

BY-LAWS
OF
PARADISE CONDOMINIUM OWNERS' ASSOCIATION, INC.

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Right of First Refusal expenses should be borne by owner involved

BY-LAWS
OF
PARADISE CONDOMINIUM OWNERS' ASSOCIATION, INC.

The name of the Corporation shall be PARADISE CONDOMINIUM OWNERS' ASSOCIATION, hereinafter called "Association" or "Corporation".

All terms ("Terms") as used herein, unless the context requires otherwise, shall have the same meaning as the Terms have in the Declaration executed of even date herewith and to which these By-Laws are an exhibit.

ARTICLE I

OBJECT

1. The purpose for which this non-profit Corporation is formed is to govern the Property situated in the County of Gunnison, State of Colorado, which Property is shown on the plat of Paradise Condominium recorded on the ____ day of _____, 1980 and bearing reception number _____, and which Property has been submitted and to which these By-Laws are expressly made subject to the provisions of the Condominium Act of the State of Colorado. Colorado Revised Statutes Annotated 38-33-101, et seq., (1973, as Amended).
2. All present or future Owners, tenants, future tenants, or any other person that might use the facilities

of the Project in any manner, are subject to the regulations set forth in these By-laws. The mere acquisition or release of any of the condominium units (hereinafter referred to as "Units") of the Project or the mere act of occupancy of any of the Units will signify that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE II

MEMBERSHIP, VOTING, QUORUM, PROXIES

1. Membership. Any person on becoming an owner of a Unit shall automatically become a member of this Association ("Member") and, therefore, shall be subject to these By-Laws. Such membership shall terminate without any formal corporate action whenever such person ceases to own a Unit, but such termination shall not relieve or release any such former Owner from liability or obligation incurred under or in any way connected with the Project during the period of such ownership and membership in the Association, or impair any right or remedies which the Board of Managers of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership in the Association, or impair any right or remedies which the Board of Managers of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident

thereto. No certificates of stock shall be issued by the Association, but the Board of Managers may, if it so elects, issue a membership card to the Owner(s) of a Unit. Such membership card shall be surrendered to the Secretary whenever ownership of the Unit designated thereon shall terminate.

2. Voting. Voting shall be based upon the percentage of the undivided interest of each Unit Owner in the Common Elements, as set forth in Paragraph 2.2(b) of the Condominium Declaration. An Owner of an undivided fractional ownership interest in and to a Unit shall be entitled to a vote equal to his fractional ownership interest in such Unit. Cumulative voting is prohibited.

3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Owners representing a majority ownership of the Common Elements shall constitute a quorum.

4. Proxies. Votes may be cast in person or by proxy. Proxies may be filed with the Secretary before the appointed time of each meeting.

ARTICLE III

1. Association Responsibilities. The Owners of the Units shall constitute the Association of Unit Owners, hereinafter referred to as "Association", who will have the responsibility of administering the Project through a Board of Managers.

2. Place of Meetings. Meetings of the Association shall be held at such place as the Board of Managers may determine and the first lien mortgagees shall have the right to attend such meetings.

3. Annual Meeting. The first annual meeting of the Association shall be held at such time and place as shall be designated by the Declarant, as identified through the terms of the Declaration. Such designation shall take place through notice thereof emanating from the Declarant, and shall not occur more than ninety (90) days after the expiration of the Construction Period. Thereafter there shall be a meeting of the Association of the third Monday of December of each year at 8:00 p.m., upon the Common Area or at such other reasonable time and place (not more than sixty (60) days before or after such date), as shall be specified in the notice thereof. At such meetings there shall be elected by ballot of the Owners a Board of Managers in accordance with the requirements of Paragraph 5 of Article IV of these By-Laws. The Owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Managers or upon a petition signed by a majority of the Owners and having been

presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting, and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless agreed to by consent of at least four-fifths of the Owners present, either in person or by proxy.

5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting to the membership (and all first lien mortgagees or their designated representatives) stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at least ten (10) days, but not more than thirty (30) days, prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served and duly and properly given.

