

BYLAWS  
OF  
GHOSTRIDERS HOMEOWNERS ASSOCIATION, INC.

1. General

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of Ghostriders Homeowners Association, Inc., a Colorado non-profit corporation organized to be and constitute the Association to which reference is made in the Declaration -- Ghostriders Condominiums (the "Declaration") and to perform functions and hold and manage property as provided in the Declaration and to further the interests of owners of Units in Ghostriders Condominiums (the "Project").

1.2 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Nonprofit Corporation Act, the Condominium Ownership Act of Colorado, the Declaration, and the Articles of Incorporation of this corporation filed with the Secretary of State of Colorado, as any of the foregoing may be amended from time to time. Terms which are defined in the Declaration shall have the same meanings herein, unless otherwise defined herein.

2. Offices

2.1 Registered Office and Agent. The corporation shall have and continuously maintain in the State of Colorado a registered office, which may be the same as its principal office and a registered agent whose business office is identical with such registered office. The initial registered office and the initial registered agent are specified in the Articles of Incorporation. The corporation may change its registered office or its registered agent, or both, upon filing a statement as specified by law in the office of the Secretary of State of Colorado.

2.2 Principal Office. The principal office of the corporation shall be at 45 Hillside Lane, Telluride, Colorado 81435. The Board of Directors, in its discretion, may establish other offices within or without the State of Colorado wherever the business of the corporation may require.

3. Members

3.1 Members. The corporation shall have one class of members.

3.2 Membership. There shall be one membership in the corporation for each Condominium Unit in Ghostriders Condominiums as defined in the Declaration. Membership shall be limited to owners of such Condominium Units. Each membership shall be appurtenant to the fee simple title to a condominium Unit. No membership shall be transferred or encumbered except in connection with the transfer or encumbrance of title to the Condominium Unit to which the membership is appurtenant and the transfer or encumbrance of title to a Condominium Unit shall, subject to the provisions of these Bylaws with respect to transfers of memberships on the books of the corporation, automatically operate to transfer or

encumber the membership appurtenant to that Condominium Unit.

3.3 Voting Rights of Members. Each Residential Unit membership shall have one vote and each Commercial Unit membership shall have one vote. The Board of Directors may suspend the voting rights of a membership during any period in which the member fails to comply with rules and regulations of the corporation or with any other obligation of such member under the Declaration.

3.4 Transfer of Memberships on Corporate Books. Transfers of membership shall be made on the books of the corporation only upon presentation of evidence, satisfactory to the corporation, of the transfer of ownership of the Condominium Unit to which the membership is appurtenant. Prior to presentation of such evidence, the corporation may treat the previous owner of the membership as the owner of the membership entitled to all rights in connection therewith, including the rights to vote and to receive notice.

3.5 Co-owners of Memberships. If any membership is held by more than one person, the voting rights of such membership shall not be divided but shall be exercised as if such membership were held by only one person in accordance with the proxy or other designation made by the persons constituting the owner of the membership.

4. Meetings of Members.

4.1 Place of Member's Meetings. Meetings of members shall be held at the principal office of the corporation or at such other place, within or without the State of Colorado, as may be fixed by the Board of Directors and specified in the notice of the meeting.

4.2 Annual Meetings of Members. An annual meeting of the members shall be held at such time as is specified in the notice of meeting and at such place within or without the State of Colorado as shall be determined, from time to time, by a majority of the Board of Directors. The annual meeting shall be held to elect directors and to transact such other business as may properly come before the meeting. If directors are elected by mail as provided elsewhere in these Bylaws, the annual meeting need not be held.

4.3 Special Meetings of Members. Special meetings of the members may be called by the President, the Board of Directors, or by members holding not less than seventy-five percent (75%) of the total votes of all members.

4.4 Record Date. For the purpose of determining members entitled to notice of, or to vote at, any meetings of members or in order to make a determination of members for any other proper purpose the Board of Directors may fix, in advance, a date as the record date for any such determination of members. The record date shall be not more than fifty (50) days and not less than ten (10) days prior to the meeting of members or the event requiring a determination of members.

4.5 Notice of Member's Meeting. Written notice stating the place, day and hour of the meeting and, in the

case of a special meeting, the purpose or 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 officers or persons calling the meeting, to each member entitled to vote at such meetings. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid.

