BYLAWS
of
THE PINNACLE HOMEOWNERS ASSOCIATION, INC.

AMENDED AND RESTATED 2000

ARTICLE I - NAME AND LOCATION

The name of the corporation is THE PINNACLE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The meetings of members and directors may be held at such places within the State of Colorado as may from time to time be designated by the Executive Board of the Association ("Executive Board" or " Board").

ARTICLE II - PURPOSE

The purpose for which the Association is formed is to govern the Units, 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 The Pinnacle Subdivision and any amendments and supplements thereto, recorded in the office of the Clerk and Recorder of each county in which any portion of the Common Interest Community is located ("Declaration") (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined), and those certain Articles of Incorporation of The Pinnacle Homeowners Association, Inc., and any amendments thereto, filed in the office of the Secretary of State of Colorado ("Articles of Incorporation"). All present and future Unit Owners, tenants, occupants, and any other Person who may use the Units, or any portion thereof, or any facilities or appurtenances thereto or thereon, in any manner, 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 Unit, 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

1. Annual Meetings. The annual meeting of the Members shall be held during the first half of October. At each annual meeting, the Members shall elect directors to fill vacancies and conduct such other business as may properly come before the meeting.

2. Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Executive Board or by Unit Owners having twenty percent (20%) of the votes of the Association.

3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary of the Association or Person authorized to call the meeting. Not less than ten (10) nor more than fifty (50) days in advance of such meeting, the Person giving such notice, as aforesaid, shall cause notice of the meeting to be hand delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Executive Board.

4. Quorum.

(a) A quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty percent (20%) of the votes which may be cast for election of the Executive Board are present, in person or by proxy at the beginning of the meeting.

(b) 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 or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting.

5. Proxies.

(a) If only one of the multiple Unit Owners of a Unit is present at a meeting of the association, such Unit Owner is entitled to cast all votes allocated to that Unit. If more than one of the multiple Unit Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Unit Owners, unless the Declaration expressly provides otherwise. There is majority agreement if one of the multiple Unit Owners casts the votes allocated to that

Unit without protest being made promptly to the Person presiding over the meeting by any of the other Unit Owners of the Unit.

(b) Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one Person each Unit Owner of the Unit may vote or register protest to the casting of votes by the other Unit Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the Person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date unless it provides otherwise.

6. Security Interest Holders. Each Security Interest Holder shall have the right to designate a representative to attend all meetings of Members.

ARTICLE IV - EXECUTIVE BOARD

1. Number. The affairs of this Association shall be managed by an Executive Board of five (5) directors.

2. Term of Office.

(b) The Unit Owners shall elect an Executive Board, at least a majority of whom must be Units Owners or designated representatives of Unit Owners.

(c) At the first annual meeting of the Association held subsequent to transfer of control of the Association to the Unit Owners, the Members shall elect one director for a term of one year, two directors for a term of two years, and two directors for a term of three years, and at each annual meeting thereafter the Members shall elect the same number of directors whose terms are expiring at the time of each election, for terms of three years.

3. Removal. The Unit Owners, by a two-thirds (2/3) vote of all Persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present may remove any members of the Executive Board with or without cause. In the event of death, resignation or removal of a director, his or her successor shall be selected by a majority of the remaining members of the Executive Board, whether or not such remaining members constitute a quorum, and shall serve for the unexpired term of the director being replaced.

4. Compensation. No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

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 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

1. Nomination. Nomination for election to the Executive Board may be made by a Nominating Committee if such a Committee is appointed, from time to time, by the Executive Board. Nominations may also be made from the floor at any Member meeting.

2. Election. Election to the Executive Board 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 persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI - MEETINGS OF EXECUTIVE BOARD

1. Regular Meetings. Regular meetings of the Executive Board shall be held not less often than 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.

2. Special Meetings. Special meetings of the Executive Board 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.

3. Quorum: Actions of Executive Board. A quorum is deemed present throughout any meeting of the Executive Board if Persons entitled to cast fifty percent (50%) of the votes on the Executive Board are present at the beginning of the meeting. 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 Executive Board.

