

**BYLAWS OF THE SAN JUAN WAREHOUSE BUILDING
COMMERCIAL CONDOMINIUM ASSOCIATION, INC.**

ARTICLE I - OBJECT

1.01 Association. SAN JUAN WAREHOUSE BUILDING COMMERCIAL CONDOMINIUM ASSOCIATION, INC., 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 manage The San Juan Warehouse Condominium Building ("Building"), as provided by Declaration and to further the interests of the residents, occupants, tenants and guests of the Building and Members of the Association.

1.03 Unit Owners Subject to Bylaws. All present or future Unit Owners, tenants, or other persons who might, in any manner, have an interest in the Building are subject to the covenants or regulations set forth in and provided for by these Bylaws. The acquisition and ownership of a Unit in the Building, as defined in the Declaration for the Building, shall signify that these Bylaws are accepted, ratified and will be complied with by the Owner.

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

2.01 Membership. Ownership of a Unit in the Building is required for membership in this Association. Any person or entity, upon becoming an owner of such Unit, also becomes a member of the Association, subject to these Bylaws. Such membership terminates without any formal Association action upon such person or entity ceasing to own a 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 Unit and membership in the Association. No certificates of stock shall be issued by the Association, but the Executive Board ("Board") may, if it so elects, issue membership identification cards to the Owners of each Unit. Such membership card shall be surrendered to the Secretary whenever ownership in the Unit designated thereon shall terminate.

2.02 Voting. Members of the Association shall be entitled to vote on all matters. There shall be one vote for each Unit depicted on the Building Plat Map, as recorded in the office of the Clerk and Recorder of San Miguel County, Colorado. The voting percentages in the Association to be allocated to each Unit shall be as set forth in the Declaration for the Building. If title to any Unit is held by two or more co-owners, one of the co-owners shall be designated by all co-owners of such Unit, to exercise the voting rights for such Unit on behalf of all Owners. Cumulative voting shall not be permitted.

2.03 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of the Owners of a majority of the Units shall constitute a quorum and an affirmative vote of those representing a majority of the Units represented at such a meeting, 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 or before 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 the Town of Telluride, Colorado area, as the Board 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, 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 the Association, which initial Board is comprised of Carlisle Connick, Edward Barlow, and John H. Steel, Esq. 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 of the Association to call special meetings of the Association as may be needed to transact business and/or to adopt decisions binding on all Owners. Special meetings may be called by the President, by resolution of the Board or by petition of the Owners of at least two of the Units in the Association. The notice of any such special meeting shall state the time and place of such meeting and the specific purpose thereof. Telephone meetings shall be valid. No business shall be transacted at a special meeting except as may be stated in the notice. Any special meeting shall be held within thirty 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 give notice of each annual or special meeting, stating the purpose thereof (including the general nature of any proposed amendment to the Declaration or the Bylaws, any budget changes, and any proposal to remove an officer or director), as well as the time and place where it is to be held, to each Unit Owner of record. A waiver of notice, signed by all Members of the Association before, at or within a reasonable time after any meeting shall be valid substitute for notice. The certificate of the Secretary that notice was properly given as provided in these Bylaws shall be prima facie evidence thereof. Such notice of meetings must be given at least ten, but not more than twenty, days prior to the date of such meeting. Notice shall be deemed delivered when hand delivered, or deposited in the United States mail with postage thereon prepaid, addressed to the member at the address as it appears on the records of the Association.

3.05 Adjourned Meetings. If any meeting of the Association cannot be convened because a quorum of Units are not in attendance or 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 - EXECUTIVE BOARD

4.01 Association Responsibilities. The Owners of the Units in the Building constitute the membership of the Association, and have the responsibility of administering the Building through the Association's Board. The Association has the powers as set forth in the Declaration, including, without limitation, the power to amend the Declaration and to determine the powers and duties of the Board.

4.02 Number and Qualification. The affairs of the Building and the Association shall be governed by a Board which shall consist of four Directors, all of whom shall be Unit Owners. The number of Directors may be increased or decreased by amendment of these Bylaws, provided, however, that the number of Directors shall not be reduced to less than three nor increased to more than six. The Members owning Commercial Units shall elect one Director; the Members owning Residential Units shall elect one Director; and the Unit Owners at large shall elect two Directors.

4.03 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association. The Board may do all such acts and things as are not by law, the Articles of Incorporation of the Association, these Bylaws, or the Declaration either prohibited or directed to be exercised and done by the Owners.

