

BY-LAWS OF
DILLON VALLEY WEST CONDOMINIUM
ASSOCIATION

ARTICLE I-OBJECT

1.01. Association. DILLON VALLEY WEST CONDOMINIUM ASSOCIATION, (the "Association") is a nonprofit corporation organized under the Colorado Nonprofit Corporation Act, as amended.

1.02. Purpose. The purpose for which this Association is formed is to govern the condominium property situate in Summit County, Colorado, known as DILLON VALLEY WEST, hereinafter referred to as the "Complex", and which property is subject to the provisions of the Condominium Ownership Act, as amended, of the State of Colorado and to a recorded Condominium Declaration and Supplements and amendments thereto, hereinafter (collectively) referred to as the "Declaration". All definitions and other provisions of such Declaration are hereby incorporated by this reference.

1.03. Owners Subject to By-Laws, Results of their Application. All present or future Owners, Tenants, or other Persons who might in any manner use the facilities of the Complex are subject to the regulations set forth in, and provided by these By-laws. The mere acquisition or rental of any of the Condominium Units (as defined in the Declaration and hereinafter referred to as "Condominium Units") or the mere act of occupancy of any of said Condominium Units signifies that these Bylaws are accepted, ratified and will be complied with by the acquiring, owning, renting or using party.

ARTICLE II-MEMBERSHIP, VOTING, MAJORITY OF
OWNERS, QUORUM, PROXIES

2.01. Membership. Fee simple ownership of a Condominium Unit is required for membership in this Association. Any Person on becoming an Owner of a Condominium Unit becomes automatically thereby, a Member of this Association, subject to these By-Laws. Such membership terminates without any formal Association action upon such person ceasing to own a Condominium Unit, but such termination shall not relieve or release any such former Owner from any liability or obligation to the Association nor shall it impair any rights or remedies which the Association may have against such former Owner, arising out of or in any way connected with ownership of a Condominium Unit and membership in the Association. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue membership cards to the Owners. Such membership card shall be surrendered to the Secretary whenever ownership of the Condominium Unit designated thereon shall terminate.

2.02. Voting. All Members shall be entitled to vote on all matters, with the vote per Unit being equal to the percentage interest in the General Common Elements assigned to the Unit in question and set forth in the Declaration. For routine matters any Member present at a meeting of the Association may request that voting at such meeting be done on the basis of one vote per Unit unless a Member present or represented by proxy at such meeting shall demand the votes on a particular issue be counted in exact accordance with said percentages. If title to any Unit shall be held by a corporation, partnership or other entity other than a natural person or if held by two or more co-tenants, one natural person shall be designated by all such co-owners to

exercise the voting rights for such Unit on behalf of all Owners of the Condominium Unit. Cumulative voting in the election of Directors shall not be permitted. This Complex is intended to be expanded. Expansion of the Complex will affect voting in the manner set forth in the Declaration.

2.03. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy by the Owners of ~~20%~~ ^{20% of the} General Common Elements shall constitute a quorum and an affirmative vote of those representing a majority of the votes represented at such a meeting having a quorum in attendance either in person or by proxy, shall be necessary to transact business and to adopt decisions binding on all Owners.

2.04. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary at the commencement of each meeting. All proxies must be in writing signed by the Owner(s) granting the proxy and may be either general or for a particular meeting. A proxy-holder need not be an Owner.

ARTICLE III-MEETINGS OF MEMBERS

3.01. Place of Meeting. Meetings of the Association shall be held at such place within Summit County, Colorado as the Board of Directors may from time to time determine.

3.02. Annual Meetings. The annual meeting of the Association shall be held each year on such date as shall be selected by the Board of Directors, provided that such meeting shall occur in each year no later than three months after the end of the Association's fiscal year. The first annual meeting shall be called by the initial Board of Directors of the Association. At such annual meetings, the Owners shall elect Directors to succeed those Directors whose terms are to expire prior to the next succeeding regular annual meeting of the Association and may transact such business of the Association as may properly come before the meeting.

