

By-Laws of

Chateau Chamonix Condominium Association, Inc.

ARTICLE I

GENERAL

1.1 Purpose. The purpose for which this nonprofit corporation, herein referred to as the "Association", is formed is to govern the condominium property situate in Routt County, Colorado, which is known as Chateau Chamonix which property has been submitted to the provisions of the Condominium Ownership Act of the State of Colorado by the Condominium Declaration dated Dec 1, 1985, and recorded Dec 15, 1985 in the books and records of the office of Clerk and Recorder, Routt County, Colorado, in Book _____ at Page _____. Terms which are defined in the Condominium Declaration shall have the same meaning when used in these By-Laws.

1.2 Owner Subject to By-Laws. All present and future Owners, tenants or any other person who might reside in a Unit or use in any manner the Community Facilities are subject to the regulations set forth in these By-Laws. The mere acquisition, rental or occupancy of any Unit will signify that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE 11

MEMBERSHIP AND VOTING RIGHTS

2.1 Membership. All Owners are automatically members of the Association, which membership shall automatically cease upon termination of an ownership interest in a Unit. Membership is appurtenant to the Unit, and may not be separately conveyed, encumbered or abandoned.

2.2 Additional Property. The Condominium Declaration provides in Section 13 for Additional Property to be subjected to the Declaration. Future Owners of Units upon this Additional Property shall automatically become members of the Association.

2.3 Voting. The Association shall have two classes of voting membership:

(a) Class A members shall be all Owners except Declarant. When Class B membership terminates, Declarant will thereafter become a Class A member. Class A members shall be entitled to one vote for each Unit Owned.

(b) The Class B member shall be Declarant. Declarant shall be entitled to three votes for each Unit owned by it. The Class B membership shall cease when the total votes outstanding in the Class A membership equal the votes outstanding in the Class B membership, or on January 1, 1987, whichever occurs earlier.

2.4 Cumulative Voting. Cumulative voting is not permitted in the election of Managers.

2.5 Action By Association. Unless otherwise expressly provided in these By-Laws or the Declaration, any action which may be taken by the Association may be taken by a majority vote of a quorum of the Membership.

2.6 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Members of the Association representing at least 25% of the total votes outstanding, shall constitute a quorum of the Membership. Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

2.7 Proxies. Votes may be cast in person or by proxy. All proxies shall be in writing and must be filed with the Secretary before the appointed time of each meeting. Each proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed, or upon conveyance by the Member of title to his Unit.

ARTICLE III

ADMINISTRATION

3.1 Association Responsibilities. The Association shall be responsible for administering the Property,

approving the annual budget, and establishing and collecting all assessments.

3.2 Place of Meeting. Meetings of the Members shall be held at such suitable place in Routt County, Colorado, as may be designated by the Board of Managers.

3.3 Regular Meeting. The first regular meeting of the Association shall be held on _____ . Thereafter, the regular meetings of the Association shall be held on a date selected by the Board of Managers between December 1, and December 31 of each year.

3.4 Special Meeting. It shall be the duty of the President to call a special meeting of the Members, as directed by resolution of the Board of Managers, or upon a petition stating the purpose for the meeting and signed by 30% of the voting power of the Association and presented to the Secretary.

3.5 Attendance. Each first Mortgagee of a Unit or of the Common Elements may designate a representative to attend all special and regular meetings of Members. Meetings shall be open to attendance by all Members.

3.6 Notice of Meeting. It shall be the duty of the Secretary to mail a notice of each regular or special meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record, and to each first Mortgagee of a Unit or the Common Elements if such Mortgagee has filed a written request for

such notice with the Secretary at least 10 days prior to any such meeting. Each notice must be sent by first class mail, postage prepaid, at least 10 days prior to the date of the proposed meeting. If no other address has been furnished the Secretary, notice shall be deemed to have been given to a Member if mailed to his Unit. The notice may set forth time limits for speakers and nominating procedures for the meeting. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of Members present, either by person or by proxy, representing at least 75% of the voting power of the Association.

