

**BYLAWS OF
THE CARRIAGES AT CHARLESTON PLACE
HOMEOWNERS ASSOCIATION**

The following Bylaws correctly set forth the provisions of the Bylaws of THE CARRIAGES AT CHARLESTON PLACE HOMEOWNER'S ASSOCIATION and were duly adopted pursuant to the Colorado Non-Profit Corporation Act:

Article I - Name and Location

The name of the corporation is THE CARRIAGES AT CHARLESTON PLACE HOME OWNER'S ASSOCIATION hereinafter referred to as the "Association". The principal office of the corporation shall be located at 888 Garden of the Gods Road, Suite 200, Colorado Springs, Colorado 80907, but meetings of members and Directors may be held at such places within the County of El Paso as may be designated by the Board of Directors, which shall also be known and referred to sometimes herein as the "Board".

Article II - Definitions

All terms which are defined in the Declaration of Covenants, Conditions and Restrictions of The Carriages at Charleston Place (hereinafter called the "Declaration" and incorporated herein by this reference shall have the same meaning herein.

Article III – Meetings of Members

Section 3.3 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 Owners of Lots to which at least twenty percent (20%, or 16 members), of the votes (based upon Proportionate Interests) in the Association are attached.

Section 3.4 Notice of Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary shall cause notice 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 Board.

Section 3.5 Action Taken Without Meeting. Notwithstanding any provision to the contrary, any action required or permitted to be taken at any meeting of Members may be taken without a meeting, prior notice or a vote, if a consent in writing, setting forth the action so taken is signed by all of the Members.

Section 3.6 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, thirty percent (30%, or 24 proxies) of the votes (based upon Proportionate Interest) in the Association 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 other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 3.7 Proxies.

If only one of the multiple Owners of a Lot is present at a meeting of the Association, such Owner is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the Owners, unless the Declaration expressly provides otherwise. There is majority agreement if anyone of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

Votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the

casting of votes by the other Owners of the Lot through a duly executed proxy. A Lot 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 months after its date, unless it provides otherwise.

Section 3.8 Majority of Members. As used in these Bylaws, the term "majority of Members" shall mean Owners of Lots to which at least fifty-one percent (51%) of the votes (based upon Proportionate Interest) are attached, based upon those Members present at a meeting containing a quorum. An affirmative vote of a majority of the Members present, in person or by proxy, shall be required to transact the business of the meeting and shall be valid and binding upon all Members.

Section 3.9 Order of Business. The order of business at all meetings of the Members shall be as determined by the Board.

Article IV - Board Of Directors, Selection, Term Of Office

Section 4.1 Number. The property, business and affairs of the Association shall be managed by a Board of Directors. The initial Board of Directors shall be composed of three (3) Directors, who shall be appointed by the Declarant. During the Period of Declarant Control, the three (3) Directors shall be elected and serve as provided in Section 3.3 of the Declaration. At each annual meeting after the Period of Declarant Control, the number of Directors and their terms of office may be increased or decreased by an affirmative vote of a majority of Members at any annual meeting, but such changes shall not be effective until the next annual meeting.

Section 4.2 Term of Office. At the first annual meeting after the Period of Declarant Control, the Members shall elect at least one-half (1/2, or 3) of the Directors for one-year terms, and the remainder (2) of the Directors for two-year terms, and at each annual meeting thereafter, the Members shall elect the same number of Directors as there are Directors whose terms are then expiring, for terms of two years, subject to any increase in that number as provided in Section 4.1 above.

Section 4.3 Resignation. Any Director may resign at any time by giving written notice of such resignation to the President or the Secretary. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by such officer. In the event of death or resignation of a Director, his successor shall be selected by a majority of the remaining Directors and shall serve for the unexpired term of his predecessor.

Section 4.4 Removal. Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Members, by a sixty-seven percent (67%, or 54 members) vote (based upon Proportionate Interest) of all Members present and entitled to vote at any meeting of the Members at which a quorum is present, may remove any Director with or without cause, other than a Director appointed by the Declarant. In the event of removal of a Director, his successor shall be elected by a majority of the Directors present at such meeting and shall serve for the unexpired term of his predecessor.

Section 4.5 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 4.6 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

Section 5.1 Nomination. After the termination of the Period of Declarant Control, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nomination 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 two 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 of Directors as it shall, in its discretion, determine but not less than the number of vacancies that are to be filled.

Section 5.2 Election. After the termination of the Period of Declarant Control, 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 persons receiving the largest number of votes (based upon Proportionate Interest) shall be elected. Cumulative voting is not permitted.

Article VI - Meetings Of Directors

Section 6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held with such frequency and at such times and places as shall be determined by a majority of the Directors. Notice of regular meetings of the Board of Directors shall be given to each Director personally or by mail, telephone or telegraph, at least seven (7) days prior to the day named for such meeting.

Section 6.2 Organizational Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the Members shall be held within ten (10) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 6.3 Special Meetings. Special meetings of the Board of Directors may be called by the President of the Association, or by any two or more Directors, upon three days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, the place and the purpose of the meeting.