4.6 Proxies. A member entitled to vote may vote in person or by proxy executed in writing by the member. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

4.7 Quorum at Members' Meetings. One-fourth (1/4th) of the votes entitled to be cast at a meeting, represented in person or by proxy, shall constitute a quorum at any meeting of members. Members present or represented by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of members so as to leave less than a quorum.

4.8 Adjournments of Members' Meetings. Members present at a meeting in person or by proxy may adjourn the meeting from time to time, whether or not a quorum shall be present or represented, without notice other than announcement at the meeting for a period of not to exceed sixty (60) days from any one adjournment. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally called.

4.9 Vote Required at Members' Meetings. A majority of the votes present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of the matter unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws, and except that in the case of elections in which there are more than two candidates for a given office a plurality of votes present or represented by proxy shall be necessary for election to that office.

4.10 No Cumulative Voting. There shall be no cumulative voting in elections for directors unless the Articles of Incorporation are amended to so provide.

4.11 Voting of Members by Mail. Voting by mail shall not be permitted.

4.12 Action of Members Without a Meeting. Any action required to be taken at a meeting of members or any action which may be taken at a meeting of members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

## 5. Board of Directors

5.1 Powers and Duties of Board. The Board of Directors shall have all the powers set forth in the Declara-

tion as being given to the Association as defined in the Declaration, the Articles of Incorporation, these Bylaws, the Colorado Nonprofit Corporation Act and the Condominium Ownership Act of Colorado and all powers necessary or desirable to manage the affairs of the corporation and to permit the corporation to fulfill its purposes, exercise its powers, and comply with applicable laws, ordinances and regulations. The Board of Directors shall constitute the board of managers as described in the Condominium Ownership Act of Colorado. The Board of Directors shall have the duty, as imposed by the Colorado Non-profit Corporation Act, the Condominium Ownership Act of Colorado, the Declaration and the Articles of Incorporation, of managing the affairs of the corporation. Management by the Board of Directors may be accomplished through committees of the Board, committees of members and through officers, agents and employees. Without limiting the generality of the foregoing, (a) the Board of Directors shall have the powers granted under the Declaration to prepare each year a budget for the next fiscal year of the corporation; to determine the total amount required to be raised each year by monthly assessments for the next fiscal year of the corporation; to levy special assessments, including power and authority to determine where, when and how assessments shall be paid; and to adopt and enforce rules and regulations governing use of the individual space which is part of Units and governing use of Common Elements; (b) the Board of Directors, in managing the affairs of the corporation, shall have the power to determine the policy of the corporation in exercising the corporation's powers under the Declaration and otherwise, including policy with respect to the exercise of the powers of the corporation under the Declaration to act as attorney-in-fact for Owners for other purposes; to lease or license use of Common Elements; to receive, apply and pay insurance proceeds, proceeds of sale of the Project, condemnation awards and payments in lieu of condemnation; to restore or sell the Project or any portion thereof in the event of partial, substantial or total destruction, condemnation or obsolescence; to collect assessments and foreclose the lien for assessments of the corporation against Condominium Units; to enforce rules and regulations by suspension of voting rights of members of rights of use of Common Elements by Owners; and to undertake activities, functions or services for the benefit or to further the interest of all, some or any Owners of Condominium Units on a self-supporting, regular assessment or special assessment basis; and (c) the Board of Directors, in managing the affairs of the corporation, shall have the power to determine the policy of the corporation in fulfilling the corporation's duties under the Declaration and otherwise, including policy with respect to the duties of the corporation to provide for the care, operation, management, maintenance, improvement, repair and replacement of Common Elements; to keep and maintain certain books and records; and to obtain and maintain certain insurance.

5.2 Qualifications of Directors. Directors need not be residents of Colorado but, as required by the Condominium Ownership Act of Colorado, must be members of the corporation. Directors shall be at least eighteen (18) years of age.

5.3 Number of Directors. The number of directors of the corporation shall be three (3).

5.4 Election and Term of Directors. At the first annual meeting of the Corporation, the members shall elect three (3) directors and set the terms of office therefore. The term of office of one director shall be fixed at three (3) years. The term of office of one director shall be fixed at two (2) years, and the term of office of the other one director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three (3) years. The directors shall hold office until their successors have been duly elected and qualified.

