

BY-LAWS  
OF  
THE RIVERWALK VILLAGE MARKET BUILDING  
CONDOMINIUM ASSOCIATION, INC.  
(A Colorado Non-Profit Corporation)

In compliance with the requirements of the Colorado Nonprofit Corporation Act (the "Act"), THE RIVERWALK VILLAGE MARKET BUILDING CONDOMINIUM ASSOCIATION, INC. (a Colorado non-profit corporation hereinafter referred to as the "Association") adopts the following By-Laws for the Association.

ARTICLE I

NAMES, PRINCIPAL OFFICE AND DEFINITIONS

Section 1. Name. The name of the Association shall be THE RIVERWALK VILLAGE MARKET BUILDING CONDOMINIUM ASSOCIATION, INC.

Section 2. Principal and Business Offices. The principal office of the Association shall be located at Post Office Box N, Edwards, Colorado 81632. The Association may have such other offices, either within or outside the State of Colorado, as the Board may designate or as the business of the Association may require from time to time.

Section 3. Registered Office. The registered office of the Association, required by the Law of Colorado to be maintained in the State of Colorado, may be changed from time to time by the Board, subject to the applicable corporation Law of Colorado.

Section 4. Definitions. The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions and Restrictions for the Association (the "Declaration"), as it may be amended from time to time, unless the context shall otherwise require.

ARTICLE II

ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 1. Membership. The Association shall have one class of membership, based upon the ownership of condominium units.

Section 2. Time and Place. Any meeting of the Association may be held at such time and place, within or outside of the State of Colorado, as may be fixed by the Board or as shall be specified in the notice of the meeting or waiver of notice of the meeting. In the absence of any such designation, Association meetings shall be held at the principal office of the Association.

Section 3. Annual Meeting. The annual meeting of the Association shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur at least ninety (90) but not more than one hundred and twenty (120) days before the close of the Association's fiscal year on a date and at a time set by the Board. The purpose of the annual meeting shall include the electing of officers and the transaction of such other business as may come before the meeting.

Section 4. Special Meetings. Special meetings of the Association, for any purpose, unless otherwise prescribed by statute, may be called by the president or by a majority of the Board, and shall be called by the secretary at the request of the holders of not less than one-tenth of all the outstanding interest/shares of the Association entitled to vote at the meeting.

Section 5. 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 (10) nor more than fifty (50) 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 the Association entitled to vote at such meeting. The notice of a special meeting shall, in addition, state the purpose thereof. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Association member at his address as it appears in the official books and records of the Association, with postage thereon prepaid. If delivered personally, such notice shall be deemed to be delivered when handed to the Association member (not any tenant) or deposited at his address as it appears in the official books and records of the Association. If requested by the person or persons lawfully calling such meeting, the secretary shall give notice thereof, at Association expense.

Section 6. Waiver of Notice. Whenever law or these By-Laws require a notice of a meeting to be given, a written waiver of notice signed by an Association member entitled to notice, whether before, at, or after the time stated in the notice, shall be equivalent to the giving of notice. Attendance of an Association member in person or by proxy at a meeting constitutes a waiver of

notice of a meeting except where an Association member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, wither in person or by alternate, may adjourn the meeting to a time not less than five nor more than thirty (30) days from the time the original meetings was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members representing at least twenty-five percent (25%) of the total votes of the Association remain in attendance, and proved further that any action taken is approved by at least a majority of the votes required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy a majority of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 10. Proxies. At all meeting of Association members, a Member may vote by proxy executed in writing by the Member or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Association before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 11. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totalling more than fifth percent (50%) of the total number.

Section 12. Informal Action by Members. Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Association, may be taken without a meeting if a consent in writing, set forth the action so taken, shall be signed by all of the Members entitled to vote with respect to such action. Such consent shall have the same force and effect as a unanimous vote of the Members, and may be stated as such in any articles or document filed with the Secretary of the State of Colorado under the law of Colorado. Such consent may be executed in counterparts and shall be effective as of the date of the last signature thereon.

Section 13. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep minutes of the meetings and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

### ARTICLE III

#### BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by a Board, except as otherwise provided in Colorado law or the Articles of Incorporation of the Association. In case of a Member which is not a natural person, the person designated in writing to the secretary of the Association as the representative of such Member shall be eligible to serve as a director.

Section 2. Number. The number of directors of the Association in no case shall be less than three (3), unless the number of Members is less than three (3). Subject to such limitation, the number of directors shall be fixed by resolution of the Board, and may be increased or decreased by resolution of the Board, but no decrease shall have the effect of shortening the term of any incumbent directors.