3.03. Special Meetings. It shall be the duty of the President to call such special meetings of the Association as may be needed to transact business and/or to adopt decisions binding on all Owners. Such meetings may be called by the President, by resolution of the Board of Directors or by petition of at least one-fifth or the ownership of of the General Common Elements in the Complex. The notice of any such special meeting shall state the time and place of such meeting and the specific purpose thereof. No business shall be transacted at a special meeting except as may be stated in the notice unless upon the consent of at least two-thirds of the voting interests present. Any such meeting shall be held within thirty (30) days after receipt by the President of such resolution or petition.

3.04. Notice of Meetings. It shall be the duty of the Secretary to cause to be hand delivered or to be mailed, postage pre-paid, by regular United States mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each Owner at the address furnished to the Association by such Owner. A waiver of notice, signed by all Members of the Association before, at or after any meeting shall be valid substitute for notice. The certificate of the Secretary that notice was properly given as provided in these By-laws shall be prima facie evidence thereof.

3.05. Adjourned Meetings. If any meeting of the Association cannot be convened because a quorum is not in attendance or if the business of the meeting cannot be concluded, the Owners who

are present, either in person or by proxy, may adjourn the meeting one or more times for periods of no longer than two weeks from time to time, until a quorum is obtained or until a conclusion can be reached.

3.06. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the last meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of Directors (annual meetings only).
- (g) Unfinished business.
- (h) New business.

ARTICLE IV-BOARD OF DIRECTORS

4.01. Association Responsibilities. The Owners of the Condominium Units constitute the membership of the Association, and have the responsibility of administering the condominium Complex through this Association's Board of Directors.

4.02. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors (the "Board of Directors") composed of three natural persons who are (except for the initial Board appointed by Declarant) Owners of Condominium Units in the Project. The number of Directors may be changed from time to time by amendment of these By-Laws, provided however, that the number of Directors shall never be reduced to less than three nor increased to more than seven. Until the first regular annual meeting of the Association, the initial Board of Directors shall be those individuals named as such in the Articles of Incorporation of the Association, which individuals need not be Owners.

4.03. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class, residential, condominium complex. The Board of Directors may do all such acts and things as are not by law, the Articles of Incorporation of the Association, these By-laws, or the Declaration either prohibited or directed to be exercised and done by the Owners.

4.04. Other Powers and Duties. The Board of Directors shall be empowered and shall have powers and duties as follows:

- (a) Enforce Declaration Provisions. To administer, implement and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration, directly or by delegation.
- (b) Rules and Regulations. From time to time, to establish, make, amend and enforce compliance with such reasonable rules, regulations, sanctions, penalties and/or

fines (not to exceed \$100 per violation) as may be necessary or desirable for the operation, use and occupancy of the Complex and its recreational facilities and other Common Elements. To assign or not assign parking of all or some motor vehicles. A copy of any such rules, regulations, sanctions, penalties and/or fines shall be delivered to or mailed to each Member promptly upon the adoption thereof.

(c) Maintain Common Elements. To keep in good order, condition and repair all of the Complex's General and Limited Common Elements and all items of property, if any, owned by the Association or in common by the Owners and used in the enjoyment of the Complex.

(d) Insurance. To obtain and maintain to the extent obtainable all policies of insurance required by the Declaration.

(e) Assessments. To periodically, and in no event less frequently than annually, fix, determine, levy and collect the prorated, monthly assessments to be paid by each of the Owners in accordance with that Owner's respective interest in and to the General Common Elements toward the expenses of the Association, to establish reasonable reserves for more-or-less major common expenditures such as re-roofing, exterior painting or staining, furnace repair and replacement, recreational facility repair and replacement, etc. and for seasonal expenditures such as snow removal, payment and landscaping maintenance, etc. To adjust, decrease or increase the amount of such assessments, and except for reserves, to credit any excess of assessments over expenses and cash reserves to the Owners against the next succeeding assessment period. To levy and collect special assessments not in excess of twice the set, regular annual 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. All special assessments shall be in statement form and shall set forth in reasonable detail the various expenses for which the assessments are being made and shall be pro-rated among the Owners in accordance with the Owners' respective shares in the General Common Elements.

