

BYLAWS OF PACIFIC STREET TOWNHOMES OWNERS ASSOCIATION, INC.  
a Colorado nonprofit corporation

Table of Contents

1. Purpose
2. Defined Terms
3. Persons Bound
4. Membership
5. Action by Owners
6. Board of Directors
7. Meetings of Board of Directors
8. Manager or Managing Agent
9. Officers
10. Indemnification of Directors and Officers
11. Records
12. Notices
13. Waiver
14. Amendment
15. Effective Date; Ratification of Prior Actions

These are the initial Bylaws of the Pacific Street Townhomes Owners Association, Inc., a Colorado nonprofit corporation ("Association"), which association was formed under the Revised Colorado Nonprofit Corporation Act, Colorado Revised Statutes Title 7, Articles 20-29, as amended.

1. Purpose The purpose of the Association is to protect the value and desirability of the Pacific Street Townhomes, located in the Town of Telluride, County of San Miguel, CO ("Community"), to further the interests of the Owners, tenants, and guests of the Community, and to manage, operate, administer and maintain the Community as set forth in the Declaration Recorded on August 4, 2000, at Reception No. 335879, in the Office of the Clerk and Recorder for San Miguel County, Colorado, as same may be amended, supplemented, or restated ("Declaration"), and in accordance the Colorado Common Interest Ownership Act, Colorado Revised Statutes Title 38, Article 33.3, as amended, (ii) the Condominium Ownership Act, C.R.S. § 38-33-101, et seq., as amended, and (iii) the Revised Colorado Nonprofit Corporation Act, Colorado Revised Statutes Title 7, Articles 20-29, as amended ("Nonprofit Corporation Act") (collectively, "Act").
2. Defined Terms All capitalized terms herein shall have the same definitions as set forth in the Declaration.
3. Parties Bound The parties bound by these Bylaws are the same who are bound by the Declaration.
4. Membership Every Owner is automatically a member of the Association and shall be subject to these Bylaws. Such membership shall automatically terminate without any Association action when an Owner ceases to own a Ownership Share, provided however, that i) such termination shall not relieve or release any former Owner from liability or obligations under the Governing Documents incurred during the period of Ownership Share ownership, and ii) such termination shall not impair any rights or remedies that the other Owners have (either through the Board of Directors or the Association, or directly) against any former Owner arising out of, or in any way connected with, the former Owner's ownership of a Ownership Share and/or his or her liability and obligations under the Governing Documents.
5. Action by Owners
  - a. Owner Voting There shall be one vote per Unit. The term "Total Votes" means the total of all votes allocated to all Units.

- i. If only one of several Owners of an Unit is present at an Owners meeting, then the Owner present is entitled to cast the vote allocated to the Unit. If more than one of the Owners are present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the Owners of the Unit. There is majority agreement if any one of the Owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another Owner of the Unit. If there is not majority agreement, then the vote allocated to that Unit may not be cast.
  - ii. The vote allocated to a Unit may be cast under a written proxy signed by an Owner. If an Unit is owned by more than one person, each Owner may vote or register protest to the casting of the vote by the other Owners of the Unit through a duly executed proxy. An Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over the Owners meeting, by being present in person at a meeting, or by submitting a mail ballot, as appropriate. A proxy is void if it is not dated or purports to be revocable without notice. A proxy automatically terminates eleven months after its date, unless it provides otherwise. Proxies may be accepted or rejected as by the Association as provided in the Act.
  - iii. The vote of a business entity or trust may be cast by any officer, manager or trustee. The vote of a partnership may be cast by any general partner of the partnership. The moderator of an Owner meeting may require reasonable evidence that a person voting on behalf of a business entity, trust, or partnership is qualified to vote.
- b. Eligibility to Vote Owners may cast the vote allocated to their particular Unit only if they are in good standing with the Association with respect to that Unit as of the date of the vote, which if the vote is by ballot, is the last date on which ballots must be returned. Owners who are also members of the Board of Directors may cast votes as board members only if they are in good standing with the Association with respect to all Units owned by them as of the date of the vote. Good standing means there are no Common Expenses or other sums past due to the Association and the Owner is not otherwise in violation of any of the Governing Documents.
- c. Quorum Except as otherwise provided in these Bylaws, the Owners representing at least four (4) Units, present in person or by proxy, at an Owners meeting, shall constitute a quorum at that meeting. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting to time not less than forty-eight hours from the time of the original meeting. At any adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice. Except in the case of voting for Directors, once a member is represented for any purpose at a meeting, including the purpose of determining that a quorum exists, the member is deemed present for quorum purposes for the remainder of the meeting and for adjournment of that meeting unless a new record date is or shall be set for that adjourned meeting. In the case of voting for Directors, a quorum must be present when the vote is taken.
- d. Majority Vote Unless otherwise stated (such as for the election of Directors or a vote that requires a certain fixed percentage of the Total Votes), any matter that is submitted to the Owners for a vote, including those that are required to be submitted to a "Majority Vote," whether under the Governing Documents or pursuant to the Act, shall be submitted to the Owners at a meeting or by ballot as follows. For a "Majority Vote," the quorum requirement must be met, and the votes of those present in person or by proxy at a meeting, or the votes returned by ballot (including by proxy), cast in favor of the action exceed the votes cast opposing the action. If there is a Majority Vote, then the action shall pass and shall be the act of the Owners and shall be binding upon all Owners for all purposes. If a higher percentage vote is required in

the Governing Documents or by law, then that higher percentage vote shall be required for an action of the Owners.

- e. Annual Owners Meeting Annual Owners meetings shall be held during each of the Association's fiscal years on such day, at such time, and at such place (located in San Miguel County, Colorado) as the Board of Directors determines and shall be set forth in the notice of meeting. At about the time of the annual meeting, the Owners shall elect members of the Board of Directors as set forth herein.

