI
Contracts, Loans, Checks and Deposits

Section 6.1 Contracts. The board of directors may authorize by resolution any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 6.3 Checks, Drafts, etc. All checks, drafts or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by any two of the following officers of the corporation:

President
Vice-President
Secretary
Treasurer

Section 6.4 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may elect.

ARTICLE VII
Fiscal Year

The fiscal year of the corporation shall begin on the 1st day of January and terminate on the 31st day of December of each year.

ARTICLE VIII
Seal

The board of directors shall provide a corporate seal that shall be circular in form and shall have inscribed thereon the name of the corporation, the state of incorporation and the word, "SEAL".

ARTICLE IX
Waiver of Notice

Whenever any notice is required to be given to any member or director of the corporation under the provisions of these Bylaws or under the provisions of the

laws of the State of Colorado, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X
Indemnification of Officers and Directors

The corporation shall indemnify every officer or director and their heirs, executors and administrators against all loss, costs and expense, including attorney's fees, reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party by reason of their being or having been an officer or director of the corporation, except as to matters as to which they shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the corporation is advised by counsel that the persons to be indemnified have not been guilty of gross negligence or willful misconduct in the performance of their duties as such officer or director in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such officer or director may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the corporation by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the corporation as common expenses; provided, however, that nothing in this Article shall be deemed to obligate the corporation to indemnify any member who is or has been an officer or director of the corporation with respect to any duties or obligations assumed or liabilities incurred by them under and by virtue of the Amended Declaration of Protective Covenants of The Homestead as an individual owner of a Lot covered hereby and not as a director of the corporation.

ARTICLE XI
Obligation of the Lot Owners

Section 11.1 Assessments. As provided in the Amended Declaration of Protective Covenants of The Homestead, all Lot owners shall be obligated to pay the regular and any special assessments imposed by the corporation to meet the common expenses. A member shall be deemed to be in good standing and entitled to vote at any annual meeting or at a special meeting of members, within the meaning of these Bylaws, if and only if such members shall have fully paid all assessments made or levied against them and the Lot owned by them as of the date of such meeting. The corporation shall have the authority to impose liens for nonpayment as set forth in the Declaration of Protective Covenants.

Section 11.2 Rules and Regulations. The board of directors shall have the power to establish, make and enforce compliance with such rules and regulations

as may be necessary for the operation, use and occupancy of the subdivision with the right to amend the same from time to time.

ARTICLE XII
Lien for Non-Payment of Fees

All costs, charges and fees billed in the manner above set forth and not paid within thirty days from the date of billing, together with interest thereon, shall constitute a lien on the Lot of the non-paying Lot owner in favor of the Corporation.

Provided further, the corporation shall have all such powers granted to it as to the enforcement, lien priority and rights of collection as are set forth in the Colorado Common Interest Ownership Act, as now exists and as may be hereafter amended from time to time.

To evidence such lien the Association may prepare a written notice of lien setting forth the amount of the unpaid bill, the name of the record owner of the Lot and a description thereof. Such notice may be recorded in the records of Gunnison County, Colorado. Such lien shall attach from the date of failure of payment of the bill, and will include the amount of the bill remaining unpaid, accrued interest thereon, and all fees and costs incurred by the Association in the preparation and recording of said notice of lien and a release thereof. Said lien may be enforced by foreclosure in the same manner as foreclosure of a mortgage. In such foreclosure, the Lot owner shall be required to pay the costs and expenses for such proceedings, the costs and expenses for filing the notice of lien and all reasonable attorneys' fees incurred by the Association. The Lot owner shall also be required to pay to the Association the monthly bills for the Lot during the period of foreclosure. The Association shall have the power to bid in the Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

All costs, charges and fees billed in the manner above set forth and not paid within thirty days from the date of billing, together with interest thereon, shall constitute a lien on the Lot of the non-paying Lot owner in favor of the corporation. Such lien shall be superior to all other liens and encumbrances upon such Lot except only (1) tax and assessment liens on the Lot, or any liens of any governmental authority and (2) all sums unpaid on a first mortgage of record, including all unpaid obligatory advances made pursuant to such mortgage.

ARTICLE XIII
Amendments

These Bylaws may be altered, amended or repealed and new bylaws adopted by the board of directors at any regular meeting upon an affirmative vote of not less than two-thirds of the entire membership of the board of directors.

HOMESTEAD PROPERTY OWNERS' ASSOCIATION,
a Colorado nonprofit corporation

By: Sheryl Ann Lomak
Secretary