3.7 Adjourned Meetings. If any meeting cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time, until a quorum is obtained. Adjourned meetings may be reconvened only upon the giving of further notice as above provided.

3.8 Action Without Meeting. Any action which, under the provisions of the Colorado Non-Profit Corporation Act may be taken at a meeting of the Members, may be taken without a meeting, if such action is authorized by a writing signed by all of the Members who would be entitled to vote at a meeting and filed with the Secretary.

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

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of the preceding meeting;
- (d) Report of officers;
- (e) Report of committees;
- (f) Election of Managers;
- (g) Unfinished business; and
- (h) New business.

Meetings of the Members shall be conducted by the officers of the Association.

3.10 Waivers, Consents or Approvals. The transaction of business at any meeting of the Members, either regular or special, however called and noticed, shall be valid as though transacted at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy signs a waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

3.11 Minutes of Meetings. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

BOARD OF MANAGERS

4.1 Number, Qualification and Compensation. The affairs of the Association shall be governed by a Board of Managers (the Board) composed of five persons (Managers), all of whom, except for those appointed and serving on the initial Board as named in the Association's Articles of Incorporation, either must be Members, or must be agents of Declarant for so long as Declarant is a Member. The Board may increase, by resolution, the authorized number of members of the Board, but only Members shall have the right to elect the new Managers. The number of Managers shall not be reduced to less than five nor increased to more than nine. Managers shall not receive any salary for their services as Managers, but any Manager may service the Association in some other capacity and receive compensation therefor, and any Manager may be reimbursed for his actual expenses incurred in the performance of his duties as a Manager.

4.2 Powers and Duties. The Board of Managers has the powers and duties necessary for the administration of the affairs of the Association and may do all acts which are not by law or by these By-Laws directed to be exercised exclusively by the Members. The Board of Managers shall not enter into any service contract for a term exceeding one year without the approval of the Members, except for any contract with a public utility company which requires a term in excess of one year.

4.3 Other Powers and Duties. Without limitation on the general powers stated in Section 4.2, the Board of Managers is vested with, and responsible for, the following powers and duties:

(a) To select, appoint and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, the Articles of Incorporation, the Declaration and these By-Laws, to fix their compensation and to require from them security for faithful service when and in the amount deemed advisable by the Board;

(b) To conduct, manage and control the affairs and business of the Association;

(c) To change the principal office for the transaction of the business of the Association from one location to another within the County of Routt,

Colorado, to designate any place within Routt County for the holding of any regular or special meeting of Members, and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board in its sole judgment may deem best and in compliance with the provisions of law;

(d) To borrow money and to incur indebtedness for the Association, but only upon approval of the Members if the debts outstanding at any one time exceed \$10,000, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor;

(e) To fix and levy from time to time assessments upon the Owners, as provided in the Declaration, to determine and fix the due date for the payment of such assessments and the date upon which the same shall become delinquent, and to hold all funds collected by reason of such assessments for the Owners and in accordance with the purpose for which the assessments were collected;

(f) To enforce the provisions of the Declaration, these By-Laws, its rules and regulations, or other agreements of the Association;

(g) To contract for and pay the premiums for insurance coverage in accordance with provisions of the Declaration, and to review, not less frequently than annually, all insurance policies and bonds obtained by the Board;

(h) To contract for and pay maintenance, gardening, snow removal, utilities, materials and supplies, and services relating to the Common Elements and to designate and remove personnel necessary for the operation of the Property, including legal and accounting services, and to contract for and pay for Alterations, Improvements and Maintenance, and to procure bids for any work estimated to cost in excess of \$10,000 from at least two firms, which work shall be submitted to the Members for their approval at a regular or special meeting;

(i) To delegate its powers according to laws, and subject to the approval of the Members;

(j) To adopt these By-Laws;