6. Adjourned Meeting. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than ten (10) days or more than fifty (50) days following the meeting or adjournment thereof. The required quorum at any such adjourned meeting shall be one-half (1/2) of the required quorum of the meeting which was adjourned, but such quorum shall not be decreased to less than one-tenth (1/10) of the ownership interest in the Common Elements, present in person or by proxy.

7. Order of Business. The order of business at all meetings of the Owners of Units shall be as follows:

- a. Roll Call
- b. Proof of notice of meeting or waiver of notice
- c. Reading of minutes of preceding meeting
- d. Reports of officers
- e. Reports of committees
- f. Election of managers
- g. Unfinished business
- h. New business

ARTICLE IV

BOARD OF MANAGERS

1. Number and Qualifications. Subject to the provisions, except as is provided in Section 4 of this Article, ~~the affairs of this Association shall be governed by a Board of Managers, (sometimes referred to hereinafter as the "Board") composed of seven (7) persons.~~

2. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Project. The Board of Managers may do all such acts and things as are not prohibited by these By-Laws or by the Declaration, directed to be exercised and done by the Owners.

3. Other Powers and Duties. The Board of Managers shall be empowered and shall have the duties as follows:

- (a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions set forth in the

Declaration submitting the Property to the provisions of the Act and operation set forth in the Act

- (b) To establish, make and enforce compliance with such reasonable house rules as may be necessary for the operation, use and occupancy of this Project with the right to amend same from time to time ("Rules and Regulations"). A copy of such Rules and Regulations shall be delivered to, or mailed to, each member promptly upon the adoption thereof.
- (c) To keep in good order, condition and repair all of the General and Limited Common Elements and all items of personal property used in the enjoyment of the entire Property.
- (d) To insure and keep insured all of the insurable Common Elements of the Property in an amount equal to their replacement value ("Replacement Value"). The Replacement Value shall be determined annually by appraisals as may be deemed prudent or necessary by the Board of Managers, one or more mortgagees, or the insurance underwriter. Further, to obtain and maintain comprehensive liability insurance covering the entire Property in amounts of not less than \$100,000 per person and \$300,000 per accident and \$1,000,000 property damages. To

insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the Owners of the Units and their first lien mortgagees.

- (e) To fix, determine, levy and collect the monthly prorated Assessments to be paid by each of the Owners towards the gross expenses of the entire Property and by majority vote of the Board of Managers to adjust, decrease or increase the amount of the monthly Assessments. To levy and collect Special Assessments whenever in the opinion of the Board of Managers it is necessary to do so in order to meet increased operating or maintenance expenses or costs. All monthly or additional Assessments shall be in an itemized statement form and shall set forth the detail of the various expenses for which the Assessments are being made.
- (f) To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and the By-Laws.
- (g) To protect and defend the entire Property from loss and damage by suit or otherwise.

- (h) To borrow funds in order to pay for any expenditures or outlay required; to execute all such instruments evidencing such indebtedness; and such indebtedness shall be the several obligation of all of the Owners in the same proportion as their interest in the Common Elements.
- (i) To enter into contracts within the scope of their duties and powers.
- (j) To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Managers.
- (k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners or mortgagees, and to cause a complete audit of the books and accounts by a competent certified public accountant, once a year.
- (l) To prepare and deliver annually to each Owner a statement showing all receipts, expenses or disbursements since the last statement.
- (m) ~~To meet at least once each quarter.~~ - at least once per year
- (n) To designate the personnel necessary for the maintenance and operation of the General and Limited Common Elements.

↓
See also
Section 9
p 12

- (c) In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable in order to carry out the communal aspect of Ownership.

4. Managing Agent. The initial Managing Agent ("Managing Agent") shall be Ms. Kay Drury whose address is P. O. Box 247, Crested Butte, Colorado 81234, which shall have all of the powers and perform the duties of the Board of Managers for a period coincident with the Construction Period. Subsequent to the termination of the duties of the initial Managing Agent, the Board of Managers may employ for the Association a managing agent at a compensation to be established by the Board of Managers to perform such duties and services as the Board of Managers shall authorize, including, but not limited to, the duties listed in Paragraph 3 of this Article. However, no person or entity shall be made the Managing Agent unless such person or entity shall be a certified property manager as certified by the National Association of Property Managers.

