

# BYLAWS

VILLAS AT MT. CRESTED BUTTE ASSOCIATION

A Colorado nonprofit corporation

Adopted January 22, 2008

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### ARTICLE I Functions

Section 1.1 Purposes and Objects. The purpose for which this nonprofit corporation (hereinafter Corporation) is formed is to govern Villas at Mt. Crested Butte, a common interest community situated in Gunnison County, Colorado, in accordance with the terms and conditions of the Declaration of Protective Covenants for Villas at Mt. Crested Butte (Declaration), Articles of Incorporation, and Bylaws of this Corporation, as the same may be amended from time to time.

Section 1.2 Compliance. All present or future owners, tenants, or any other person who might use the facilities of the Villas at Mt. Crested Butte in any manner are subject to these Bylaws. The mere acquisition or rental of any of the Lots of this common interest community or the mere act of occupancy of such Lots will signify that these Bylaws are accepted, ratified and will be complied with.

### ARTICLE II Membership

Section 2.1 Automatic Membership. The owner of a Lot, upon becoming an owner, shall be entitled and required to be a member of the Corporation and shall remain a member for the period of his or her ownership.

Section 2.2 One Membership. Each Lot shall be entitled to one membership in the Corporation. Such membership shall be appurtenant to the Lot and shall be transferred automatically by a conveyance of that Lot to any new owner. Each membership shall be entitled to one vote, and in the event the membership is held by more than one owner, the vote must be cast only as a single vote. Split or divided votes of membership shall not be allowed.

Section 2.3 Transfer. No person other than an owner of a Lot may be a member of the Corporation. A membership may not be transferred except in connection with the conveyance or transfer of the Lot; provided, however, that such membership may be assigned to the holder of a mortgage or Deed of Trust as further security for the loan secured by the lien of the mortgage holder upon the Lot.

Section 2.4. Person. The term "person" for the purpose of membership shall include a

corporation, partnership, limited liability company, trust, joint venture or other legal entity that has valid title to any Lot. Any officer, director, shareholder, partner, or trustee of such entity may exercise the membership rights of the entity and shall further be entitled to serve on the Board of Directors and as an officer of the Corporation.

Section 2.5 Termination. Such membership shall terminate without any formal corporate action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Lot owner from any liability or obligation incurred under or in any way connected with Villas at Mt. Crested Butte Association during the period of such ownership and membership in this Corporation, or impair any rights or remedies which the Board of Directors of the Corporation 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.

### ARTICLE III Meetings of the Membership

Section 3.1. Annual Meetings. The annual meeting of the membership shall be held in July of each year at a time and place set forth in the notice of said meeting. At the annual meeting, the membership shall elect the Board of Directors and transact such other business as may properly come before it.

Section 3.2 Special Meetings. Special meetings of the membership may be called at any time by the Board of Directors, the president, or by Lot owners having twenty (20) percent of the votes in the Corporation. Not less than ten (10) nor more than fifty (50) days in advance of any special meeting of the members, the secretary shall cause notice to be hand delivered, sent by United States mail, or electronic mail. The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendments to the Declaration or any proposal to remove an officer or director of the Board. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths of the owners present, either in person or by proxy.

Section 3.3 Notice of Meeting. Notice of the date, place and time of the annual meeting shall be given to each member either by delivering such notice to the member personally, by mailing the same to him or her by United States mail, or by electronic mail, which notice shall be given not later than ten days prior to the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the membership register of the Corporation. A member may waive notice of any meeting. Such waiver shall be in writing and signed by the member waiving notice.

Section 3.4. Open Meetings. Special and annual meetings are open to all members.

Section 3.5. Speaking. At an appropriate time determined by the Board, but prior to Board action on any issue under discussion, members shall be permitted to speak regarding that issue. The president of the Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person wishes to address an issue and there are opposing views, the president shall provide for a reasonable number of persons to speak on each side of the issue.

Section 3.6 Votes. The affirmative vote of a majority of the members present at a meeting in person or by proxy and entitled to vote on the subject matter shall be the act of the membership, unless the vote of a greater number is required by the Articles of Incorporation, the laws of the State of Colorado or the Declaration.

Section 3.7. Voting of Proxies. At all meetings of the members, a member may vote by proxy executed in writing by the member or by his or her duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of this execution unless otherwise provided in the proxy.