(k) To submit to the Owners requests for grants of easements;

(l) To adopt such rules and regulations as the Board may deem necessary for the management and operation of the Property and the Community Facilities, which rules and regulations shall become effective and binding after they are adopted by a majority of the

Board at a regular or special meeting, and they are posted in a conspicuous place on the Property; for so long as Declarant holds or controls at least 25% of the voting power of the Association, such rules and regulations shall not materially affect the rights, privileges or preferences of any Owner as established by the Declaration, the Articles of Incorporation and these By-Laws without the prior written approval of Declarant; rules and regulations must be consistent with the Declaration, the Articles of Incorporation and these By-Laws in order for them to be enforceable;

(m) To engage the services and set the compensation of a manager or managing agent to request, demand, collect and receive, and receipt for any and all charges which may at any time be or become due and to take such action in the name of the Association by way of legal process or otherwise, and to perform such other duties and services as the Board shall authorize, including but not limited to the duties listed in this Section 4.3 other than this subparagraph (m); however, the Board, when so delegating, shall not be relieved of its responsibility under the Declaration; and

(n) To establish orderly procedures for an impartial hearing upon notice to any person who is alleged to be in default in paying his assessments or to have violated the Declaration, Articles of

Incorporation, these By-Laws or the Association's rules and regulations.

4.4 Election and Term of Office. There shall be no cumulative voting for the election of the Managers. At the first regular meeting of the Association, and thereafter at each regular meeting of the Members, new Managers shall be elected by secret written ballot, the five candidates receiving the highest number of votes cast being elected. Each Manager shall hold office until his successor has been elected, or until his death, resignation, removal or an adjudication of incompetence. Any Member serving as Manager may be re-elected, and there shall be no limitation on the number of terms during which he may serve. Any person desiring to be a candidate for Manager shall submit a written statement to that effect to the Secretary, signed by the candidate, at any time prior to the election.

4.5 Vacancies. Vacancies on the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Members 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 regular meeting of the Members or at a special meeting of the Members called for that purpose. A vacancy shall be deemed to exist in the case of death, resignation, removal, or an adjudication of the incompetence of any

Manager, or in case the Members fail to elect the full number of authorized Managers at any meeting at which such election is to take place.

4.6 Removal of Manager. At any regular or special meeting of the Members duly called, any one or more of the Managers may be removed with or without cause by the members and a successor may then and there be elected to fill the vacancy thus created. Any Manager whose removal has been proposed by any Member shall be given an opportunity to be heard at the meeting, if he is present. If any one or all of the Managers are so removed, the new Managers may be elected at the same meeting.

4.7 Regular Meetings. The first meeting of a newly elected Board of Managers shall be held immediately following the meeting at which the Board is elected. Other 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 resolution adopted by the majority of the Managers, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers (other than the first meeting of a newly elected Board) shall be given to each Manager, personally or by mail, telephone or telegraph, at least three days prior to the day set for such meeting.

4.8 Special Meetings. Special meetings of the Board of Managers may be called by the President or, if he is absent or refuses to act, by the Vice President, or by any two Managers. At least two days' notice shall be given to each Manager, personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. If service by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second day after it is deposited in a regular depository of the United States mail. Whenever any Manager has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive evidence that due notice of such meeting was given to such Manager.

4.9 Notice of Meetings. Before, at or after 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 and receipt of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at a meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4.10 Board of Manager's 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. If at any meeting of the Board, there is less than a quorum, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, which shall be reconvened only upon the giving of notice as above provided, any business which might have been transacted at the meeting as originally called may be transacted.

4.11 Action without Meeting. The Managers shall have the right to take any actions without a meeting which they could take at a meeting by obtaining the vote or written consent of all the Managers. Any action so approved shall have the same effect as though taken at a meeting of the Managers.

4.12 Designation of Committee. The Board of Managers may, by resolution, from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating the establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination and other administrative matters as deemed appropriate by the Board.