However, notwithstanding anything herein to the contrary, and such agreement for independent professional management of the Project or other services to the Property and/or the Association by the Declarant or other person or entity shall provide that the management contract may be terminated without cause or termination fee on thirty (30)

days written notice, and the term of any such contract shall not exceed three (3) years.

5. Election and Term of Office. At the first annual meeting of the Association, the term of office of four (4) of the Board of Managers, (hereinafter sometimes referred to as "Manager"), shall be fixed for two years. The term of office of three Managers shall be fixed at one year. At the expiration of the initial term of office of each respective Manager his successor shall be elected to serve a term of ~~two years~~. The seven persons acting as the Board of Managers shall hold office until their successors have been elected and hold their first meeting. The term of office for Managers elected for the initial term shall be determined by drawing for such term designation.

6. Vacancies. Vacancies on the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Association shall be filled by a vote of the majority of the remaining Managers, even though they may constitute less than a quorum, and each person so elected shall be a Manager until a successor is elected at the next annual meeting of the Association.

7. Removal of Managers. At any regular or special meeting duly called, any one or more of the Managers may be removed with or without cause by a majority of the Owners,

and a successor shall then and there be elected to fill the vacancy thus created. A Manager whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

8. Organization Meeting. The first meeting of a newly elected Board of Managers shall be held within ten (10) days of the election of such Managers at such place as shall be fixed by the Managers at the meeting at which such Managers were elected; and no notice shall be necessary to the newly elected Managers in order legally to constitute such meeting, provided a majority of the whole Board of Managers shall be present.

9. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined, from time to time, by a majority of the Managers, but ~~at least four (4) such meetings shall be held~~ during each fiscal year of the Association. Notice of regular meetings of the Board of Managers shall be given to each Manager, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

10. Special Meetings. Special meetings of the Board of Managers may be called by the President on three (3) days notice to each Manager, given personally, or by mail, telephone or telegraph, which notice shall state the time, place, (as hereinabove provided) and purposes of the meeting.

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

12. Board of Managers' Quorum. At all meetings of the Board of Managers, a majority of the Managers shall constitute a quorum for the transaction of business; and the acts of the majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board of Managers. If, at any meeting of the Board of Managers, there be 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.

13. Fidelity Bonds. The Board of Managers shall require that ~~the Managing Agent~~ and the officers and employees of the Association handling or responsible for Association funds ~~shall furnish adequate fidelity bonds as set forth in the Declaration.~~ The premiums on such bonds shall be paid by the Association.

ARTICLE V

OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Managers.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the organization meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers.

3. Removal of Officers. Upon an affirmative vote of a majority of the Managers of the Board of Managers, any officer may be removed, with or without cause or prejudice, from the office then held (but not from the Board of Managers) and his successor elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose.

4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and the Board of Managers. He shall have all the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the powers to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Vice President. In the absence of the President or the President's inability for any reason to exercise his powers and perform any of his functions or duties, the Vice President shall have and exercise all powers of the President and perform any duties he is directed to perform by the President.

6. Secretary. The Secretary shall keep all the minutes of all meetings of the Board of Managers and the minutes of all meetings of the Association. He shall be in charge of such books and papers as the Board of Managers may direct and he shall, in general, perform all the duties incident to the office of Secretary.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of 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 number or other appropriate designation of the Unit owned by such Owner and the parking space, patio and/or balcony assigned for use in connection with such Unit. Such list shall be open to inspection by the Owners and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

7. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements.

in which belong to the Association. He shall be responsible for the deposit of all monies and other valuable effects 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 Managers.