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

- (a) **Enforce Declaration Provisions.** To administer, implement and enforce the Declaration for the Building, and the easements, uses, limitations, obligations and all other provisions set forth in the Declaration.
- (b) **Rules and Regulations.** To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation and use of the Building with the right to amend its rules from time to time. A copy of such rules and regulations shall be delivered to or mailed to each Unit Owner promptly upon the adoption thereof.
- (c) **Maintenance of Common Elements.** To keep in good order, condition and repair the entryways, conveyances and common elements, facilities and utilities owned by the Association.
- (d) **Insurance.** To obtain and maintain, all policies of insurance required by the Declaration, and deemed advisable by the Board.
- (e) **Assessments.** To periodically, and in no event less frequently than annually, fix, determine, levy and collect the assessments to be paid by the Owners of each Unit toward the gross expenses of the Association and to establish a reasonable reserve for major expenditures; to adjust, decrease or increase the amount of such assessments, and, if approved, 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 and 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 assessments, which shall be in statement form and shall set forth in reasonable detail the various expenses for which assessments are being made. Any of the foregoing notwithstanding, the assessments for Unit E and Unit J, which are affordable housing units, shall be limited by the terms and conditions of the Town of Telluride Land Use Code §3-780.

(f) **Amount.** In setting the amount of the annual assessment, 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 Unit Owners;
- (2) income from other sources;
- (3) cost of maintenance;
- (4) foreseeable repairs and improvements;
- (5) reserves for unforeseeable repairs and maintenance;
- (6) insurance premiums;
- (7) taxes, if any;
- (8) accounting and legal fees;
- (9) office expense;
- (10) fidelity bond and director's liability insurance;
- (11) common utility expenses; and
- (12) other foreseeable items.

(g) **Penalize Delinquencies.** To impose penalties and collect delinquent assessments, by lien enforcement, suit or both or otherwise, and to enjoin or seek damages from Unit Owners as provided in the Declaration, in these Bylaws, and Colorado statute, as such may be from time to time amended or supplemented.

(h) **Defend.** To protect and defend the Association from loss and damage by suit or otherwise.

(i) **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 Bylaws, and to execute all such instruments evidencing such indebtedness as the Board may deem necessary or desirable.

(j) **Contract.** To enter into contracts within the scope of their duties and powers; to make guarantees and incur liabilities.

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

(l) **Maintain Records.** To keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses 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, upon affirmative vote of at least a majority of the Members, to cause a complete audit to be made of the books and accounts by a competent accountant. Such books and records shall include itemization, billing and payment of assessments.

(m) **Annual Statements.** To prepare and deliver to each Unit Owner at least annually a statement showing all receipts, assessments, expenses or disbursements since the last such statement.

(n) **Personnel.** To designate, hire and remove the personnel necessary for the operation, maintenance, and repair of utilities, access road system and related facilities.

(o) **Suspend Voting Rights.** To suspend the voting rights of the Owners of any Unit for failure to comply with these Bylaws, the rules and regulations of the Association or with other obligations of the Owners of the Units, financial or otherwise, imposed by the Declaration.

(p) **Govern and Administer the Building.** 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 Building.

(q) **Sanctions.** In the event that the Board itself, or through delegation of its powers to an Officer or Managing Agent, shall decide to invoke a sanction, penalty, fine or suspension of voting rights against a Unit Owner, a written notice of such sanction shall promptly be delivered or mailed to the Owners of the Unit in question notifying such party that the sanction will be stayed for a period of ten days during which time period the party in question may request a meeting with the Board to present 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. Such meeting may be held telephonically.

(r) **Annual Budget.** The Board shall adopt a budget for the Association annually. Within thirty days after adoption of any proposed budget for the Association, the Board shall mail, by ordinary first class mail, or otherwise deliver a summary of budget to all Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing or other delivery of the budget summary. Unless at that meeting a majority rejects the budget, the budget shall be ratified, whether or not a quorum is present. However, in the event that the proposed budget is rejected, the periodic budget last ratified by the Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

4.05 Managing Agent. The Board may employ for the Association a Managing Agent (at a compensation established by the Board), to perform such duties and services as it shall authorize. The Board 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 terminable by the Association without cause, upon thirty days' written notice, and with cause at any time.

4.06 Election and Term of Office. Except as otherwise provided in the Declaration, members of the Board shall be elected by a majority or (if more than two candidates stand for election) a plurality, as appropriate, of the Owners or representatives of Units voting at the annual meeting of the Association. The term of each Director's service shall extend until the next annual meeting of the Association 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.

4.07 Vacancies. Vacancies in the Board 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 until a successor is elected at the next annual meeting of the Association.

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 a majority of the Members and a successor may then and there be elected by the Owners of Units to fill the vacancy thus created. 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 shall be held within thirty days after such election at such place as shall have been 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 may be held at such time and at such place in Town of Telluride, Colorado as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board shall be given by the Secretary to each Director, personally or by mail, telephone or telegraph, at least three days prior to the day named for such meeting.