Section 6.4 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 6.5 Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board, there is less than a quorum present, those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Article VII – Powers And Duties Of The Board Of Directors

Section 7.1 Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations and to establish penalties for the infraction thereof. A rule or regulation

Section 7.2 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 to 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-fifth (1/5) of the Members who are entitled to vote (based upon Proportionate Interest);

(b) provide such supervision of all officers, agents and employees of this Association as the Board deems reasonably necessary and appropriate;

(c) as more fully provided in the Declaration to fix the amount of the assessments and charges against each Lot and to collect such assessments and charges by the rights and remedies set forth in the Declaration or as provided by law or statute.

(d) issue, or to cause an appropriate officer to issue, a certificate as provided in the Declaration 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.

(e) procure and maintain adequate liability and hazard insurance on the property owned by the Association, insure and keep insured all of the insurable Common Area facilities in

an amount equal to the maximum replacement value for the benefit of all Lot Owners and their First Mortgagees and procure and maintain all other insurance permitted or required by the Declaration;

(f) cause all officers or employees having fiscal responsibilities to furnish adequate fidelity insurance or bonds as required by the Declaration. The premiums on such insurance or bonds shall be a common expense as may be deemed appropriate by the Board;

(g) fulfill all obligations of the Board under the Declaration and cause the Common Area and Maintenance Area to be maintained and to make repairs, additions, alterations and improvements in the manner consistent with the Declaration;

(h) establish a bank account or accounts in a governmentally insured depository for the common treasury and for all separate funds which are required or may be deemed advisable and to keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit its examination thereof at any reasonable time by each of the Lot Owners, and to cause an annual accounting for association funds and a financial statement to be prepared and presented to the Association by the Managing Agent, a public accountant, or a certified public accountant. All persons or Managing Agent shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other persons or Managing Agent and shall maintain all reserve accounts of each association so managed separate from operational accounts of such Association.

(i) Meet as often as the Board deems reasonable and appropriate.

Section 7.3 No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the Articles of Incorporation, the Bylaws or rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors, the Association or any Member shall have the right to enforce the same thereafter.

Article VIII - Officers And Their Duties

Section 8.1 Enumeration of Offices. The officers of the Association shall be a President and a Vice-President, both of whom shall at all times be members of the Board of Directors, and a Secretary and a Treasurer, and such other officers as the Board of Directors shall, from time to time, elect. The office of Treasurer and Secretary may be held by the same person. The offices of Secretary and Treasurer need not be held by Members of the Board of Directors.

Section 8.2 Election of Officers. The initial officers shall serve until the Period of Declarant Control terminates; thereafter, the election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 8.3 Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4 Special Appointments. The 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.

Section 8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. 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 8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7 Duties. The duties of the officers are as follows:

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign on behalf of the Association all leases, mortgages, deed and other written instruments and shall co-sign all checks, unless performed by the Managing Agent, and promissory notes. Further, he shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint committees from among the owners from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

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

(d) Except to the extent performed by any Managing Agent, the Treasurer shall receive and deposit in appropriate governmentally insured accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual accounting to be made as set forth in Section 7.2 above; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent not less often than once each calendar quarter.

(e) The President and the Secretary may prepare, execute, certify and record amendments to the Declaration, Articles of Incorporation and Bylaws on behalf of the Association following their adoption as provided therein.

Article IX - Officers And Directors As Agents Of Association

Contracts or other commitments made by the Board of Directors or officers shall be made as agent for the Association, and they shall have no personal responsibility on any such contract or commitment. The Directors and officers shall have all exemptions and rights provided by law and statute, and the Association shall indemnify them from any and all liabilities and expenses, which are related to their official rights and duties, to the fullest extent provided by law and statute, except and excluding any sums covered or paid by insurance.

Article X - Committees

The Board of Directors may appoint such committees as deemed appropriate in carrying out its purpose, including, without limitation, an architectural control committee, which may be the Board itself.

Article XI - Books And Records

The Association shall make available to Owners and Mortgagees, current copies of the Declaration, Bylaws, other rules concerning the Project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. If the Project contains fifty (50) or more Lots, the Association shall provide an audited, annual financial statement to any First Mortgagee making a written request for it and without expense to such First Mortgagee. If the Project contains less than fifty (50) Lots, the holders of fifty-one percent (51 %) or more of First Mortgagees shall be entitled to have an audited financial statement prepared at their expense if one is not otherwise available; said financial statement shall be furnished within a reasonable time following such request.

Article XII - Assessments

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If any assessment is not paid when due, the Association may impose an administrative fee not to exceed a sum set forth in the rules and regulations. If any assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and/or may foreclose the lien against the property, and/or exercise any other rights or remedies, and in the event of any delinquency the Association shall be entitled to collect interest on the assessments above provided, and a reasonable attorney's fee, together with the expenses and costs of collection.

Article XIII - Corporate Seal

The Association shall have a seal in circular form having within its circumference the words:

The Carriages at Charleston Place Homeowner's Association.