5.5 Removal of Directors. At any meeting of members, the notice of which indicates such purpose, any director may be removed in the manner herein provided. The entire Board of Directors or any lesser number may be removed, with or without cause, by vote of a majority of the members then entitled to vote at an election of directors.

5.6 Resignation of Directors. Any director may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

5.7 Vacancies in Directors. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors. A director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office.

5.8 Executive and Other Committees of Board. The Board of Directors, by resolution adopted by all of the directors in office, may designate and appoint an Executive Committee, which shall consist of two (2) or more directors and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Board of Directors except authority with respect to those matters specified in the Colorado Nonprofit Corporation Act as matters with respect to which such committee may not have and exercise the authority of the Board of Directors.

The Board of Directors, by resolution adopted by all of the directors in office, may designate and appoint one or more other committees, each of which shall consist of two (2) or more directors, which committees shall have and exercise such authority of the Board of Directors as shall be specified in any such resolution.

The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon it or him by law or the Declaration.

The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of directors shall be applicable to meetings of committees of the Board of Directors.

5.9 Manager or Managing Agent. The Board of Directors, by resolution adopted by all of the directors in office, may designate and appoint a manager or a managing agent, or both, which manager or managing agent shall have and exercise those powers and shall fulfill those duties of the Board of Directors as shall be specified in any such resolution. Any such resolution may delegate all or substantially all of the powers and duties of the Board of Directors to any such manager or managing agent but the Board, in delegating powers and duties in any such manager or managing agent, shall not be relieved of its responsibilities imposed upon it by law or under the Declaration.

5.10 Articles of Incorporation Control. Anything to the contrary in these Bylaws notwithstanding, all of the provisions of these Bylaws are subject to the provisions of the Articles of Incorporation.

5.11 Compensation of Directors. No director of the corporation shall have the right to receive any compensation from the corporation for serving as such director or for performing any of the duties of such office except as may be approved by vote of a majority of the members then entitled to vote at an election of directors.

## 6. Meetings of Directors

6.1 Place of Directors' Meetings. Meetings of directors shall be held at the principal office of the corporation or at such other place, within or without the State of Colorado, as may be fixed by the Board of Directors and specified in the notice of the meeting.

6.2 Annual Meeting of Directors. An annual meeting of the Board of Directors shall be held on the same date as and immediately following the annual meeting of members. The business to be conducted at the annual meeting of directors shall consist of the appointment of officers of the corporation and the transaction of such other business as may properly come before the meeting. If directors are elected at any annual meeting of members, no prior notice of the annual meeting of the Board of Directors to be held on the same date need be given.

6.3 Other Regular Meetings of Directors. The Board of Directors may, by resolution, establish the times and place for regular meetings in addition to the annual meeting of the Board. No prior notice of any such regular meetings established by resolution need be given after establishment thereof.

6.4 Special Meetings of Directors. Special meeting of the Board of Directors may be called by the President or two (2) members of the Board of Directors.

6.5 Notice of Directors' Meetings. In the case of all meetings of directors for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than three (3) nor more than fifty (50) days before the date of the meeting, by mail, telegraph, telephone or personally. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed the director at his home or business address as either appears on the records of the corporation, with postage thereon prepaid. If telegraphed, such notice shall be deemed delivered when deposited in a telegraph office address to the directors at either such address, with all charges thereon prepaid. If telephone, such notice shall be deemed to be delivered when given by telephone to the director or to any person eighteen years of age or older at his home or business phone number as either appears on the records of the corporation. If given personally, such notice shall be deemed to be delivered by delivering a copy of a written notice to, or verbally advising the director or some person eighteen years of age or older at his home or business address as either appears on the records of the corporation.

The business to be transacted at, or the purpose of, any special meeting of the Board of Directors shall be specified in the notice or waiver of such meeting.

6.6 Quorum of Directors. A majority of the number of directors fixed in these Bylaws shall constitute a quorum for the transaction of business. Directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of directors so as to leave less than a quorum.

