

BY-LAWS
OF
FOREST HAUS CONDOMINIUM OWNERS ASSOCIATION

The name of the organization shall be Forest Haus Condominium Owners Association.

ARTICLE ONE - OBJECT

1.1 This non-profit Association is formed to govern that certain condominium property situate in Breckenridge, County of Summit, State of Colorado, described in the Condominium Declaration for Forest Haus Condominiums, as recorded in the real property records of said County of Summit, as such Declaration may be amended from time to time.

1.2 All present or future owners, tenants, future tenants, or any other person that may use the facilities of the condominium project in any manner are subject to these By-Laws. The taking of title to any of the condominium units shall constitute the agreement of the owner that these By-Laws are accepted, ratified, and will be complied with by said owner or any person occupying or using any condominium unit or facility with the owner's permission or at his sufferance.

ARTICLE TWO - MEMBERS

2.1 Membership. Any person on becoming an owner or part owner of a condominium unit shall become a member of this Association and be subject to these By-Laws. Such membership shall terminate whenever such person ceases to own any interest in a condominium unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred to the Association during the period of such ownership and membership in this Association, or impair any rights or remedies of the Board of Directors of the Association or others.

2.2 Voting. Each condominium unit, regardless of the number of owners of such unit, shall be entitled to cast one vote per unit on any question submitted to a vote of the members of the Association. The one vote per condominium unit may not be split or partially voted. Unless otherwise provided in the Condominium Declaration, the Articles of Incorporation of the Association or in these By-Laws, or required by law, the affirmative vote of a majority of the condominium units represented at a meeting of the members at which a quorum is present shall be the act of the members.

2.3 Annual Meeting. The annual meeting of the Association shall be held in December of each year, at a time and place to be designated by the Board of Directors prior to December 20, provided, however, that the first Annual Meeting shall be held at a time and place to be designated by American Pacific Companies; such meeting shall not be held until twenty condominium units have been conveyed from American Pacific Companies to a bona fide purchaser for value. If the election of directors shall not be held on the day designated for any annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

2.4 Special Meetings. Special meetings of the members may be called at any time by the President, or by resolution of the Board of Directors or upon a petition signed by at least 33-1/3% of the members entitled to vote at such meeting as such voting members are determined pursuant to paragraph 8.3 of these By-Laws.

2.5 Place of Meeting. The Board of Directors may designate any place, either within or outside Colorado, as the place for any annual meeting or for any special meeting.

2.6 Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or persons calling the meeting, to each member of record. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

2.7 Quorum. Members or their proxies entitled to represent the vote of six condominium units shall constitute a quorum at a meeting of the members.

ARTICLE THREE - BOARD OF DIRECTORS

3.1 Management. Management of the business and affairs of this Association shall be controlled by the Board of Directors. In addition to powers and duties granted by the Articles of Incorporation and these By-Laws, the Board of Directors may exercise all such powers and perform all such acts as are not prohibited by law, by the Articles of Incorporation or by these By-Laws as may be necessary for the administration of the affairs of the Association, including, but in no way limited to, the following:

3.1.1 To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Condominium Declaration and supplements thereto submitting the properties to the provisions of the Condominium Ownership Act of the State of Colorado.

3.1.2 To establish, make and enforce compliance with such reasonable house rules as may be necessary for the operation, rental, use and occupancy of all of the condominium properties with the right to amend same from time to time.

3.1.3 To keep in good order, condition and repair all of the general and limited common elements.

3.1.4 To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the owners towards the gross expenses of the entire premises and condominium project and to adjust, decrease or increase the amount of the monthly assessments and to levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies.

3.1.5 To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these By-Laws.

3.1.6 To protect and defend the entire premises from loss and damage by suit or otherwise.

3.1.7 To enter into contracts.

3.1.8 To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable.

3.1.9 To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the owners.

3.1.10 Through a Managing Agent to designate the personnel necessary for the maintenance and operation of the general common elements.

3.1.11 To control and manage the use of the parking area and the assignment of parking spaces.

3.2 Number, Tenure, and Qualification. The Board of Directors shall consist of four members, to serve three-year terms, except the initial board shall have staggered terms. Two members of the initial Board shall be elected to serve a one-year term, one to serve a two-year term, and one to serve a three-year term. Directors shall be elected at the annual meeting of members. The directors of the Association shall be members of the Association throughout their tenure.

3.3 Resignation or Removal. Directors may resign at any time by tendering a written resignation to the Board of Directors. Such resignation shall take effect at the time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the remaining members of the Board of Directors.

3.4 Vacancies in Office. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining members of the Board of Directors, whether or not a quorum, as defined in Section 8 herein, shall be present at the meeting of the Board at which such vacancies are filled. Persons filling vacancies created shall serve the unexpired term of the vacancy filled. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting of members or at a special meeting of members called for that purpose.

3.5 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide, by resolution, the time and place, either within or outside Colorado, for the holding of additional regular meetings without other notice than such resolution.

3.6 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or outside Colorado, as the place for holding any special meeting of the Board of directors called by them.