Section 3.8 Order of Business. The order of business at the annual meeting, and as applicable at any special meeting, shall be as follows:

1. Roll call
2. Proof of notice of meeting
3. Reading and approval of any unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

Section 3.9 Voting by Mail. Votes of members on any matter may be accomplished by mail. Member votes by mail shall be in accordance with the following procedures:

3.9.1 The Board shall declare by resolution that a vote of members is desirable or necessary in accordance with law, and such resolution shall contain a notice to owners setting forth:

1. An explanation of the election or action to be voted on and the reasons, which have been advanced, both for and against the action.
2. The recommendation of the Board on proposed actions other than elections and the position of each Board member either for or against the action.
3. The date the notice and ballot are to be sent to members, which date shall be at least thirty (30) days prior to the last day of voting, and the date on which voting shall be closed. The Board, in its discretion, may direct that other written materials which are necessary or useful to members in casting an informed vote be included in the mailing.

3.9.2 The Secretary of the Corporation shall, by the date specified in Board's notice, mail to each owner authorized to vote:

1. A copy of the Board's notice,
2. A ballot clearly designed to include the names of all candidates in an election, or in the case of votes other than the election or recall of Directors, clearly marked to allow a vote either for or against the proposed action,
3. A return envelope, and
4. Such other written material as the Board may direct.

## ARTICLE IV Board of Directors

Section 4.1 Number of Directors. The Board of Directors (Board) shall consist of five (5) members.

Section 4.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Corporation. Such powers and duties shall include, but shall not be limited to, the following:

4.2.1 Exercising all power, duty and authority vested in or delegated to the Board under the Articles of Incorporation and Bylaws of the Corporation.

4.2.2 Exercising all power, duty and authority vested in or delegated to the Board under the Declaration.

4.2.3 To be the design review board for the Villas at Mt. Crested Butte in accordance with the Design Guidelines and PUD II Written Statement.

4.2.4 Fixing, collecting, and enforcing all assessments as provided in the Declaration.

4.2.5 Exercising any and all powers granted to the Corporation by the Colorado Nonprofit Corporation Act and the Colorado Common Interest Ownership Act, as the same now exists or may hereafter be amended from time to time.

4.2.6 Exercising any other power permissible under applicable Colorado law.

4.2.7 Commencing and maintaining, in its own name, on its own behalf, or in the names and on behalf of Lot owners who consent thereto, suits and actions to restrain and enjoin any breach or threatened breach of the Declaration or Rules and Regulations of the Corporation.

Section 4.3 Tenure. Each director shall hold office for a term of three (3) years from the date of his or her election and until his or her successor shall have elected and qualified to office, subject only to the provisions of Section 4.5.

Section 4.4 Qualifications. All directors shall be members of the Corporation.

Section 4.5 Term of Office. Directors shall be elected at each annual meeting of the members and shall serve for a term of three years. The term of office shall be staggered so that two directors' terms expire each year and every third year one director's term expires. A term of Office shall be limited to two (2) consecutive three (3) year terms. When a director is appointed to fill an unexpired term, that term shall not be considered one of the two (2) consecutive terms. After serving two (2) consecutive terms, a director must be off the board for one (1) full year before being eligible for Board membership.

Section 4.6 Elections. Contested elections for the Board of Directors shall be by secret ballot with the person receiving the highest number of ballots cast for such director vacancy being declared elected. The results of a vote taken by secret ballot shall be reported without reference to the names, addresses or other identifying information of Lot owners participating in such vote.

Section 4.7 Vacancies. The Board of Directors is empowered to fill any vacancy that may occur in its own body, or among the officers of the Corporation, and the person so appointed to such office shall hold that office until the expiration of the term of the person he or she succeeds.

Section 4.8 Compensation. No director shall be entitled to receive any compensation as a director of the Corporation; provided, however, that he or she may be reimbursed for any actual expenses incurred in the performance of his or her duties as a director.

Section 4.9 Annual and Regular Meetings. All meetings of the Board of Directors shall be open to the members. The annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of the members of the Corporation. Additional regular meetings shall be held quarterly at a time and place to be designated in the notice of such meetings. Agendas for annual and regular meetings shall be made available to all members for examination prior to the meeting. Additionally, the Board of Directors may hold executive session workshops that are not open to members. No actions may be taken at such executive session workshops.

Section 4.10 Special Meetings. Special meetings of the Board of Directors may be called by the president or any two directors. Any special meeting shall be held at a time and place designated in the notice of such meeting. Special meetings of the Board are open to all members. Agendas for meetings of the Board shall be made available to all members for examination prior to the meeting.

Section 4.11 Telephonic Meetings. All members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 4.12. Speaking. At an appropriate time determined by the Board, but prior to Board action on any issue under discussion, members shall be permitted to speak regarding that issue. The president of the Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person wishes to address an issue and there are opposing views, the president shall provide for a reasonable number of persons to speak on each side of the issue.

Section 4.13 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. 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 of directors is required by the Articles of Incorporation, the statutes of the State of Colorado, or the Declaration.

