

BYLAWS
OF
POLO RUN RECREATION ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is POLO RUN RECREATION ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 55 Madison, Suite 800, Denver, Colorado 80206, but meetings of members and directors may be held at such places within the Denver Metropolitan Area, State of Colorado as may from time to time be designated by the Board of Directors of the Association ("Board of Directors").

ARTICLE II

PURPOSE

The purpose for which the Association is formed is to govern the Recreational Property, exercise the rights, power and authority, and fulfill the duties of the Association, as provided in that certain Declaration of Covenants, Conditions and Restrictions of Polo Run Recreation, and any amendments thereto, recorded in the office of the Clerk and Recorder of the County of Arapahoe, Colorado ("Declaration") (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined), and those certain Articles of Incorporation of Polo Run Recreation Association, Inc., and any amendments thereto, filed in the office of the Secretary of State of the State of Colorado ("Articles of Incorporation"). All present and future Owners, tenants, occupants, and any other person who may utilize in any manner the Recreational Property, or any portion thereof, or any facilities or appurtenances thereto or thereon, shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Declaration, Articles of Incorporation and these Bylaws. The mere acquisition, rental or occupancy of any Lot, or any portion thereof, shall signify that all terms and provisions of the Declaration, Articles of Incorporation and these Bylaws are accepted, ratified and shall be complied with.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year as the month in which the first annual meeting was held, the specific date and time thereof to be designated by the Board of Directors of the Association from time to time.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purposes of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of the Members and/or proxies, entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Unless otherwise specifically provided by the Declaration, the Articles of Incorporation, these Bylaws or by statute, all matters coming before a meeting of Members at which a proper quorum is in attendance, in person and/or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Mortgagees. All First Mortgagees of Lots shall have the right to designate a representative to attend all meetings of Members.

ARTICLE IV

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of five (5) directors, except that the Board of Directors which shall serve until the election of their successors at the first annual meeting of the Association, shall consist of three (3) directors. Directors shall be members which, in the case of Declarant, may include any officer, director or employee of Declarant, and in the case of other corporate Members may include the officers and directors of each such corporate Member.

Section 2. Term of Office. At the first annual meeting of the Association, the Members shall elect two directors for terms of one year, two directors for terms of two years, and one director for a term of three years, and at each annual meeting thereafter the Members shall elect the same number of directors as there are directors whose terms are expiring at the time of each election, for terms of two years. At the first annual meeting of the Association, the candidate for the Board of Directors who receives the largest number of votes shall be elected for a three-year term, the two candidates who receive the next largest numbers of votes shall be elected for two-year terms, and the two candidates who receive the next largest numbers of votes shall be elected for one-year terms.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of each class of Members, provided that, so long as there is a Class B membership, Declarant may remove any director who is serving in such capacity as a result of being affiliated with the Declarant. In the event of death, resignation or removal of a director, his successors shall be selected by a majority of the remaining member(s) of the Board, whether or not such remaining member(s) constitute a quorum, and shall serve for the unexpired term of his predecessor; provided, however, that so long as there is a Class B membership, the Declarant may appoint the successor of any director who served in such capacity as a result of being affiliated with the Declarant.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and one or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least semi-annually without notice, at such place and hour as may be fixed from time to time by the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of

business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Recreational Property, or any portion thereof, and any facilities thereon and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and the right of a Member to use the Recreational Property, during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days, for infraction of published rules and regulations;

(c) enter into, make, perform or enforce contracts, licenses and agreements of every kind and description, including without limitation those certain contracts, agreements, licenses, leases, easements and/or rights-of-way as more fully provided in the Declaration;

(d) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(e) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) regular meetings of the Board of Directors during any one year period; and

(f) employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote thereat;

(b) supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) determine the amount of the maximum annual assessment against each Lot prior to the commencement of each annual assessment period, and give written notice to each Owner of each change in the amount of the actual assessment against his Lot;

(2) foreclose the lien against any Lot for which assessments are not paid within ninety (90) days after the due date, or bring an action at law against the Owner(s) personally obligated to pay the same;

(d) issue, or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge, but in no event less than Fifteen Dollars (\$15.00), may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all person(s) who rely thereon in good faith;

(e) procure and maintain insurance, as more fully provided in Article VI of the Declaration;

(f) provide for maintenance and repair of the Recreational Property including without limitation the landscaping and improvements thereto and thereon; and

(g) notify in writing the First Mortgagee of any Lot, upon written request, when the Owner thereof is in default in the payment of any assessment, or otherwise in default of any obligation under the Declaration, Articles of Incorporation, or these Bylaws and the Board has actual knowledge of such default, and said default has not been cured within sixty (60) days.

