

BYLAWS
OF
CASTLE VALLEY RANCH PUD HOMEOWNERS ASSOCIATION

ARTICLE I.
OFFICES

The principal office of the Corporation shall be located at 0981 County Road 245, New Castle, Colorado 81647. The board of directors may change the principal place of business at any time. The Corporation may also have offices at other places within or outside of Colorado as the board of directors may from time to time approve.

ARTICLE II.
MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of members shall be held at the principal office of the Corporation or at such other place or places, within or without the State of Colorado, as may be from time to time determined by the board of directors. The place at which such meetings shall be held shall be stated in the notice of the meetings.

Section 2. Annual Meetings. The annual meeting of the members of the Corporation shall be held each year on such date as may be fixed by the board of directors. The annual meeting shall be held for the election of directors and the transaction of such other business as may properly come before it. At each annual meeting, the board of directors shall submit to the membership a report of the Corporation's business activities during the preceding year and the general financial condition of the Corporation.

Section 3. Special Meetings. Special meetings of the members may be called at any time by the board of directors and shall be called by the chairperson of the board of directors or secretary or upon the request of the holders of not less than one-half (1/2) of the total members' vote in the Corporation entitled to vote at the meeting. The purposes of such special meeting shall be stated in the notice therefor.

Section 4. Notice of Meetings. Notice of any meetings, annual or special, shall specify the time, place and purpose of the meeting and shall be delivered, either personally or by mail, to each member entitled to vote thereat as the member's name appears upon the books of the Corporation.

Notice for meetings shall be sent no less than ten (10) and no more than fifty (50) days prior to the meeting.

Section 5. List of Members Entitled to Vote. At least ten (10) days before every meeting of members a complete list of members entitled to vote thereat, arranged in alphabetical order, showing the address of each member and the number of votes to which each is entitled, shall be prepared by the secretary of the Corporation and shall be open to the inspection of any member during usual business hours for a period of at least ten (10) days prior to such meeting at the principal office of the Corporation. Such list shall be produced and kept at the time and place of the meeting during the whole time thereof and shall be subject to the inspection of an member who is present.

Section 6. Right to Vote. Members of this Corporation shall have the right to vote for the election of the directors of the Corporation and upon all other matters properly brought to a vote of the members by virtue of the Articles of Incorporation, the Bylaws of the Corporation or the laws of Colorado.

Section 7. Voting. Each member shall have one (1) vote for each lot owned. If fee simple title is held by more than one (1) person or entity, the owners shall determine how the one (1) vote attributable to that lot shall be cast. When a quorum is present at any meeting, the vote of a majority of the members' votes present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by the express provisions of the laws of Colorado, the Articles of Incorporation, or the Protective Covenants for the subdivision, a different vote is required, in which case the express provisions shall govern and control the decision of such question.

Section 8. Non-Cumulative Voting and by Proxy. The cumulative system of voting shall not be used for any purpose. Each member shall be entitled to vote in person or by proxy executed in writing by such member or by his duly authorized attorney in fact, provided, however, no such proxy shall be valid after eleven (11) months from the date of its execution, unless the proxy provides for a longer period.

Section 9. Closing of Membership Transfer Books. The board of directors shall close the membership transfer books of the Corporation for a period of not less than ten (10) days nor more than fifty (50) days preceding the date of any meeting of members.

Section 10. Quorum. The holders of a majority of the total members' votes entitled to vote thereat, present in person or represented by proxy, shall be requisite to and shall constitute a quorum at all meetings of members for the transaction of business, except as otherwise expressly provided by law or by the Articles of Incorporation. If such quorum shall not be present or represented at any such meeting, the holders of a majority of the votes present in person or represented by proxy and entitled to vote thereat shall have power to adjourn the meeting from time to time until a quorum shall be present or represented.

Section 11. Chairperson. The chairperson of the board of directors shall call meetings of members to order and act as chairperson of such meetings. In the absence of said officer, any member entitled to vote thereat, or any proxy of any such member, may call the meeting to order and a chairperson shall be elected. The secretary of the Corporation shall act as secretary of such meetings.

ARTICLE III. DIRECTORS

Section 1. Number of Directors. The number of the directors of the board of directors shall be three (3).

Section 2. Annual Meetings. After each annual election of directors, the board of directors shall meet for the purpose of organization, the election of officers and the transaction of any other business.

Section 3. Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and place as shall from time to time be determined by the Board.

Section 4. Special Meetings. Special meetings of the board of directors may be called by the chairperson of the board of directors on five (5) days' notice to each director, either personally, by mail or by telegram, and shall be called by the chairperson of the board of directors or secretary in like manner and on like notice on the written request of any two (2) directors.

Section 5. Place of Meetings. Meetings, including organizational meetings, of the board of directors may be held at such place or places either within or without the State of Colorado as shall from time to time be determined by the board, or as shall be fixed by the chairperson of the board of directors and designated in the notice of the meeting.

Section 6. Action Without A Meeting and Attendance at Meetings. Actions taken by the board of directors without a meeting and attendance at meetings by telephone or similar communication equipment shall be authorized as provided in C.R.S. 7-5-108.

Section 7. Quorum. A majority of the number of directors shall constitute a quorum at all meetings of the board of directors, and the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. In the absence of a quorum at any meeting, a majority of the directors present may adjourn the meeting to a later day and hour without further notice.