6.7 Adjournments of Directors' Meetings. Directors present at a meeting of directors may adjourn the meeting from time to time, whether or not a quorum shall have been present, without notice other than an announcement at the meeting, for a period not to exceed sixty (60) days at any one adjournment. At any such adjourned meeting at which a quorum is represented, any business may be transacted which might have been transacted at the meeting originally called.

6.8 Vote Required at Directors' Meetings. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation or these Bylaws.

6.9 Adoption of Rules and Regulations. Rules and regulations governing the operation and use of the Condominium Units, Common Elements and personal property for common use, and all other rules and regulations authorized under the Declaration or these Bylaws shall be adopted or amended by the Board of Directors by any of the methods provided herein for action of the Board of Directors.

7. Officers

7.1 Officers, Employees and Agents. The officers of the corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as may be deemed necessary by the Board of Directors for the operation, maintenance, repair and replacement of Common Elements or any other purpose. Any two or more offices may be held by the same person, except the offices of President and Secretary.

7.2 Appointment, Term and Removal of Officers. The officers shall be elected by a majority of the Board of Directors at the annual meeting of the Board of Directors and shall hold office, subject to the pleasure of the Board of Directors, for one year.

Any officer, employee or agent may be removed by the Board of Directors whenever in the Board's judgment the best interests of the corporation will be served thereby. The removal of an officer, employee or agent shall be without prejudice to the contract rights, if any, of the Corporation.

7.3 Compensation of Officers. No officer shall have the right to receive any compensation from the corporation for serving as such officer or performing any of the duties of such office except as may be specified in a resolution of the Board of Directors.

7.4 President. The President shall be elected from among the Board of Directors as the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the corporation, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board of Directors and of the members of the corporation.

7.5 Vice Presidents. Vice Presidents may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the President.

7.6 Secretary. The Secretary shall be the custodian of the records and of the seal of the corporation and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the corporation are properly kept and filed; shall keep minutes of the proceedings of the members, Board of Directors and committees of the Board; shall keep at the principal office of the corporation a record of the names and addresses of the members entitled to vote; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his death, absence or



inability to act.

7.7 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the corporation; shall deposit all such funds in the name of the corporation in such depositories as shall be designated by the Board of Directors; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the corporation and shall submit such reports thereof as the Board of Directors may, from time to time, require; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board of Directors or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence or inability to act.

8. Miscellaneous

8.1 Amendment of Bylaws. The Board of Directors shall have the power to alter, amend or repeal these Bylaws and to adopt new Bylaws. The members, at a meeting called for that purpose, shall also have the power to alter, amend or repeal the Bylaws and to adopt new Bylaws by a majority of votes present or represented by proxy at the meeting, if a quorum is present. Any Bylaw altered, amended, repealed or adopted by the members may be subsequently altered, amended, repealed or adopted by the Board of Directors unless the members specifically provide otherwise. Notwithstanding the foregoing provisions of this Section 8.1, if any provision of those Bylaws provides that it may be altered, amended, repealed or adopted by vote of a majority of the members then entitled to vote at an election of directors, then such vote will be required for such alteration, amendment, repeal or adoption. The Bylaws may contain any provision for the regulation or management of the affairs of the corporation not inconsistent with law, the Declaration or the Articles of Incorporation, but such Bylaws shall not be contrary to the Condominium Ownership Act of Colorado.

8.2 Waiver of Notice. Whenever any notice is required to be given to any member or director, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a member or director at a meeting, either in person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a member or director at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting except where the member or director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

8.3 Books and Records. The corporation shall keep correct and complete books and records of account, including accurate records of the receipts and expenditures

affecting General and Limited Common Elements, correct and complete minutes of all meetings of its Board of Directors and of the committees having any of the authority of the Board of Directors and shall keep, at its principal office in Colorado, a record of the names and addresses of its members entitled to vote. All books and records of the corporation, including records of receipts and expenditures may be inspected by any member, or his agent or attorney, and any mortgagee of a member for any proper purpose at convenient weekday business hours or at any other reasonable time.