In setting the amount of the regular annual assessment (to be collected in monthly installments), the Board shall use its best judgment in estimating the following items of income and expense over the period for which the budget is being prepared:

- (1). income from Owners
- (2). income from other sources
- (3). costs of snow removal and other seasonal matters
- (4). foreseeable repairs to common elements
- (5). reserves for unforeseeable repairs to Common Elements
- (6). reserves for replacements
- (7). insurance premiums**
- (8). taxes, if any
- (9). reserves for roof, driveway, fixtures, etc. repairs, painting

- (10). landscape and planting maintenance
- (11). accounting and legal fees
- (12). office expense
- (13). fidelity bonds and director's liability insurance
- (14). common utility and/or telephone expense
- (15). other foreseeable items

(f) Penalize Delinquencies. To impose penalties and collect delinquent assessments, fines or other charges by lien enforcement, by suit or otherwise, and to enjoin or seek damages from an Owner as provided in the Declaration and in these By-Laws as such may be from time to time amended and/or supplemented.

(g) Defend. To protect and defend the Complex from loss and damage by suit or otherwise.

(h) Borrow. To borrow funds and to give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration or these By-Laws, and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary or desirable.

(i) Contract. To enter into contracts within the scope of their duties and powers.

(j) Bank Accounts. To establish bank accounts which are interest bearing or non-interest bearing, as may be deemed advisable by the Board of Directors.

(k) Maintain Records. To keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenditures or disbursements with appropriate specificity and itemization and to permit inspection of such books and records during convenient weekday business hours by any of the Owners and/or their First Mortgagees, and, upon affirmative vote either of the Board of Directors or of at least a majority of the voting interests, to cause a complete review or audit to be made of the books and accounts by a Certified Public Accountant.

(l) Annual Statements. To prepare and deliver to each Owner annually or if the Board shall so decide, more frequently, a statement showing all receipts, expenses or disbursements since the last such statement.

(m) Personnel. To designate, hire and remove the personnel necessary for the operation, maintenance, repair and replacement of Common Elements of the Complex.

(n) Suspend Voting Rights. To suspend the voting rights of an Owner for failure to comply with these By-Laws, the rules and regulations of the Association or with other obligations, of the Owners, financial or otherwise, imposed by or under the Declaration.

(o) Govern, Administer Project. In general, to supervise and oversee the Association's officers, to carry on the administration of the Association and to do all of those things necessary and/or desirable to govern and operate the Complex.

(p) Sanctions. In the event that the Board of Directors itself, or through delegation of its powers to an Officer or Managing Agent, shall decide to invoke a sanction, penalty, fine or loss of voting rights against an Owner, a written notice of such sanction shall promptly be delivered or mailed to the Owner in question notifying such Owner of such sanction, fine, penalty or loss of voting rights and that the same will be stayed for a period of ten days during which time period the party in question may request a meeting with the Board of Directors to present his facts and/or opinions with respect to the matter. The Board shall, upon request for such a meeting, endeavor to hold such within the ten-day period during which the sanction is stayed or shall schedule consideration of the matter at its next regular meeting. The Board may take whatever action, pursuant to the Declaration or these By-laws, which it deems appropriate as a result of the meeting with the Owner or Tenant.

4.05. Managing Agent. The Board of Directors may employ for the Association a Managing Agent (at compensation established by the Board of Directors), to perform such duties and services as it shall authorize. The Board of Directors may delegate to such Managing Agent any of the Board's powers and duties but, notwithstanding such delegation, the Board shall not be relieved of its responsibility under the Declaration. Any contract of employment entered into with a Managing Agent must, however, be limited to a term not exceeding three years and must provide that it is cancellable by the Association with cause at any time. Any agreement for professional management of the Complex and/or this Association by Declarant which is entered into by this Association prior to its first annual meeting, may not exceed three years, must provide for termination by either party without cause and without payment of a termination fee on written notice of ninety days or less. The foregoing limitation shall not apply to contracts for professional management between this Association and anyone other than Declarant since it is recognized that such limitation might well work to the disadvantage of that Association.