ARTICLE VI

INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every Manager or officer, his heirs, executors and administrators, against all losses, costs and expenses including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding brought against such person because of any act or omission committed by that person while acting in his capacity as a Manager or officer; provided, however, that the Association shall not be liable for such indemnification when the loss and/or damage has been occasioned by the gross negligence or willful misconduct on the part of such Manager or officer. 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 such gross negligence or willful misconduct in the performance of his duty as such Manager or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Manager or officer may be entitled. All liability, loss, damage, costs

and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses; provided, however, that nothing in this Article VI shall be deemed to obligate the Association to indemnify any member or Owner of a Unit, who is or has been a Manager or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a member or Owner of a Unit covered thereby.

ARTICLE VII

OBLIGATIONS OF OWNER

1. Assessments. All Owners other than the Declarant of the Declaration, shall be obligated to pay the monthly Assessments imposed by the Association to meet the Common Expenses, all as more specifically set forth in Article V, Section 5.4 of the Declaration. The Assessments shall be made pro rata according to percentage interest in and to the General Common Elements and shall be due monthly in advance. An Owner shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of the Owners, within the meaning of these By-Laws, if and only if he shall have fully paid all Assessments made or levied against him and the Unit owned by him.

2. Maintenance and Repair.

- (a) Every Owner must perform promptly at his own expense all maintenance and repair work within his

Unit, which if omitted would affect the Project in its entirety or in a part belonging to other Owners.

- (b) An Owner shall be responsible for, maintain and keep in repair, at his personal expense, the interior of his own Unit, including the fixtures thereof, and all fixtures and equipment installed within the Unit, and all internal installations of the Unit such as patio planting, water, light, gas, power, sewage, telephone, sanitary installation, doors, windows, glass, electrical fixtures and all other accessories, equipment, and fixtures belonging to the Unit, including, but not limited to, the air conditioning compressor unit, shall be at the Owner's expense.
- (c) Each Owner shall keep clean the interior of the Limited Common Elements assigned to his Unit, but the actual maintenance, including painting and the replacement of doors and windows, shall be the responsibility of the Association.
- (d) An Owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any General or Limited Common Element damaged by his negligence or by the negligence of his tenants, agents, invitees or guests.

3. Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's lien(s) filed against other Units and the appurtenant Common Elements for labor, material, services or other products incorporated in the Owner's Unit. In the event suit for foreclosure of said mechanics' lien is commenced, then within ninety (90) days thereafter such Owner shall be required to deposit with the Association cash or negotiable securities equal to the amount of such claim plus interest for one year together with the sum of One Hundred Dollars (\$100.00). Such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursement of such funds or proceeds shall be made to insure payment of or on account of such final judgment or settlement. Any deficiency shall be paid forthwith by the Owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the Owner and a lien against his Unit, which may be foreclosed as is provided in the Declaration.

Such Owner shall be liable to the Association for the payment of interest at the maximum lawful nonusurious rate in the State of Texas on all sums paid by the Association until the date of repayment by such Owner.

4. General.

- (a) Each owner shall comply strictly with the provisions of the Declaration.

- (d) Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Declaration was established.

5. Use of Units - Internal Changes.

- (a) All units shall be utilized for single family residential purposes only.
- (b) An Owner shall not make structural modifications or alternations to his Unit or installations located therein without previously notifying the Association in writing through the Managing Agent or if no Managing Agent is employed, then through the President of the Board of Managers. The Association shall have the obligation to answer within thirty (30) days after such notice, and failure to do so within the stipulated time shall mean that there is objection to the proposed modification or alteration, and the request is deemed to have been refused. Such notice shall be deemed given upon deposit by Owner at the office of Managing Agent of a complete set of Plans and Specifications and any permits required in accordance with the ordinances of the City of Houston.

6. Use of General Common Elements and Limited Common Elements. Each Owner may use the General Common Elements and the Limited Common Elements in accordance with the

purpose for which they were intended without interfering or encroaching upon the lawful rights of the other Owners.