8.4 Statement of Account. To the extent provided in the Declaration, upon ten days' notice to the Board of Directors and the payment of a reasonable fee to be determined by the corporation and upon written request of an Owner of a Condominium Unit or any person with any right, title or interest in a Condominium Unit or intending to acquire any right, title or interest in a Condominium Unit, the corporation shall furnish a written statement of account setting forth the amount of any unpaid assessments, charges, fines or penalties, if any, due or accrued and then unpaid with respect to the Condominium Unit and the Owner of the Condominium Unit, and the amount of the assessments for the current fiscal period of the corporation payable with respect to the Condominium Unit, which statement shall, with respect to the party to whom it is issued, be conclusive against the corporation and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid.

8.5 Annual Reports. The corporation shall file annually with the Secretary of State of Colorado, within the time prescribed by law, an annual report on the forms prescribed and furnished by the Secretary of State and containing the information required by law and shall pay the fee for such filing as prescribed by law.

8.6 Fiscal Year. The fiscal year of the corporation shall be determined by the Board of Directors at its first meeting.

8.7 Seal. The Board of Directors may adopt a seal which shall have inscribed thereon the name of the corporation and the words "SEAL" AND "COLORADO".

8.8 Shares of Stock and Dividends Prohibited. The corporation shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the corporation shall be distributed to its members, directors or officers.

Notwithstanding the foregoing paragraph, the corporation may issue certificates evidencing membership therein and the corporation may pay compensation, in the manner above provided in these Bylaws, in a reasonable amount to its members, directors or officers for services rendered, may confer benefits upon its members in conformity with its purposes.

8.9 Loans to Directors and Officers Prohibited. No loan shall be made by the corporation to its members, directors or officers and any member, director or officer who

assents to or participates in the making of any such loan shall be liable to the corporation for the amount of such loan until the repayment thereof.

9. Indemnification

9.1 Third Party Actions. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful. The termination of any civil or criminal action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, nor with respect to any criminal action or proceeding, shall the presumption be created that he had reasonable cause to believe that his conduct was unlawful.

9.2 Derivative Actions. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of this duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

9.3 Automatic Indemnification. If a director,

officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs 9.1 and 9.2 of this Article, or in defense of any claim, issue or matter therein, he shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith without the necessity of any such determination that he has met the applicable standard of conduct set forth in paragraphs 9.1 and 9.2 of this Section.

9.4 Determination. Except as provided in paragraph 9.3, any indemnification under paragraphs 9.1 and 9.2 of this Section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs 9.1 and 9.2 of this Section. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the affirmative vote of a majority of the members entitled to a vote and represented at a meeting called for such purpose.

9.5 Payment in Advance. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors as provided in paragraph 9.4 of this Section upon receipt of a written undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Section.

9.6 Insurance. The Board of directors may exercise the corporation's power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, 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 corporation would have the power to indemnify him against such liability hereunder or otherwise.

9.7 Other Coverage. The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Articles of Incorporation, these Bylaws, vote of the membership or disinterested directors, the provisions of the Colorado Nonprofit Corporation Code or otherwise, or any procedure provided for any of the foregoing, both as to action in his official capacity and as

to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and personal representatives of such person.

10. Additional Provisions Required by Condominium Ownership Act

10.1 Services Provided. Except as provided in Section 10 of the Declaration, the following is a list of the services presently expected to be provided by the corporation which are to be paid for out of regular assessments:

(a) Insure the provision and pay the costs of utility services to the Project including heat, electricity, natural gas, water and sewer. Excluded from this service is the expense of telephone and separately metered utilities which are billed directly to the using Owner.

(b) Maintain all General Common Elements in a clean, safe and attractive condition and good operating order. This includes all common hallways, walkways, stairs, roofs, open space, landscaped areas, utility lines and exterior surfaces of the building including washing the exterior surfaces of all windows.

(c) Purchase and pay the cost of insurance including fire insurance on the building and liability, theft and property damage insurance for the corporation and its vehicles and equipment. Insurance coverage does not include the interior of any Unit nor the Property of Owners or their guests.

(d) Provide accounting and administrative services. This includes preparing the annual budget and providing Owners with financial statements; mailing meeting notices to Owners, and maintaining records of the corporation.