3.7 Notice. Notice of any special meeting shall be given at least three days previously thereto by oral notification or by written notice delivered personally or mailed to each director at his business address, or by notice given at least two days previously by telegraph. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. 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 express 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 need be specified in the notice or waiver of notice of such meeting.

3.8 Quorum. A majority of the number of directors fixed by Section 2 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

3.9 Manner of Acting. 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.

3.10 Committees. The Board of Directors may by resolution adopted by a majority of the directors in office create or dissolve such standing, special and advisory committees as it deems necessary.

3.11 No Waiver of Rights. The omission or failure of the Association or any condominium unit owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Condominium Declaration, the By-Laws or the regulations and house rules adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors or the Managing Agent shall have the right to enforce the same thereafter.

3.12 Performance of Functions by Developer. Until the date of the first annual meeting of the Association as is provided in Section 2.3 of Article Two, the Board of Directors shall be controlled by American Pacific Companies by its election of all members of the Board.

ARTICLE FOUR - OFFICERS

4.1 Designation. The officers of the Association shall be a President, a Vice-President, a secretary-Treasurer, all of whom shall be elected by and from the Board of Directors, and such assistant officer positions as the Board of Directors may, from time to time, direct be filled. The holder of an assistant officer position need not be a member or condominium unit owner or Board member.

4.2 Election and Term of Office. The officers shall be elected by the Board of Directors at its first regular meeting following the annual meeting of the Association, and shall hold office for one year and until their successors have been duly elected and qualified.

4.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

4.4 Duties and Authority. The officers of the Association shall have such authority and duties as from time to time may be determined by the Board of Directors, including but not limited to the following.

4.4.1 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees, except as is otherwise provided in these By-Laws, from among the owners from time to time as he may in his discretion decide is appropriate.

4.4.2 Vice President. The Vice-President shall have all the powers and authority and perform all the function and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties.

4.4.3 Secretary. The Secretary shall keep all the minutes of the meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their registered mailing addresses. Such list shall also show opposite each member's name the number of the unit owned by such member. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

4.4.4 Treasurer. The Treasurer shall periodically cause to be furnished to him a copy of receipts and disbursements in proper accounting form. The Treasurer may delegate the responsibility for the deposit of all monies and all valuable effects to the Managing Agent, and the Treasurer, from time to time, shall review such deposits.

ARTICLE FIVE - INDEMNIFICATION OF OFFICERS, DIRECTORS AND MANAGING AGENT

5.1 Indemnification. The Association shall indemnify every director, officer, managing agent, their respective successors, personal representatives and heirs, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or managing agent of the Association, except as to matters as to which he 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 Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director, officer or managing agent in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director, officer or managing agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article Five contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit who is or has been a director or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Condominium Declaration.

5.2 Other. Contracts or other commitments made by the Board of Directors, officers or the managing agent shall be made as agent of the condominium unit owners, and such agent shall have no personal responsibility

on any such contract or commitment (except as a condominium unit owner), and the liability of any unit owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereof as the common interest of each unit owner bears to the aggregate common interest of all of the condominium unit owners, except that any losses incurred by the Association because of its inability to collect such proportionate share of the total liability from a particular member shall be shared proportionately by the other members.

ARTICLE SIX - OBLIGATIONS OF THE OWNERS

6.1 Assessments. All owners shall be obligated to pay when due the monthly assessments imposed by the Association to meet all of the expenses incurred by this Association. A member shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of members, within the meaning of these By-Laws, if and only if he shall have fully paid all assessments made or levied against him and the condominium unit owned by him.

6.2 Notice of Lien or Suit. An owner shall give notice to the Association of every lien or encumbrance upon his condominium unit, other than for taxes and special assessments, and notice of every suit or other proceeding which may affect the title to his condominium unit, and such notice shall be given within five days after the owner has knowledge thereof.

6.3 Maintenance and Repair.

6.3.1 All maintenance and repairs of interior nonsupporting walls and the finished surface of perimeter and supporting walls, ceilings and floors, of internal installations within the apartment unit such as water, light, gas, power, sewage, telephone, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures, including furniture and other items of personal property, shall be at the unit owner's expense.

6.3.2 An owner shall be obligated to reimburse the Association or another condominium unit owner promptly upon receipt of a statement for any expenditures incurred by the Association or other unit owner or both in repairing, replacing or restoring any general common element or the interior or any part of a unit damaged as a result of his negligence or the negligence of his tenants or agents.

6.4 Mechanic's Lien. Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of mechanic's lien filed against other apartment units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's apartment unit.

6.5 General.

6.5.1 Each owner shall comply strictly with the provisions of all legal and other documents affecting his unit and the general common elements, including these By-Laws.

6.5.2 Each owner shall always endeavor to observe and promote the cooperative purposes for which the condominium improvements were built.

6.6 Use of Units - Internal Changes.

6.6.1 All units shall be utilized only for residential occupancy by the owner, his family and guests and by persons renting the units from the owner.