Article XIV - Amendments

Section 14.1 The Association's Articles of Incorporation or these Bylaws, or both, may be amended, at a regular or special meeting of the Members, with a quorum present, by a vote of Owners of Lots to which at least sixty-seven percent (67%, or 54 members) of the votes (based upon Proportionate Interest) in the Association are attached, present in person or by proxy, except that any amendments shall require the prior written approval of the Federal Housing Administration or the Department of Veterans Affairs so long as there is the Period of Declarant Control. The Declarant reserves the right, until the Period of Declarant Control is terminated, subject to the written approval of the Department of Veterans Affairs, but without the vote of the Owners, to make amendments to the Association's Articles of Incorporation or these Bylaws, or both, as may be approved in writing by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration or Department of Veterans Affairs so as to induce any of such organizations to make, purchase, sell, issue, or guarantee First Mortgages in the Project, or as may be necessary to correct typographical errors or make clarifications.

Section 14.2 In the case of any conflict between the Articles of Incorporation and Declaration Articles of Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

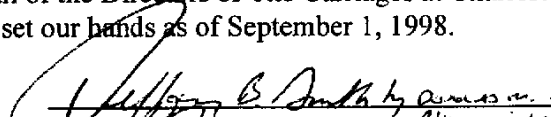
Article XV - Restrictions And Mandatory Arbitration


Notwithstanding any other provision contained in these Bylaws, in any action by a Member against the Association or the Declarant or by the Association against the Declarant, the Declarant and the Association, as applicable, shall have the right to require that such dispute be submitted to binding arbitration before the Judicial Arbitrator Group (or if the Judicial Arbitrator Group is no longer in existence, then before the American Arbitration Association). The arbitrator's decision will be final and binding upon the parties and result in final resolution of the disputed items between the parties. The decision of the arbitrator shall not be appealable, except as provided for under C.R.S. 13-22-201 et seq. In any such arbitration (or litigation if the right to arbitrate is waived or deemed waived), the parties shall be deemed to have waived the right to claim damages for any of the following matters: (i) for emotional distress or pain and suffering, (ii) for inconvenience, temporary housing and moving expenses, (iii) for loss of use, loss of opportunity, loss of market value or loss of rental value, (iv) for any types of consequential damages and (v) for punitive or exemplary damages, made by the parties shall be deemed to have waived and hereby waived their right to a trial by jury in any matters described in this Article XV. In addition, before any action may be instituted by the Association against the Declarant, two-thirds of the Members of the Association must approve of such action.

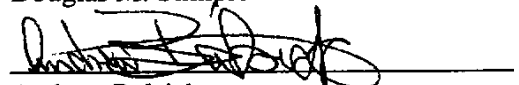
Article XVI - Miscellaneous

Unless the Board otherwise determines, the fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of 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 The Carriages at Charleston Place Homeowner's Association, have hereunto set our hands as of September 1, 1998.


Jeffrey B. Smith *Attorney-in-Fact*


Douglas M. Stimple


Andrew Balsick

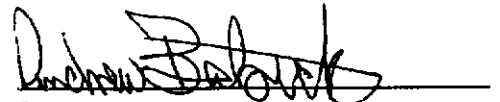
Certification

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of The Carriages at Charleston Place Homeowner's Association, a Colorado non-profit corporation, and,

That the foregoing Bylaws constitute the original Bylaws of said Corporation, as duly adopted at a meeting of the Board of Directors thereof, held on the *20th day of September, 1999*.

IN WITNESS THEREOF, I have subscribed my name and affixed the seal of said Association this 20th day of September, 1999.


Secretary

**First Amendment To Bylaws Of
The Carriages At Charleston Place Homeowner's Association**

The Bylaws of The Carriages at Charleston Place Homeowner's Association, a Colorado corporation (the "Company"), are hereby amended by a vote of all of the Directors of the Company as follows:

Section 4.1 of Article IV shall be amended in its entirety to read as follows:

Section 4.1 Number. The property, business and affairs of the Association shall be managed by a Board of Directors. The initial Board of Directors shall be composed of at least three (3) but not more than nine (9) Directors, who shall be appointed by the Declarant. During the Period of Declarant Control, the Directors shall be elected and serve as provided in Section 3.3 of the Declaration. At each annual meeting after the Period of Declarant Control, the number of Directors and their terms of office may be increased or decreased by an affirmative vote of a majority of Members at any annual meeting, and such changes shall be effective as of the date hereof.

If any of the above changes shall conflict with any other paragraph of the Bylaws, the terms and conditions of this First Amendment to Bylaws shall control. In all other respects the Bylaws shall remain intact and unchanged. and this First Amendment to Bylaws is hereby made a part thereof.

IN WITNESS WHEREOF, Douglas M. Stimple, Andrew Balsick and Jim Mills, being the directors of The Carriages at Charleston Place Homeowner's Association, do hereby adopt the foregoing First Amendment to Bylaws of the Corporation effective as of May 8, 2001.



Douglas M. Stimple

Andrew Balsick

Jim Mills