Section 4.14 Notice. Notice of any meeting of the board of directors shall be given at least three days prior thereto by written notice delivered personally to a director, mailed to each director by United States mail at his address as shown on the membership roll of the Corporation or sent by electronic mail. Any director may waive notice of any meeting. Such waiver shall be in writing and signed by the director. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting.

Section 4.15. Removal. Directors may only be removed at a meeting of the membership. The entire Board of Directors or a lesser number may be removed, with or without cause, by a vote of sixty-seven percent (67%) of the members in good standing present at such meeting in person or by proxy.

Section 4.16 Majority Written Consent. The Board of Directors may take action by majority written consent, which must be filed with the secretary, reported, and attached to the minutes of the next regular Board meeting.

## ARTICLE V Officers

Section 5.1 Number. The officers of the Corporation shall be a president, vice president, secretary and treasurer. Such other officers as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 5.2 Tenure. The officers shall be elected at the annual meeting of the Board of Directors of the Corporation, shall hold office until the next annual meeting of the Board of Directors and until their successors have been elected and qualified.

Section 5.3 Qualifications. The president, vice president, secretary, and treasurer shall be members of the Board of Directors. Any additional officers elected or appointed by the Board need not be members of the Board of the Corporation.

Section 5.4 Election. The officers of the Corporation shall be elected by the Board of Directors by ballot, oral or written, with the person receiving the majority of the ballots cast for such office being declared elected.

Section 5.5 Vacancy. A vacancy in any officer's position because of the death, resignation, removal, disqualification or inability to act shall be filled by the Board of Directors for the unexpired portion of the term of that office.

Section 5.6 President. The president shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. He or she shall, when present, preside at all meetings of the members and Board of Directors. He or she may sign, with the secretary or any other proper officer of the Corporation authorized by the Board, deeds, mortgages, contracts or other instruments, and in general, shall perform all duties incident to the office of the president and such other duties as may be prescribed by the Board from time to time.

Section 5.7 Vice President. In the absence of the president, or in the event of his or her death or inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all of the powers of the president and be subject to all the restrictions upon the president and shall perform such other duties as from time to time may be assigned to the vice president by the president or the Board.

Section 5.8 Secretary. The secretary shall (a) keep the minutes of the members' meetings and of the Board of Directors' meetings; (b) see that all notices are duly given in accordance with the provisions of these Bylaws; (c) be custodian of the corporate records and be responsible for their safe keeping, and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, if required, the execution of which on behalf of the Corporation under its seal is duly authorized; and (d) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or by the Board of Directors.

Section 5.9 Treasurer. The treasurer shall (a) be responsible for oversight of all funds of the Corporation; (b) monitor the management company keeping the financial records and preparing financial reports to the Board of Directors and the membership; (c) be responsible for preparation of the annual budget; and (d) in general, perform all of the duties as from time to time may be assigned to him or her by the president or by the Board of Directors.

Section 5.10 Removal. Any officer may be removed by the Board of Directors without cause whenever, in the Board's judgment, the best interests of the Corporation would be served thereby. Such removal can be accomplished at any meeting of the Board of Directors. Such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

ARTICLE VI  
Contracts, Loans, and Deposits

Section 6.1 Contracts. The Board of Directors may authorize by resolution any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 6.3 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may elect.

ARTICLE VII  
Corporation Records

7.1 Permanent Records. The Corporation shall keep the following as a permanent record: 1) minutes of all member meetings, and Board meetings; 2) a record of all actions taken by the Lot owners or Board by written consent instead of holding a meeting; 3) a record of all actions taken by a committee of the Board; and 4) a record of all waivers of meeting notices by members, directors or committee members.

7.2 List. The Corporation must maintain a record of Lot owners that allows preparation of a list of the names and addresses of all Lot owners.

7.3 Written Form. Corporation records must be maintained in written form or in another form that can be converted into written form.

7.4 Inspection of Records. The Corporation must make all financial and other records available during normal business hours, on notice of five (5) business days, for examination and copying by any Lot owner if the following conditions are met: 1) the request was made in good faith and for the proper purpose; 2) the request describes with reasonable detail the records sought and why; and 3) the records are relevant to the purpose of the request.

7.5 Governing Documents. In addition to those permanent records as set forth above that the Corporation is required to keep, the Corporation must keep a copy of each of the following records at its principal office: 1) the Articles of Incorporation; 2) the Bylaws; 3) the Declaration; 4) resolutions adopted by the Board that affect Lot owners; 5) all written communications to Lot owners within the past 3 years; 6) a list of the names and addresses, business and home, of current directors and officers; 7) its most recent annual report, if any; and 8) all financial reviews and audits, if any.

ARTICLE VIII  
Fiscal Year

The fiscal year of the Corporation shall begin on the first (1<sup>st</sup>) day of October and terminate on the thirtieth (30<sup>th</sup>) day of September of each year.