6.6.2 An owner shall not make structural modifications or alterations to his unit or installations located therein without previously notifying the Association in writing through the Managing Agent, or through the President of the Association. The Association shall have the obligation to answer within ten days after such notice, and failure to do so within such time shall mean that there is no objection to the proposed modification or alteration.

6.7 Use of General Common Elements and Limited Common Elements. Each owner may use the general common elements and the limited common elements of the completed condominium project in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners.

Each owner shall be entitled to the use of those parts of the general common elements such as walks and other such facilities, all of which are intended to enhance the utility and value of each of the condominium units in the condominium project; subject however to the rules and regulations established or to be made with the right to amend same from time to time.

6.8 Right of Entry.

6.8.1 An owner shall grant the right of entry to the Managing Agent or to any person authorized by the Board of Directors in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

6.8.2 An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

ARTICLE SEVEN - AMENDMENTS TO BY-LAWS

These By-Laws may be amended by a majority vote of all the owners of condominium units at a duly constituted meeting if express notice of such purpose shall be timely given.

ARTICLE EIGHT - EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND PROXIES

8.1 Proof of Ownership. Any person on becoming an owner of a condominium unit shall furnish to the Board of Directors a photocopy or a certified copy of the recorded instrument vesting that person with an interest or ownership which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or at a special meeting of members unless this requirement is first met.

8.2 Registration of Mailing Address. The owners of each condominium unit shall have one and the same registered mailing address to be used by the Managing Agent or the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association, or other legal entity or any combination thereof to be used by the Association. Such registered address of an owner or owners shall be furnished by such owners to the Secretary within five days after transfer of title, such registration shall be in a written form and signed by all of the owners of the condominium unit or by such persons as are authorized by law to represent the interests of (and of) the owners thereof.

8.3 Proxies. If title to a condominium unit is held by more than one person or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such owners shall execute a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings of members and thereat to cast whatever vote the owner himself might cast if he were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that within thirty days after such revocation, amendment or termination, the owner shall reappoint and authorize one person or alternate persons to attend all annual and special meetings as is provided by this Section 8.3. The requirements herein contained in this Article Eight shall be first met before an owner shall be deemed in good standing and entitled to vote at any annual or special meeting of members. If title to a condominium unit is held by only one person, such owner may execute a proxy for the same purposes and upon the same terms and conditions as are set forth in this Section 8.3; provided, that nothing herein shall be construed to prohibit such owner from voting in person at any annual or special meeting of members.

ARTICLE NINE - ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS

The violation of any rule or regulation adopted by the Board of Directors, or the breach of any By-Law, or the breach of any provisions of the Declaration, shall give the Board of Directors or the Managing Agent the right, in addition to any other rights set forth therein, (a) to enter the unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespass or any other civil or legal violation, (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE TEN - NON-PROFIT STATUS

This Association is not organized for profit. No member, member of the Board of Directors or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors; provided, however, always (1) that reasonable compensation may be paid to any member or manager while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member or manager may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE ELEVEN - EXECUTION OF INSTRUMENTS

The persons who shall be authorized to execute any and all instruments of conveyance under the provisions of the Declaration shall be the President and the Secretary of the Association.

ARTICLE TWELVE - BENEFICIARIES OF DEEDS OF TRUST

Condominium unit owners shall have the right irrevocably to constitute and appoint the beneficiary of a trust deed their true and lawful attorney to vote their unit membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominee any and all rights, privileges and powers that they may have as unit owners under the Certificate of Incorporation and By-Laws of this Association or by virtue of the recorded Condominium Declaration. Such proxy shall become effective upon the filing of notice by the beneficiary with the Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Association, the Managing Agent or the unit owners to carry out their duties as set forth in the Condominium Declaration. A release of the beneficiary's deed of trust shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve condominium unit owners, as mortgagors, of their duties and obligations as condominium unit owners or to impose upon the beneficiary of the deed of trust the duties and obligations of a unit owner.

19____. IN WITNESS WHEREOF, the undersigned have hereunto set their hands this _____ day of _____.

BOARD OF DIRECTORS:

KNOW ALL MEN BY THESE PRESENTS: That the undersigned Secretary of the Association does hereby certify that the above and foregoing By-Laws were duly adopted by the directors of said Association as the By-Laws of said Association on the _____ day of _____, 197____, and that they do now constitute By-Laws of said Association.

ATTEST:

Secretary

EXHIBIT A

A parcel of land and improvements situated thereon lying wholly within the Hermit Placer, U.S. Mineral Survey No. 13661, Section 31, Township 6 South and Section 6, Township 7 South, Range 77 West of the 6th Principal Meridian, situate in the Town of Breckenridge, County of Summit and State of Colorado, and more particularly described as follows:

Beginning at Corner No. 9 of said Hermit Placer, which point is in fact the true point of beginning, thence N. 83°25'00" E. 72.12 feet along the line 9-1 of said Hermit Placer, thence S. 10°00'00" E. 300.00 feet along the Westerly Right of Way line of High Street, thence S. 83°25'00" W. 72.12 feet, thence N. 10°00'00" W. 300.00 feet along line 8-9 of said Hermit Placer to the true point of beginning.