7. Right of Entry.

- (a) An Owner hereby grants the right of entry to the Managing Agent or to any other person authorized by the Board of Managers in case of any emergency originating in or threatening his Unit, whether the Owner is present at the time or not.
- (b) An Owner shall permit other Owners, or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

8. Rules and Regulations.

- (a) All Owners shall promptly and completely comply with each of the rules and regulations herein contained or hereafter properly adopted in order that all Owners and their guests shall achieve maximum utilization of such facilities.
- (b) Nothing shall be done in any Unit, nor shall same be occupied or used for any purpose, nor shall any commodity, product or personal property be kept

thereof or thereon, which shall not have im-
provements to be insurable against loss by fire
or the perils included in an extended cover-
endorsement under the rules of the State of Texas
Insurance Commission or which might cause or
warrant any policy or policies covering said
premises to be cancelled or suspended by the
issuing company.

- (c) Owners and occupants of Units shall at all times exercise extreme care to avoid making or per-
mitting to be made loud or objectionable noises,
and in using or playing or permitting to be used
or played musical instruments, radios, phono-
graphs, television sets, amplifiers and any other
instruments or devices in such manner as may
disturb Owners, tenants or other occupants of
Units on the Property. No Unit shall be used or
occupied in such manner as to obstruct or interfere
with the enjoyment of occupants or other residents
of adjoining Units, nor shall any nuisance, or
illegal activity be committed or permitted to
occur in or on any unit or upon any part of the
Common Elements of the Property.
- (d) The Common Area is intended for use for the pur-
pose of affording vehicular and pedestrian move-
ment within the Project and of providing access to

the Project; those portions thereof adapted therefor for recreational use by the Owners and occupants of Units; and all thereof, for the beautification of the Project and for providing privacy for the residents thereof through landscaping and such other means as shall be deemed appropriate. No part of the Common Area shall be obstructed so as to interfere with its use for the purposes hereinabove recited, nor shall any part of the Common Area (Common Elements) be used for general storage purposes after the completion of the construction of the Units by developer, except designated maintenance storage rooms nor anything done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

- (e) Not more than two (2) small domesticated dogs or cats, or other usual small domesticated pets ("Pets") may be kept in any Unit, provided always that the Pet shall be allowed on the Common Areas only as may be specified under reasonable rules therefor promulgated by the Board of Managers. Except as hereinabove stated, no animal, livestock, birds, or poultry shall be brought within the Property or Unit or kept in or around any Unit thereof. In addition, no breeding of Pets or commercial activities related thereto shall be permitted on the Property.

- (f) No resident of the Property shall post any advertisements, signs or posters, of any kind, in or on the Project except as authorized by the Association.
- (g) Parking of automobiles shall be only in the space designated as parking for each Unit; no unattended vehicle shall at any time be left in the streets in such manner as to impede the passage of traffic or to impair proper access to parking area. No boats, trailers or campers will be left in parking areas. No storage of any objects shall be permitted in the driveway and private carport area except in the designated storage areas which shall be kept closed when not in use, and the same shall at all times be kept free of unreasonable accumulation of debris or rubbish of any kind.
- (h) It is prohibited to hang garments, rugs and/or any other materials from the windows or from any of the facades of the Project.
- (i) It is prohibited to dust rugs or other materials from the windows, or to clean rugs by beating on the exterior part of the Units, or to throw any dust, trash, or garbage out of any of the windows of any of the Units.
- (j) It is prohibited to throw garbage or trash outside the disposal areas provided for such purposes.

- (k) No Owner or other occupant of any Unit shall concede or make alteration, modification or improvement, nor add awnings, patio covers or other devices to the Common Elements, (both General and Limited) of the Property or to move or remove or add to any planting, structure, fence, furnishings or other equipment or object therefrom except with the written consent of the Association. Architectural control of the foregoing shall be the responsibility of the Board of Managers or its appointed representatives and no approval shall be granted without the submission of Plans and Specifications showing the nature, kind, shape, size, materials, color and location of the same with regard to harmony or external design and location in relation to the surrounding structures and topography.
- (l) Reasonable and customary regulations for the use of the swimming pools, ~~office, laundry facilities~~ and recreation areas will be promulgated hereafter and publicly posted at such places. Owners and all occupants of Units shall, at all times, comply with such regulations. *Common elements*
- (m) It is the right of the Association to control the visual attractiveness of the Property, including, but not limited to the control of the balconies and the color thereof, the right to require Owners to

eliminate objects which are visible from the Common Area which detract from the visual attractiveness of the Property and to require Owners to install white lined drapes, white lined shades, white lined shutters or any other type of white lined window covering.