Section 3. Term and Election. Directors shall be elected at each annual meeting of the Association or at a special meeting called for that purpose. Each director shall hold office until the next annual meeting of the Association and thereafter until his successor shall have been elected and qualified.

Section 4. Qualification. Directors shall be natural person of the age of eighteen (18) years or older.

Section 5. Removal and Resignation. Any director may be removed at a meeting expressly called for that purpose, with or

without cause, by a vote of the Members entitled to vote at an election of directors. Any director may resign at any time by giving written notice to the president or to the secretary, and acceptance of such resignation shall not be necessary to make it effective unless the notice so provides.

Section 6. Vacancies. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of the Association called for that purpose.

Section 7. Regular Meetings. A regular meeting of the Board shall be held without other notice than this By-Law immediately following the Annual Meeting of the Association, described in Article II, above, and at the same place as, the annual meeting of Members. The Board may provide by resolution, the time and place, either within or outside the State of Colorado, for the holding of additional regular meetings without other notice than such resolution.

Section 8. Special Meetings. Special meetings of the Board 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 may fix any place, either within or outside the State of Colorado, as the place for holding any special meeting of the Board called by them.

Section 9. Notice. Notice of a special meeting stating the date, hour and place of such meeting shall be given to each member of the Board, or committee of the Board, by the secretary, the president or the members of the Board calling the meeting. The notice may be deposited in the United States mail at least seven days before the meeting addressed to the directors at the last address furnished to the Association for this purpose. Any such notice so mailed shall be deemed to have been given at the time it is mailed. Notice may also be given at least two (2) days before the meeting in person, or by telephone, prepaid telegram, telex, cablegram or radiogram and such notice shall be deemed to have been given at the time when the personal or telephone conversation occurs, or when the telegram, telex, cablegram or radiogram is either personally delivered to the director or delivered to the last address of the director furnished to the Association by him for that purpose.

Section 10. Waiver. Any director may waive notice of any meeting. A written waiver of notice signed by a director, entitled

to notice, whether before, at or after the time stated therein, shall be equivalent to the giving of notice. 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 need be specified in the notice or waiver of notice of such meeting.

Section 11. Quorum. Except as provided herein, a majority of the number of directors shall constitute a quorum for the transaction of business at any meeting of the Board, 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. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as otherwise specifically required by law.

Section 12. 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.

Section 13. Compensation. By resolution of the Board, any director may be paid any one or more of the following: his expenses, if any, of attendance at meetings; a fixed sum for attendance at each meeting; or a stated salary as director. No such payment shall preclude any director from serving the Association in any other capacity and receiving compensation therefore, unless otherwise prohibited by law.

Section 14. Presumption of Assent. A director of the Association who is present at a meeting of the Board at which action on any Association matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 15. Attendance by Telephone. Members of the Board or any committee designated by the Board may participate in a meeting of the board or committee by means of a conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other at the same time. Such participants shall constitute presence in person at the meeting.

Section 16. Informal Action by Directors. Any action required or which may be taken at a meeting of the Board, or executive committee, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, or executive committee members, entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors, and may be stated as such in any pertinent document filed with the Secretary of State of Colorado under the law of Colorado. Such consent may be executed in counterparts and shall be effective as of the date of the last signature thereon.

Section 17. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep minutes of the meetings and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 18. Open Meetings. Subject to the provisions otherwise set forth herein, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 19. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively the membership generally.

The Board shall delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, in way of explanation, but not limitation.

(a) preparing and adopting annual budgets in accordance with the Declaration, which shall establish the contribution of each Owner to the expenses of the Association;

(b) levying assessments to defray the expenses of the Association, establishing collection methods for such assessments, and establishing the installment due dates for assessment payments;

(c) providing for the operation, care, upkeep, and maintenance of all of the General Common Elements;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the General Common Elements and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties.

(e) collecting the assessments, depositing the funds in a bank depository which is shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the director's best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the General Common Elements in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof,

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) providing to any prospective purchaser of a Unit, any owner of a Unit, and first mortgages, and the holders, insurers, and guarantors of a first mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Unit and all other books, records, and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the General Common Elements reasonably necessary to the ongoing development or operation of the Association properties.

Section 20. Management. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may contract to the managing agent or manager, subject to the Board's supervision, to perform certain functions and exercise certain powers granted to the Board by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 19, above. The Declarant, or any affiliate of the Declarant, may be employed as managing agent or manager.

Section 21. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) commencing at the end of the month in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period;

(v) a delinquency report listing all owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the fifteenth (15th) day following the due date unless otherwise specified by resolution of the Board); and

(g) an annual report consisting of at least the following shall be distributed to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis as determined by the Board, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any first mortgage on a Unit, the Association shall provide an audited financial statement.