4.06. Election and Term of Office. Members of the Board of Directors shall be elected for three year terms from among the Owners of the Condominium Units by a majority or (if more than two candidates stand for election) a plurality, as appropriate, of the votes cast at the annual meeting of the Association. Except for the initial Directors the term of each Director's service shall extend until the annual meeting of the Association three years hence, and so long thereafter as may be necessary for a successor to be duly elected and qualified; or until the Director may resign or is removed in the manner herein provided. Directors terms shall be staggered. Thus, at the inception of the operations of this Association, one Director shall serve a one year term, one Director a two year term and one Director a three year term with all terms thereafter being three years in length.

4.07. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by the remaining Directors, even though they may constitute less than a quorum. A Director so selected shall serve out the term of the Director succeeded and until a successor is elected at the annual meeting of the Association at the conclusion of such term.

4.08. Removal of Directors. At any annual or special meeting of the Association, duly called, any one or more of the Directors may be removed with or without cause by vote of a majority of the Ownership of the General Common Elements, and a successor may then and there be elected to fill the vacancy thus created. If such successor is not then elected, the remaining Directors may fill such vacancy. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting prior to a vote being taken on the matter.

4.09. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within thirty days after its election 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 to convene such meeting, provided that a majority of the new Board shall be present at such election meeting.

4.10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and at such place in Colorado as shall be determined, from time to time, by a majority of the Directors but at least one such meeting shall be held each quarter. Notice of regular meetings of the Board of Directors shall be given by the Secretary to each Director, personally or by mail, telephone or telegraph, at least one week prior to the day named for such meeting.

4.11. Special Meetings. Special meetings of the Board of Directors may be called by the President, on her or his own initiative, on three (3) days' notice to each Director, given personally, or by mail, telephone or telegraph, which notice shall set forth the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on receipt of a written request to call such a special meeting from at least two Directors.

4.12. 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 that Director 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.

4.13. Board of Directors' 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. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn and reconvene the meeting from time to time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

4.14. Compensation; Fidelity Bonds. The Board of Directors shall serve without salary or compensation. The Board of Directors may require that all Officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association. All actions of members of the Board in good faith and using reasonable care shall be without recourse by the Association or any Owner.

ARTICLE V-OFFICERS

5.01. Designation. The Officers of the Association shall be a President, a Vice President or Vice Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. No more than one office shall be held by the same person at one time.

5.02. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. All Officers, except the initial Officers, must be Members of the Association (or, in the case of a Unit being owned by a corporation, partnership or other entity other than a natural person, then such ownership entity must specify in writing a particular natural person to hold office pursuant to the membership of such ownership entity.) and the President must be elected from among the Board of Directors. The Board of Directors shall encourage broad-based participation and rotation of the Owners through service on the Board of Directors and service in the various offices of the Association.

5.03. 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 or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

5.04. President. The President shall be elected from and by the Board of Directors and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of the president of a nonprofit corporation, including but not limited to, the power to appoint committees from among the Members from time to time as may be deemed 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.

5.05. Vice President. The Vice President(s) shall be a Member and shall have all the powers and authority and perform all of the functions and duties of the President, in the absence of the President or in the absence of the President's ability for any reason to exercise such powers and functions or perform such duties.

5.06. Secretary. The Secretary shall be a Member and shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; the Secretary shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all of the duties incident to the office of Secretary. [The Secretary shall compile and keep up to date a complete register of Members, First Mortgagees and their last-known addresses as furnished to, and shown on the records of the Association. Such register shall also show the number or other appropriate designation of the Condominium Unit owned by each Member, any First Mortgagee's name and address, the current ownership interest attributable to each Condominium Unit and each Owner, and a description of the Limited Common Elements, if any, assigned for exclusive use in connection with each Unit. Such register shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. The Secretary shall seek such information as may be needed to keep such register current but

shall not be responsible for information being incomplete, out of date or inaccurate when furnished the Secretary by a Member or First Mortgagee.