ARTICLE VIII

RIGHTS OF THE ASSOCIATION

This Association may exercise any and all rights or privileges given to it under the Declaration, the Articles of Incorporation or these Bylaws, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied therefrom or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless the officer shall sooner resign, or shall be removed, or shall otherwise be disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign or authorize a designated agent to co-sign promissory notes and checks of the Association.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of the president's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of the vice-president by the Board of Directors.

Secretary

(c) The secretary or a designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer or a designated agent shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign or authorize a designated agent to sign promissory notes and checks of the Association; shall keep proper books of account; shall cause an annual compilation report of the Association books to be made by a Certified Public Accountant at the completion of each fiscal year or, at the option of the Board of Directors of the Association or as provided in Article VIII of the Declaration, an annual review or audited financial statement may be required; and shall prepare an annual budget to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE X

COMMITTEES

The Association shall appoint a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors

may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE XI

BOOKS AND RECORDS

The Association shall make available to Owners, First Mortgagees, and insurers or guarantors of any such First Mortgages, current copies of the Declaration, Articles of Incorporation, these Bylaws, the rules and regulations, books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay assessments to the Association, which assessments are secured by a continuing lien upon the property against which the assessment is made. Any assessment or portion thereof which is not paid when due shall be delinquent. Any assessment or portion thereof which is not paid within ten (10) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum, or at such lesser rate as may be assessed by the Association, and the Association may assess a monthly late charge thereon. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, and in the event a judgment is obtained, such judgment shall include interest on the assessments as above provided, a reasonable attorneys' fee to be fixed by the Court, together with the costs of the action, and may include late charges. No Owner may waive or otherwise escape liability for the assessments provided for in the Declaration by non-use of the Recreational Property or abandonment of his Lot.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form and within its circumference the words: POLO RUN RECREATION ASSOCIATION, INC.

ARTICLE XIV

AMENDMENTS

Subject to Article VIII of the Declaration, these Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy; provided, however, that the written approval of HUD or VA shall be required for any amendments enacted while there is a Class B membership.

ARTICLE XV

CONFLICTS OF PROVISIONS

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

ARTICLE XVI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every director, officer, agent and employee, and any former director, officer, agent and employee against all loss, costs and expenses, including attorney's fees, reasonably incurred in connection with any action, suit, or proceeding to which such person may be made a party by reason of being or having been such a director, officer, agent or employee of the Association, except for matters in which such person shall be finally adjudged to be liable for gross negligence or fraud. Any such indemnity shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing officers and directors errors and omissions insurance coverage and any other insurance protecting the Association from liability because of the negligent acts of its servants, including insurance covering motor vehicles or public liability, property damage, medical and other similar coverage, it being the intent and purpose of this provision to limit all payments or settlements in indemnification to the actual proceeds of insurance policies. No indemnification shall be provided for acts constituting gross negligence, nor for fraud, nor for more reprehensible conduct. In the event of a settlement, the settlement shall be approved by the insurance carrier and paid for by the insurance carrier out of the insurance proceeds. The foregoing rights shall not be exclusive of other rights to which such director, officer, agent or employee may be entitled.

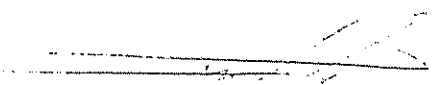
ARTICLE XVI

FISCAL YEAR

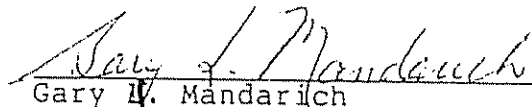
The fiscal year of the Association shall begin on the first day of January and end on the last day of December every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of POLO RUN HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this 17th day of December, 1987.


DIRECTORS:



Ronald S. Morgan



Gary D. Mandarich



David D. Mandarich

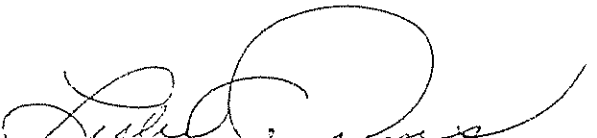
I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of POLO RUN RECREATION ASSOCIATION, INC., a Colorado non-profit corporation, and

THAT the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 17th day of December, 1987.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 17th day of December, 1987.

(seal)



Secretary/Leslie A. Presas