ARTICLE IX  
Seal



The Board of Directors shall provide a corporate seal that shall be circular in form and shall have inscribed thereon the name of the Corporation, the state of incorporation, and the word "SEAL."

#### ARTICLE X Waiver of Notice

Whenever any notice is required to be given to any member or director of the Corporation under the provisions of these Bylaws or under the provisions of the laws of the State of Colorado, 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 deemed equivalent to the giving of such notice.

#### ARTICLE XI Indemnification of Officers and Directors

The Corporation shall indemnify every officer or director and their heirs, executors and administrators against all loss, costs and expense, including attorney's fees, reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party by reason of their being or having been an officer or director of the Corporation, except as to matters as to which they 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 Corporation is advised by counsel that the persons to be indemnified have not been guilty of gross negligence or willful misconduct in the performance of their duties as such officer or director in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such officer or director may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the Corporation by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Corporation as common expenses; provided, however, that nothing in this Article shall be deemed to obligate the Corporation to indemnify any member who is or has been an officer or director of the Corporation with respect to any duties or obligations assumed or liabilities incurred by them under and by virtue of the Declaration as an individual owner of a Lot covered hereby and not as a director of the Corporation.

#### ARTICLE XII Transactions with Interested Directors

A "transaction with interested directors" is one to which the Corporation is a party and in which one or more of the directors has a material financial interest. It shall be the obligation of the director or directors to inform the Corporation, as soon as the interest is known or suspected, when such a transaction exists. The Board shall not approve such a transaction except as follows: the Board may approve a transaction with an interested director(s) if the Board determines, with sufficient findings, that the transaction is undertaken for the Corporation's own benefit, and is fair and reasonable to the Corporation; and the Board determines after reasonable investigation that this Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board, in good faith, with knowledge of material facts concerning the transaction and the interested director's(s)' interest in the transaction. The interested director(s) may participate in the discussions but shall not vote on that issue.

ARTICLE XIII  
Obligation of Lot Owners

Section 13.1 Assessments. Except as is otherwise provided in the Declaration, all Lot owners shall be obligated to pay the regular and special assessments imposed by the Corporation to meet the common expenses. A member shall be deemed to be in good standing and entitled to vote at any annual meeting or at a special meeting of members, within the meaning of these Bylaws, if and only if such members shall have fully paid all assessments made or levied against them and the Lot owned by them as of the date of such meeting. The Corporation shall have the authority to impose liens for nonpayment as set forth in the Declaration.

Section 13.2 Rules and Regulations. The Board of Directors shall have the power to establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of the Villas at Mt. Crested Butte with the right to amend the same from time to time.

ARTICLE XIV  
Lien for Non-Payment of Fees

The Corporation shall have all such powers granted to it as to the enforcement, lien priority and rights of collection as are set forth in the Colorado Common Interest Ownership Act, as now exists and as may be hereafter amended from time to time.

To evidence such lien the Association may prepare a written notice of lien setting forth the amount of the unpaid bill, the name of the record owner of the Lot and a description thereof. Such notice may be recorded in the records of Gunnison County, Colorado. Such lien shall attach from the date of failure of payment of the bill, and will include the amount of the bill remaining unpaid, accrued interest thereon, and all fees and costs incurred by the Association in the preparation and recording of said notice of lien and a release thereof. Said lien may be enforced by foreclosure in the same manner as foreclosure of a mortgage. In such foreclosure, the Lot owner shall be required to pay the costs and expenses for such proceedings, the costs and expenses for filing the notice of lien and all reasonable attorneys' fees incurred by the Association. The Lot owner shall also be required to pay to the Association the monthly assessments for the Lot during the period of foreclosure. The Association shall have the power to bid on the Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

All past due assessments and fees, together with interest thereon, shall constitute a lien on the Lot of the non-paying lot owner in favor of the Corporation. Such lien shall be superior to all other liens and encumbrances upon such Lot except only (1) tax liens on the Lot, or any liens of any governmental authority and (2) all sums unpaid on a first mortgage of record, including all unpaid obligatory advances made pursuant to such mortgage.

ARTICLE XV  
Amendments

These Bylaws may be altered, amended or repealed and new bylaws adopted by the Board of Directors at any regular meeting upon an affirmative vote of not less than two-thirds of the entire membership of the Board of Directors.

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Bylaws consisting of ten (10) pages, including this page, constitute the Bylaws of Villas at Mt. Crested Butte Association as adopted by the Board of Directors on the 22nd day of January, 2008

VILLAS AT MT. CRESTED BUTTE ASSOCIATION,  
a Colorado nonprofit corporation

By:

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Secretary