ARTICLE VII - POWERS AND DUTIES OF THE EXECUTIVE BOARD

1. Powers. The Executive Board shall have power to:

A. adopt and publish Rules and Regulations governing the use of the Units, the Common Interest Community, 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 Common Elements 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 sixty (60) days, for infraction of published Rules and Regulations;

C. enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description. The following contracts and leases, if entered into before the Executive Board elected by the Unit Owners pursuant to Article IV, Section 2 , of these Bylaws takes office, may be terminated without penalty by the Association at any time after the Executive Board elected by Unit Owners pursuant to Article IV, Section 2 takes office upon not less than ninety (90) days notice to the other party:

i. any management contract or employment contract;
ii. any other contract of lease
iii. any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing.

D. exercise for the Association all powers, duties and authority vested in or delegated to the 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 Executive Board to be vacant in the event such member shall be absent from two (2) regular meetings of the Executive Board 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.

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

A. cause to be kept a 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 Unit Owners entitled to cast at least one-fourth (1/4) of the votes at such meeting;

B. supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

C. as more fully provided in the Declaration, to:

i. determine the amount of the annual assessment against each Unit, from time to time, in accordance with the Association budget, and revise the amount of the annual assessment if such budget is rejected by the Unit Owners; and,

ii. foreclose the lien against any Unit for which assessments are not paid within one hundred eighty (180) days after the due date, or bring an action at law against the Owner 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 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 persons 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, repair and/or reconstruction of certain parcels of real property, improvements and landscaping, as more fully provided in the Declaration; and

G. keep financial records sufficiently detailed to enable the Association to comply with the requirement that it provide statements of unpaid assessments. All financial and other records shall be made reasonably available for examination by any Unit Owner and such Unit Owner's authorized agents.

Any of the aforesaid duties may be delegated by the Executive Board to any other person(s) or to the managing agent.

3. Limitation of Powers. The Executive Board may not act on behalf of the Association to amend the Declaration, to terminate the Common Interest Community or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of Executive Board members, but the Executive Board may fill vacancies in its members for the unexpired portion of any term.

ARTICLE VIII - RIGHTS OF THE ASSOCIATION

The 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

1. Enumeration of Offices. The officers of this Association May be a president and vice-president, a secretary, a treasurer, and such other offices as the Board may from time to time by resolution create.

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

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

4. Special Appointments. The Executive Board 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.

5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Executive Board. Any officer may resign at any time by giving written notice to the Executive 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.

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

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.

8. Duties. The duties of the officers, which are delegable to other persons or the managing agent, are as follows:

A. President: The president shall preside at all meetings of the Executive Board and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgage, deeds and other written instruments; and shall co-sign

or authorize a designated agent to co-sign promissory notes and checks of the Association.

B. Vice-President: 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 Executive Board.

C. Secretary: The secretary or a designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Executive Board and of the Members; ; shall serve notice of meetings of the board and of the Members; shall keep appropriate

current records showing the names of the Members together with their addresses; shall prepare, execute, certify and record amendments to the Declaration on behalf of the Association; and shall perform such other duties as required by the Board.

D. Treasurer: 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 Executive Board; 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 at the completion of each fiscal year or, at the option of the Executive Board, an annual review or audited financial statement may be required; and shall prepare an annual budget to be presented to the membership, and deliver a copy of each to the Members.

E. Any officer of the association may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE X - COMMITTEES

The Executive Board of the Association shall appoint an Architectural Review Committee, subject to the provisions of the Declaration, and may appoint a Nominating Committee. In addition, the Executive Board may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE XI - BOOKS AND RECORDS

The Association shall make available to Unit Owners 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 - AMENDMENTS

Subject to the limitations that the Executive Board may not act on behalf of the Association to amend the Declaration to terminate the Common Interest Community or to elect members of the Executive Board or determine the qualifications, powers, duties or terms of Executive Board members, these Bylaws may be amended, at regular or special meeting of the Members, by a vote of a majority of the votes of a quorum of Members present in person or by proxy.

ARTICLE XIII - 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 Articles of Incorporation shall control.

ARTICLE - 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 provided for acts constituting gross negligence, not 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 of every year, except that the first fiscal year shall begin on the date of incorporation.