Section 21. Borrowing. The Association, acting through the Board, shall have the power to borrow money for the purpose of maintenance, repair or restoration of the General Common Elements, or the appropriate purposes, including without limitation, financing, refinancing or repaying expenses of the Association for the purpose of modifying, improving, or adding amenities.

Section 22. Rights of the Association. With respect to the General Common Elements and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, or other owners or residents associations, both within and without the entire Riverwalk at Edwards properties. Such agreements shall require the consent of a majority of the total number of directors of the Association.

Section 23. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating owner and to suspend an owner's right to

vote or any person's right to use the General Common Elements for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations fully adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Unit. In the event that any occupant, guests or invitee of a Unit violated the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested within the allotted ten day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board (or the Covenants Committee) may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10 day period. Such suspensions shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(c) Appeal. Following a hearing before the Covenants Committee the violator shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within 30 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary, the Association, acting through the Board, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), suit at law or in equity to enjoin any violation or to recover monetary damages, or pursue any other remedy or any combination of remedies without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

#### ARTICLE IV

##### COMMITTEES

Section 1. Executive Committees. The Board, by resolution adopted by a majority of the number of directors, may designate two (2) or more directors to constitute an executive committee, which shall have and may exercise all of the authority of the Board or such lesser authority as may be set forth in said resolution. No such delegation of authority shall operate to relieve the Board or any member of the board from any responsibility imposed by law. However, no such executive or other committee shall have the authority of the Board in reference to amending the Articles of Incorporation or Declaration, adopting a plan of merger or consolidation, recommending to the Association members the sale, lease, exchange, or other dispersion of all or substantially all of the property and assets of the Association otherwise than in the usual and regular course of the business, recommending to the Association members a voluntary dissolution of the Association or a revocation thereof, or amending these By-Laws.

Section 2. Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 1, above, the Board may appoint a Covenants Committee consisting of at least three and no more than seven members. Acting in accordance with the provisions of the Declaration, these By-Laws, and Board resolutions, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 23 of Article III.

#### ARTICLE V

##### OFFICERS AND AGENTS

Section 1. General. The officers of the Association shall

be a president, one or more vice presidents, a secretary and treasurer, who shall be elected by the Board. The Board may appoint such other officers, assistant officers, committees and agents, including a chairman of the board, assistant secretaries and assistant treasurers, as they may consider necessary, who shall be chosen in such manner and hold their offices for such terms and shall exercise such powers and perform such duties as from time to time may be determined by the Board. One person may hold more than one office, except no person may simultaneously hold the offices of president and secretary. The officers of the Association shall be natural persons of the age of eighteen (18) years or older. In all cases where the duties of any officer, agent or employee are not prescribed by the By-Laws or by the Board, such officer, agent or employee shall follow the orders and instructions of the president.

Section 2. Election and Term of Office. The Board which serves as such prior to the first annual meeting of the Association members shall elect the officers of the Association. The officers of the Association shall thereafter be elected by the Board annually at each annual meeting of the Association members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first of the following to occur: until his successors shall have been duly elected and shall have qualified; or until his death, or until he shall resign; or until he shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent elected or appointed by the Board may be removed by an affirmative vote of a majority of the Board whenever in its judgment the best interests of the Association will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights. Any officer may resign at any time by giving written notice of his resignation to the president or to the secretary, and acceptance of such resignation shall not be necessary to make it effective unless the notice so provides.

Section 4. Vacancies. A vacancy in any office, however occurring, may be filled by the Board for the unexpired portion of the term.

Section 5. Compensation. Officers shall receive such compensation for their services as may be authorized or ratified by the Board. Election or appointment of an officer shall not of itself create a contrary right to compensation for service performed as such officer.

Section 6. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 7. President. The President shall, subject to the direction and supervision of the Board, be the chief executive officer of the Association and shall have general and active control of its affairs and business and general supervision of its officers, agents and employees; he shall perform all the duties commonly incident to his office and shall perform such other duties as the Board shall designate. He may execute contracts, deeds and other instruments on behalf of the Association as is necessary and appropriate, subject to Article IV, Section 12.

Section 8. Vice President. The vice-president, or, if there shall be more than one, the vice-presidents in the order determined by the Board, shall be the officers next in seniority after the president. The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the Board. In the absence, death or disability of the president, the vice-president or if there shall be more than one, the vice-presidents, in the order determined by the Board, shall have the powers and perform the duties of the president.