10.2 Assessments, Debts and Obligations Assumed by Members. No assessments, debts or other obligations are expected to be assumed by an Owner on his Condominium Unit except the obligation to pay monthly assessments and special assessments to the corporation as provided in the Declaration and the obligation to pay property taxes and the assessments of local governmental authorities having jurisdiction. An Owner may assume an assessment, debt or other obligation with respect to his Condominium Unit without approval or knowledge of the corporation.

10.3 Liens on Common Elements. It is not expected that any liens may be obtained against the General or Limited Common Elements except that liens may be obtained against, and incurred or created by, an Owner or his agent against the Condominium Unit of such Owner, including the interest of such Owner in General or Limited Common Elements. There is no power or authority granted to the corporation to impose, create or incur any such liens against the General or Limited Common Elements other than the lien for assessments payable by an Owner and possible mechanic's liens for work

done for the Project.

10.4 No Restrictions on Sale of Units. There are no restrictions on, or requirements concerning the sale of a Condominium Unit and specifically no right of first refusal on sale and no other restraints on the free alienability of a Condominium Unit under or by virtue of the Declaration, the Articles of Incorporation or these Bylaws. However, under the Declaration, a party acquiring title to a Condominium Unit is jointly and severally liable with the former Owner for all assessments, charges, fines or penalties payable with respect to the former owner, or such Owner's guests or such Owner's Condominium Unit which had accrued and were payable at the time of the acquisition of title to the Condominium Unit by such party without, however, prejudice to such party's rights to recover any of said amounts from the former Owner and the corporation has a lien against the Condominium Unit to secure the payment of such amounts.

10.5 Recreational Facilities. There are no major recreational facilities in the Project, for which any fees or charges are payable.

10.6 Additions to Common Elements. There are no additions to General or Limited Common Elements now planned or to be constructed and therefore no effect on Owners of Condominium Units in reference to the same.

10.7 Declaration is Controlling. Notwithstanding anything hereinabove contained, all of the foregoing provisions of Section 10 of these Bylaws are subject to the Declaration and in the event of any inconsistency, the Declaration shall control.

10.8 Rules and Regulations. The method of adopting and of amending administrative rules and regulations governing the operation and use of the common elements is set forth in Section 9.4 of the Declaration.

10.9 Upkeep of Common Elements. The maintenance, repair, replacement and improvement of the general common elements is controlled by the Association pursuant to the provisions of Section 9.1 of the Declaration. Such work does not require the prior approval of the unit owners regardless of the amount.

10.10 Budget Estimation. The method of estimating the budget is set forth in Section 10 of the Declaration. The manner of assessing and collecting each Unit Owner's share of the estimated expenses is set forth in Section 10 of the Declaration. There is no division of the assessment charge between general or limited common elements.

10.11 Services. The services provided by the Association are set forth in Section 9.2 of the Declaration.

10.12 Liability. An Owner only assumes liability for the assessments set forth in Section 10 of the Declaration.

10.13 Liens. No additional liens, other than mechanics' liens, assessment liens, or tax liens, may be obtained against the General or Limited Common Elements presently existing in which a Unit Owner has a percentage

ownership.

10.14 Restrictions on Use. Restrictions on and requirements respecting the use and maintenance of the units and the use of the General and Limited Common Elements which are designed to prevent unreasonable interference with the use of their respective Units and said Common Elements by the several unit owners are set forth in Section 11 of the Declaration.

10.15 Restrictions on Leasing. Restrictions on leasing a Unit are contained in Section 11.8 of the Declaration.

10.16 Recreational Facilities. The major recreational facilities are the jacuzzi tub, bathrooms and courtyard located on the second floor of the Project. Only the Owners, lessees and guests of the Residential Units may use these facilities.

10.17 Additions of General and Limited Common Elements. No new additions of general or limited common elements are anticipated and, therefore:

10.17.1 There should be no effect on a unit owner in reference to his obligation for payment of the common expenses, including new recreational facilities, costs, and fees, if any;

10.17.2 There should be no effect on a unit owner in reference to his ownership interest in the existing general and limited common elements and new general and limited common elements:


10.17.3 There should be no effect on a unit owner in reference to his voting power in the association.

EFFECTIVE DATE: February 29, 1986

BOARD OF DIRECTORS:

Dirk A. de Pagter  
Dan Wilson  
John J. Horn

By:

  
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John J. Horn, Secretary