4.11 Special Meetings. Special meetings of the Board may be called by the President, on his own initiative, on three days' notice to each Director, given personally, or by mail, telephone, fax or telegraph, which notice shall set forth the time, place and purpose of the meeting. Special meetings of the Board 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. Such meetings may be held telephonically.

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

4.13 Quorum of Executive Board. At all meetings of the Board, a majority (at least 50% of the votes entitled to be cast) of the Directors at the beginning of the meeting 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 there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

4.14 Compensation; Fidelity Bonds. The Directors of the Board shall serve without salary or compensation. The Board 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, a Secretary and a Treasurer, all of whom shall be Directors of the Board and shall be elected by the Board.

5.02 Election of Officers. The Officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. One person may hold concurrently the office of Vice President and Secretary or Vice President and Treasurer or Secretary and Treasurer, but the President shall serve only in the office of President.

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

5.04 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association. 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 of the Association from time to time as may be deemed appropriate, and 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 meeting. The President shall be the officer responsible for the preparation, execution, certification and recordation of amendments to the Declaration on behalf of the Association.

5.05 Vice President. The Vice President shall be a Member and shall have all the powers and authority and shall 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 keep the minutes of all meetings of the Association; the Secretary shall have charge of such books and papers as the Board 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 at the principal office of the Association a complete list of Owners and their last-known addresses as shown on the records of the Association. Such list shall also show opposite each Owner's name the appropriate designation of the Unit owned by such Member. Such list shall be open to inspection by Owners and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

5.07 Treasurer. The Treasurer 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.

ARTICLE VI - INDEMNIFICATION OF DIRECTORS AND OFFICERS

6.01 Indemnification. The Association shall indemnify its Directors and Officers, and his or her heirs, executors and administrators against 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 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 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 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 expense incurred or suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification shall be considered a legitimate association expense.

Nothing contained in this Section shall, however, be deemed to obligate the Association to indemnify any Member 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 and not as an Officer or Director.

Anything to the contrary notwithstanding, this provision shall not eliminate or lessen the liability of a director to the Association, or its members, for monetary damages for: (1) any breach of the director's duty of loyalty to the Association or its members; (2) acts or omissions not in good faith or which include intentional misconduct or a knowing violation of law; (3) acts specified in C.R.S. 7-24-111; or (4) any transaction from which the director derived an improper personal benefit.

ARTICLE VII - AMENDMENTS

7.01 Bylaws. These Bylaws may be amended only by affirmative act of the Board of the Association at a meeting duly called for that purpose. Any notice of any meeting for said purpose shall specify the nature and text of any proposed amendment or amendments, provided that these Bylaws shall at all times comply with the Declaration.

7.02 Declaration. The Declaration may be amended only as set forth in the Declaration.

ARTICLE VIII - MISCELLANEOUS

8.01 Proof of Ownership. Every person or entity becoming an Owner of a Unit shall immediately furnish to the Board a photocopy or a certified copy of the recorded instrument vesting in that person such ownership, which copy (fax permitted) 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.

8.02 Compliance. These Bylaws are intended to comply with the requirements of the Colorado law and the Declaration. If the Bylaws are found to be not in compliance, then they shall not terminate, but instead shall be amended to conform to the applicable law.

8.03 Character of Association. This Association is organized as a nonprofit corporation. No Member, Director, Officer or other person may receive any property or funds, or 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, be distributed to, or inure to the benefit of any of the Directors of the Board, Officers or Members, except upon a dissolution of the Association, provided however, always: (1) that reasonable compensation may be paid to any Member, Manager, 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, Manager, Director, or Officer 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.

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

8.05 Inspection of Records. Any Unit Owner may inspect the records of receipts and expenditures of the Association pursuant to Colorado Statute at convenient, weekday business hours, upon reasonable notice to the Board or Managing Agent, if any. Upon payment of a reasonable fee, not to exceed \$50.00, any Unit Owner shall be furnished a statement of his account 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 Owner's Unit. This statement setting forth the amount of unpaid assessments currently levied against a member's Unit shall be furnished at least 14 business days after receipt of the request, and shall be delivered personally, or by certified mail, first class postage prepaid, return receipt requested. 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 Unit Owner or new purchaser who may have acted in reliance on such certificate.

8.06 Incorporation of Declaration. The Declaration for the Building, as recorded in the records of the Clerk and Recorder of San Miguel County, Colorado, is by this reference incorporated as if fully set forth herein.

IN WITNESS WHEREOF, the undersigned Initial Directors of the Executive Board have hereunto set their hands on the dates indicated below.

- 1) Director: Carlisle Connick 7-25-2000
Carlisle Connick date
- 2) Director: _____
Edward Barlow date
- 3) Director: _____
John H. Steel, Esq. date