Section 9. Secretary. The secretary shall: (a) keep the minutes of the proceedings of the Association members, executive committee and the Board; (b) see that all notices are duly given in accordance with the provision of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board; (d) keep at its principal place of business within or outside of Colorado a record containing the names and addresses of all Association members and the Unit ownership and voting rights held by each; (e) file reports to governmental agencies, other than the tax return; and (f) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

Section 10. Treasurer. The treasurer shall be the principal financial officer of the Association and shall have the care and

custody of all funds, securities, evidence of indebtedness and other personal property of the Association and shall deposit same in accordance with the instructions of the Board. He shall be responsible for preparation and filing of tax returns. He shall receive and give receipts and acquittances for money paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls, and other just debts of the Association of whatever nature upon maturity. He shall perform all other duties incident to the office as may be required at any time. He shall, if required by the board, give the Association a bond in such sums and with such securities as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in its possession or under his control belonging to the Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Board or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

Section 11. Resignation. 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 the receipt of such notice or later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by resolution of the Board.

## ARTICLE VI

### Indemnification of Officers and Directors

Any person who is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another Association, partnership, joint venture, trust or other enterprise and who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was serving in such capacity, may be indemnified by the Association to the extent and in the manner described herein. The indemnification provided or authorized by this Article shall continue as to any person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

A. The Association shall indemnify such person who has been successful on the merits in defense of any such proceeding against expenses, including attorney's fees, actually and reasonably incurred by him in connection therewith.

B. The Association shall indemnify such persons against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in such proceeding (other than an action brought by or in the right of the Association) if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

C. In the threatened, pending or completed action by or in the right of the Association to procure a judgment in its favor against such persons, the Association shall indemnify such person against expenses, including attorney's fees, actually and reasonably incurred by him in connection with the defense or settlement of such action, if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Association. The Association shall not indemnify such person if he shall have been adjudged to be liable for negligence of misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action was brought determines upon application that such person is fairly and reasonably entitled to such indemnity for such expenses as the court shall deem proper.

D. Any indemnification authorized under subparagraphs B and C (unless ordered by a court) shall be made only upon a determination that such person has met the standard of conduct set forth in such subparagraphs. Such determination shall be made by a majority of a quorum of disinterested directors, or if a disinterested quorum is not available, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel chosen by the Board in a written opinion, or by vote of the Association members.

E. Expenses (including attorney's fees) incurred in defending such proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in subparagraph D upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association.

The Association shall also have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association or is

serving at the request of the Association in said capacity or a similar capacity of another Association against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

#### ARTICLE VII

##### Contracts, Checks, Deposits, Documents

Section 1. Contracts. The Board may authorize any officer or agent of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President or a Vice-President of the Association.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks or other depositories as the Board may select.

#### ARTICLE VIII

##### Miscellaneous

Section 1. Seal. The seal of this Association shall consist of a flat-faced circular dye with such words and figures cut or engraved thereon as the Board may from time to time determine.

Section 2. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 3. Conflicts. If there are conflicts between the provisions of Colorado law, the Articles of Incorporation, the Declarations, and these By-Laws, the provisions of Colorado law, the Declarations, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Parliamentary Authority. In all meetings of the Association, Board, and committees, "Robert's Rule of Order" (current edition), as revised, shall be the authority or parliamentary law, except when in conflict with express provisions Colorado law, the Articles of Incorporation, the Declaration or these By-Laws.

Section 5. Emergency By-Laws. Emergency By-Laws may be adopted by the Association as are practical or necessary for the circumstances of the emergency. No officer, director or employee acting in accord with the purpose and intent of these By-Laws shall be liable except for willful misconduct.

Section 6. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Member, the Board, and committees shall be made available for inspection and copying by any holder insurer or guarantor of a first mortgage on a Unit, Member of the Association, or by the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Unit at the office of the Association or at such other places as the Board shall prescribe.

(b) Rules for Inspections. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 7. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member or Members, at the address which the Member or Members have designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Members; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

#### Section 8. Amendment.

(a) By Declarant. Prior to the conveyance of the first Unit by Declarant, Declarant may unilaterally amend these By-Laws. After such conveyance, the Declarant may unilaterally amend these By-Laws at any time and from time to time if such amendment is (i) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units; or (iv) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

(b) By Members. Except as otherwise specifically provided herein, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of seventy-five (75%) percent of the total votes in the Association. In addition, the approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the public records of Eagle, County, Colorado.

If an Owner consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right to privilege.

CERTIFICATE

The undersigned hereby certifies that she is the duly elected, qualified, acting and hereunto authorized Secretary of the aforesaid Association and that the foregoing and annexed By-Laws constitute a true and complete copy of the By-Laws of said non profit corporation presently in full force and effect.

In witness whereof, the undersigned has signed this Certificate and affixed hereto the seal of said Association.

DATED: March 24, 1985

Dulrah L. Chish  
Secretary of Association