- (n) The Units shall be used only for single family residential purposes, as private residences, and subject to the terms of the Declaration and (g) hereunder, no professional, business or commercial use shall be made of the same, or any portion thereof; provided, however, that Declarant may use any of the Property as sales offices and/or furnished models and for displaying advertising signs and construction purposes at the Property during the said Construction Period. No Owner or resident shall use a Unit in such a manner so as to endanger the health or disturb the reasonable enjoyment of any other Owner or resident. Resident as used in this paragraph shall be defined as any occupant of a Unit, whether or not an Owner.
- (o) Without prior written authorization of the Association, no television or radio antennas of any sort shall be placed, allowed or maintained on any portion of the exterior of the improvements located on the Property or any structure situated upon the Property.

- (p) No vehicle shall be parked in driveways or any thoroughfare on the Property. For a period not to exceed forty-eight (48) hours, guests and invitees of Owners may park their vehicles in the surface parking areas within the Common areas provided for such purpose.
- (q) Owner shall be permitted to lease his Unit for transient or hotel purposes. In addition, no Owner may lease less than an entire Unit. The Association additionally may require that all leases of any Unit must (i) be in writing and (ii) provide that such leases are specifically subject in all respects to the provisions of the Declaration, By-Laws, Rules and Regulations of the Property and/or the Association and any other Rules and Regulations valid and existing on the Property ("Rules"), and further that failure by any tenant or occupant to comply with one or more of the terms and conditions of one or more of the Rules, should be a material default under the lease or other document entitling the tenant or occupant to occupy the Unit, whereupon the occupant or tenant,

as the case may be, shall have ten (10) days after receipt of notice from the Association to cure the default and in the event default is not timely cured, the Owner and/or the Association shall be entitled to exercise all procedures against the occupant or tenant, as the case may be, to evict them from the Unit, including, but not limited to, a forceable entry and detainer proceeding. Other than the foregoing, there shall be no restriction on the right of any Owner to lease his Unit.

- (r) No Owner shall use any of the Property to wash vehicles of any kind.
- (s) It is the right of the Association to charge reasonable admission, rental and other fees to Owners or guests for the use of any facilities situated upon the Common Area without limiting the generality of the foregoing.
- (t) It is the right of the Association to charge reasonable fees for the use of facilities within the Common Area if such facilities are not used by all Owners equally.
- (u) It is the right of the Association to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said Property; provided, however, that the rights of any such Mortgagee in such properties shall be

not be subject to the rights of the Owners hereinafter and in no event shall any such Mortgagee have the right to terminate the Condominium Regime established by the Declaration; and provided such loan or mortgage has been approved by three-fourths (3/4) vote of the quorum of Owners, present at a meeting of the Association, specifically called for the purpose of approving any such loan or mortgage.

- (v) It is the right and duty of the Association to suspend the voting rights and the right to the use of the recreational facilities by an Owner for any period during which any Assessment against the Owner's Unit remains unpaid; and for a period not to exceed thirty (30) days from any infraction of the Declaration, the By-Laws and the Rules and Regulations promulgated by the Association.
- (w) It is the right of the Declarant during the Construction Period or the right of the Association after the Construction Period to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for the purposes and subject to the conditions of such agency, authority or utility. No such dedication or transfer after the Construction Period shall

be effective unless approved by the fourths (3/4) vote of the quorum of Owners present at a meeting of the Association, specifically called for the purpose of approving any such dedication or transfer and unless an instrument signed by the Board of Managers reflecting such vote of the Owners agreeing to such dedication or transfer has been duly recorded in the Records of Gunnison County, Colorado.

- (x) It is the right of the Association to adopt, implement, and maintain a private security system for the Property consistent with applicable laws.

9. Destruction or Obsolescence. Each Owner shall, upon request therefor, execute a power of attorney in favor of the Association irrevocably appointing the Association as his attorney-in-fact to deal with the Owner's Unit upon its destruction or obsolescence as is provided in Article VI of the Declaration.