5.07. Treasurer. The Treasurer shall be a Member and shall have responsibility for Association funds, shall keep the financial records and books of account of the Association and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI-INDEMNIFICATION OF DIRECTORS AND OFFICERS

6.01. Indemnification. The Association shall indemnify its Directors and Officers, and their respective heirs, executors and administrators against all loss, costs and expense, including counsel fees, reasonably incurred in connection with any action, suit or proceeding to which such person may be made a party by reason of being or having been a Director or Officer of the Association, except as to matters as to which such person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of settlement of any such matter, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by its counsel that the Person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such Director or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or Officer may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the Association by reason of, or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses. Nothing contained in this Section 6.01 shall, however, be deemed to obligate the Association to indemnify any Member or Owner who is or has been a Director or Officer of the Association with respect to any duties or obligations assumed or liabilities incurred simply as a Member or Owner of a Unit under or by virtue of the Declaration.

ARTICLE VII-AMENDMENTS

7.01. Articles of Incorporation and By-Laws. The Articles of Incorporation and these By-Laws may be amended by the Members of the Association and no amendment shall be effective unless approved by a majority of votes cast at a meeting representing at least two-thirds of the ownership of the General Common Elements. Any notice of any meeting therefor shall specify the nature and text of any proposed amendment or amendments, provided that such Articles of Incorporation and these By-Laws shall at all times comply with the provisions of the Colorado Condominium Ownership Act, as amended or with such Colorado law as may succeed it, other applicable Colorado laws, and with the Declaration.

ARTICLE VIII-MORTGAGES

8.01. Notice to Association. Every Owner who places a First Mortgage against his or her Unit shall notify the Association by giving the name and address of such First Mortgagee to the Secretary of the Association.

8.02. Notice of Default. The Association may upon written request from a First Mortgagee report to such First Mortgagee any assessment against the mortgaged Unit in question which remains unpaid for over sixty days, or any other default of the Owner of the unit subject to such First Mortgage which remains uncured for over sixty days.

ARTICLE IX-MISCELLANEOUS

9.01. Proof of Ownership. Every Person becoming an Owner of a Unit shall immediately furnish to the Board of Directors a photocopy or a certified copy of the recorded instrument vesting in that Person such ownership, which instrument shall remain in the files of the Association. A Member shall neither be deemed in good standing nor shall be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

9.02. Compliance. These Bylaws are intended to comply with the requirements of the Colorado Condominium Ownership Act. As provided in the Declaration, the Declarant has specified, reserved rights to amend these By-Laws and other documents to comply with a new Colorado statute regarding condominium ownership, should such be enacted with other laws.

9.03. Character of Association. This Association is organized not for profit. No Member, Director, Officer or person for whom the Association may receive any property or funds, shall 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 of the Board of Directors, Officers or Members, except upon a dissolution of the Association, provided however, always (1) that reasonable compensation may be paid to any Member, Director or Officer 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, Director, or Officer may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

9.04. Conveyances and Encumbrances. Corporate property may be purchased, conveyed or encumbered for security of monies borrowed by authority of the Association by and through its Board of Directors. Conveyances or encumbrances shall be by instrument executed by the President or Vice President and by the Secretary or an Assistant Secretary, or executed by such other person or persons to whom such authority may be specifically delegated by the Board.

9.05 Inspection of Records. Any Owner or First Mortgagee of a Unit may inspect the records of receipts and expenditures of the Association pursuant to the Declaration and/or Colorado law at convenient weekday business hours, upon reasonable notice to the Board of Directors or Managing Agent, if any. Upon payment of a reasonable fee, not to exceed \$25.00, any Owner, First Mortgagee or prospective Owner or First Mortgagee shall within 10 days after receipt by the Association of written request therefor, be furnished a certificate of account with respect to the Unit in question setting forth the amount of any unpaid assessments or other charges due and owing from such Owner and/or which might comprise a lien against the Condominium Unit in question. Upon issuance of such a certificate by the Association, the Association shall be barred from collecting or attempting to collect a greater amount than that set out in the certificate for the time period covered by the certificate, from any Owner, prospective First Mortgagee or new purchaser or First Mortgagee who may have acted in reliance on such certificate.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 5th day of JUNE, 1979.

INITIAL BOARD OF DIRECTORS

B. C. Enson Jr.
Charles H. Enson
Donald James

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Secretary of the Association does hereby certify that the above and foregoing Bylaws were duly adopted by the Directors of said Association as the Bylaws of said Association on the 5th day of JUNE, 1979, and that they do now constitute the By-laws of said corporation.

Donald James
Secretary