Section 8. Compensation For Directors. Directors shall be paid no compensation by the Corporation for their services. All directors may be allowed expenses incurred for attendance at

each regular or special meeting of the Board as may be from time to time fixed by resolution of the Board. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV. OFFICERS AND DUTIES

Section 1. Officers. The officers of the Corporation shall consist of a chairperson of the board, a president, a secretary and a treasurer. Any two or more offices may be held by the same person, except the office of president. Officers shall be elected or appointed by the board of directors at the annual meeting of the directors. Every officer so elected or appointed shall continue in office until his successor shall be elected or appointed and shall qualify, unless sooner removed. A vacancy in any office may be filled by the board of directors at any regular or special meeting called for that purpose. Any officer elected or appointed by the board of directors may be removed at any time by an affirmative vote of a majority of the whole board of directors.

Section 2. Chairperson of the Board. The chairperson of the board shall preside at all meetings of the members and the board of directors, and may have any other powers and duties as may be conferred by the board of directors.

Section 3. President. The president shall, subject to the direction and supervision of the board of directors, be the chief executive officer of the Corporation and shall have general and active control of its affairs and business and general supervision of its officers, agents and employees. The president shall have the authority to sign all contracts and other instruments on behalf of the Corporation, except as the authority may be restricted by resolutions of the board of directors adopted from time to time.

Section 4. Secretary. The secretary shall keep the minutes and act as secretary of all meetings of the members and of the board of directors. The secretary shall be the custodian of the Corporation records and seal. The secretary shall have the power to affix the seal to all documents, the execution of which on behalf of the Corporation is authorized by these Bylaws, by the Articles of Incorporation or by the board of directors. The secretary shall perform all duties usually incident to the office of the secretary, those duties specified in these Bylaws, and other duties that may from time to time be assigned by the board of directors.

Section 5. Treasurer. The treasurer shall have general supervision over the care and custody of the funds and securities of the Corporation and shall deposit the same or cause the same to be deposited in the name of the Corporation in the bank or banks, trust company or trust companies, that the board of directors may designate. The treasurer shall keep or cause to be kept full and accurate accounts of all receipts and disbursements of the Corporation and whenever required by the board of directors, shall render or cause to be rendered financial statements of the Corporation.

ARTICLE V. ASSESSMENTS

Section 1. Obligation to Pay. Each Owner shall be obligated to pay any assessments duly imposed by the board of directors. Assessments may be levied by the Corporation upon the members of the Corporation, by vote of the board of directors, for the purpose of funding any of the activities of the Corporation which shall include, but not be limited to, payment of taxes on real and personal property, interest on monies borrowed, operation and maintenance of the common lands and green belt areas, legal and accounting fees, managerial salaries, and any and all expenditures needed or required for the operation of the Corporation's affairs. Each member shall be deemed to covenant and agree with each other and with the Corporation to pay the assessments from time to time levied by the board of directors.

Section 2. Proration of Assessments. Assessments shall be levied pro rata on each lot and unit in the subdivision. The total sum to be levied on all members shall be divided by the total lots and units owned in fee by all members. The resulting amount shall be levied upon each lot and unit.

Section 3. Notice of Assessments. The board of directors shall give written notice to each member at the member's address as it appears on the records of the Corporation on or before twenty (20) days prior to the date upon which such assessments shall be due and payable. All assessments shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid.

Section 4. Assessment as a Lien. Every assessment duly levied against any member by the Corporation shall become a lien on the lands and improvements to lands owned by such member in the subdivision and the Corporation shall be entitled to foreclosure the lien the same as if it were a mortgage. Foreclosure shall be as provided for foreclosure of a mortgage pursuant to Colorado statutes. The Corporation shall also be entitled to maintain an action in the District Court in and for the County of Garfield and State of Colorado for the purpose of recovering any unpaid assessments made against any member. Upon the request of any member, the board of directors shall execute and deliver an agreement subordinating the lien provided for in this paragraph to the lien of any first mortgage or deed of trust on the real property and improvements owned by the member in the subdivision. The board of directors may, in its discretion, also subordinate the lien provided for in this paragraph to any second or subsequent mortgage or deed of trust.

ARTICLE VI. INDEMNIFICATION

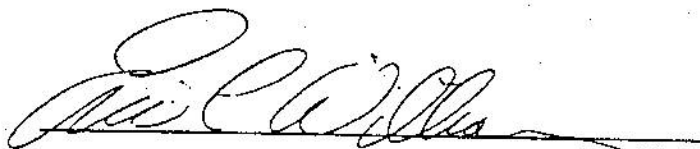
The Corporation shall indemnify any and all of its directors or officers, or former directors or officers, against expenses actually incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties or party by reason of being or having

been directors or officers or a director or officer of the Corporation, except in relation to matters as to which any such director or officer, or former director or officer, shall be adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of members or otherwise.

ARTICLE VII. AMENDMENTS

This Corporation reserves the right to amend, alter, change or repeal any provisions contained in, or to add any provisions to, its Articles of Incorporation or its Bylaws from time to time by resolution adopted at any regular or special meeting by three-fourths (3/4ths) of the votes of all of the members entitled to be cast thereat, whether present in person or represented by proxy or absent.

ADOPTED by the Board of Directors of the Castle Valley Ranch PUD Homeowners Association.



President

Attest:

Secretary