ARTICLE VIII

AMENDMENTS TO BY-LAWS

1. New By-Laws may be adopted or these By-Laws may be repealed or amended at the annual meeting or at any other meeting of the Owners called for that purpose by a vote of Owners entitled to exercise at least three-fourths (3/4) of the voting power of the Owners or by written assent of such Owners. ★

2. Whenever an amendment or new By-Law is adopted, it shall be copied in the book of By-Laws with the original By-Laws in the appropriate place. If any By-Law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

ARTICLE IX

MORTGAGES

1. Notices to Association. An Owner who mortgages his Unit shall notify the Association through the Managing Agent, if any, or the President of the Board of Managers, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Units".

2. Notice of Unpaid Assessments. The Association shall, at the request of a Mortgagee of a Unit, give written notice of any unpaid Assessments due from, or other default by, the Owner of such unit.

ARTICLE X

COMPLIANCE

These By-Laws are set forth to comply with the requirements of the Act. If any of these By-Laws conflict with provision of the Act, it is hereby agreed and accepted that the provisions of the Act will apply.

ARTICLE XI

NON-PROFIT

This Association is not organized for profit. No Member, Member of the Board of Managers or person from whom

the Association may receive any Property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any Member of the Board of Managers; provided, however, always: (1) that reasonable compensation may be paid to any Member 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 of the Board of Managers may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XII

REGISTERED AGENT

The Registered Office and the principal office of the transaction of business of this Association shall be 121 South Taylor Street, Gunnison, Colorado 81230 and the Registered Agent shall be Mr. Roderick E. Landwehr at the same address.

ARTICLE XIII

EXECUTIVE AND OTHER COMMITTEES

The Board of Managers may appoint an Executive Committee, and such other committees as may be necessary from time to time, consisting of such number of its members and with such

power as it may designate, consistent with the By-Laws and the Laws of the State of Colorado. Such committees shall hold office at the pleasure of the Board of Managers.

ARTICLE XIV

CORPORATE RECORDS AND REPORTS--INSPECTION

1. As per the initial provisions of Article IV (3)(k) and (l), the Association shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the State of Colorado, as fixed by the Board of Managers from time to time.

2. The "Member Register", the "Mortgagee Register", the books of account and Minutes of proceedings of the Members and the Board of Managers and of Executive Committees of the Board of Managers of the Association shall be open to inspection upon the demand of any Owner or his mortgagee at reasonable business hours.

Demand of inspection shall be made upon the President, Secretary, Assistant Secretary or Managing Agent of the Association.

3. The original or a copy certified by the Secretary of these By-Laws, as amended or otherwise altered to date,

constituted by the secretary, shall be open to inspection by the Members at the Association's principal offices at all reasonable times during office hours.

4. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Managers.

5. The Board of Managers, except as in the By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Managers, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount.

6. The Board of Managers shall cause an annual financial statement to be sent to the Members not later than ninety (90) days after the close of the fiscal or calendar year.

The financial statement shall be prepared according to generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTICLE XV

GENDER

Words of any gender used in these By-Laws shall be held and construed to include any other gender, and any words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

ARTICLE XVI

ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

The violation of any rule or regulation promulgated by the Board of Managers, or the breach of any By-Law, or the breach of any provisions of the Declaration, shall give the Board of Managers or the Managing Agent the right, in addition to any other rights set forth herein to (1) enter the Unit which, or as to which, such violation or breach exists and to summarily abate and remove at the expense of the defaulting Unit Owner any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Managers or Managing Agent shall not be deemed guilty in any manner of trespass, and to expell, remove and put out same, using such force as may be necessary in doing so, without being liable to prosecution or in damages thereof, and (2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, being all of the persons appointed in the Articles of Incorporation to act as the first Board of

Directors of the Association (or being their duly appointed successors) hereby assent to the foregoing By-Laws, and adopt the same as the By-Laws of the Association.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this _____ day of _____, 1980.



James H. Westmoreland