Matters to be raised and approved by the Owners at the annual Owners meeting are governed by C.R.S. § 7-127-104, as same may be amended. The Owners may, but are not required to, transact any other business first raised at the annual meeting as new business subject to the discretion of the officer presiding over the meeting. Failure to hold an annual meeting shall not work a forfeiture or dissolution of the Association.

- f. Special Owners Meetings Special Owners meetings may be called by the President, by a majority of the Board of Directors, or upon presentation to the Secretary of a petition signed by Owners of two (2) units. No business except that stated in the notice of special meeting shall be transacted at a special meeting except by consent of seventy-five percent (75%) of the votes present, either in person or by proxy. Notice of any such meeting shall be mailed within thirty (30) days after such resolution or receipt of such petition.

- g. Notice of Meetings No fewer than fifteen (15) days, and not more than ninety (90) days before the date of an annual or special Owners meeting, the Secretary shall cause a notice of such meeting to be delivered to each Owner entitled to vote that states:

- i. The place, time and date of the meeting.
- ii. A description of all matters that must be approved by the Owners or for which the Owner's approval is being sought.
- iii. The purpose or purposes for which the meeting is being called.

Notices shall be delivered as provided in the Declaration.

- h. Action Without Meeting Any Owner action required or permitted under the Governing Documents or the Act to be taken at an Owners meeting may be taken without a meeting pursuant to Section 7-127-107 of the Nonprofit Corporation Act, as amended. Written consents (i.e., votes) may be transmitted digitally. Handwritten signatures are not required on such consents so long as the written consent reasonably evidences that the author is giving his or her consent.

- i. Ballots Any Owner action required or permitted under the Governing Documents or the Act to be taken at an Owners meeting may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter pursuant to Section 7-127-109 of the Nonprofit Corporation Act, as amended. Such written ballot shall:

- i. Set forth each proposed action; and
- ii. Provide an opportunity vote for or against each proposed action; and
- iii. Indicate the number of responses needed to meet the quorum requirements; and
- iv. State the percentage of approvals necessary to approve each matter other than election of directors; and

- v. Specify the time by which a ballot must be received by the nonprofit corporation in order to be counted; and
- vi. Be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

Ballots shall be delivered as provided in the Declaration. Once submitted, written ballots may not be revoked. Written ballots may be transmitted digitally. Handwritten signatures are not required on such ballots so long as the written ballot reasonably evidences that the author intends to vote as set forth on the returned ballot.

- j. Telephonic/Electronic Participation in Meetings At the discretion of the Board of Directors, any annual or special Owners meeting may be conducted through the use of any means of telephonic or electronic communication by which persons participating the meeting may hear each other during the meeting. An Owner participating in a meeting by this means is deemed to be present in person at the meeting.
- k. Order of Business The order of business at all Owners meetings shall be as follows.
  - i. Roll call (or check-in procedure);
  - ii. Proof of notice of meeting;
  - iii. Reading of minutes of preceding meeting;
  - iv. Reports;
  - v. Establish number and term of members on the Board of Directors (if required and noticed);
  - vi. Election of members on the Board of Directors (when required);
  - vii. Ratification of budget (if required and noticed);
  - viii. Unfinished business; and
  - ix. New business.
- l. Notice to Owners Except as otherwise provided, all notices to Owners hereunder shall be sent via email if authorized in writing by the Owner, otherwise by postage pre-paid United States mail.
- m. Conduct of Meetings The Board of Directors may prescribe reasonable rules for the conduct of all Owner meetings. In the absence of such rules, Robert's Rules of Order shall be used.

## 6. Board of Directors

- a. Number and Qualifications The affairs of the Association shall be governed by the Board of Directors, which shall consist of three (3) Directors. Directors shall be Owners. If any Unit is owned by a business entity, trust, or partnership, then any officer, trustee, manager or partner of the Owner shall be deemed to be an Owner for these purposes and shall be eligible to serve on the Board of Directors.
- b. Election of Board of Directors; Term In 2007, one director shall be elected for a three-year term, one director shall be elected for a two-year term, and one director shall be elected for a one-year term. Starting in 2008, each year at the annual Owners

meeting, the Owners shall elect one Director to fill the expiring seat, and that Director shall serve for a three-year term. The terms of directors shall be determined by resolution of the Board of Directors. Cumulative voting is not permitted. Directors shall be elected in accordance with these Bylaws and C.R.S. § 7-127-208, as amended. Votes for contested elections for Directors shall be taken by secret ballot, which may be accomplished by a mail ballot sent out to Owners in advance of the annual Owners meeting. Ballots shall be counted by a neutral third party or by an Owner who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more such Owners. The results of the vote shall be reported without reference to names, addresses, or other identifying information. Directors shall take office upon election. If there is a tie vote, then the vote shall be decided by flipping a coin, which shall be done by the then-current President.

- c. **Authority** The Board of Directors shall have all powers necessary or desirable to effectuate the purposes set forth in these Bylaws, in the Governing Documents, and in the Act. The Board of Directors may do and perform any and all acts that are necessary or desirable to carry out its powers and duties, except as may be limited, denied or prohibited by the Governing Documents or the Act. Such power and duties include, but are not limited to, the following:
- i. Adopt and amend Rules and Regulations;
  - ii. Adopt and amend budgets for revenues, expenditures and reserves;
  - iii. Impose and collect assessments, except that prior to voting to impose a special assessment that exceeds thirty-five percent (35%) of the Association's current approved annual operating budget (exclusive of reserve funding and painting savings funding), the Board of Directors shall give the Owner notice of the special assessment and an opportunity to comment, except that in the event of an emergency that does not allow sufficient time for Owner notice and comment, the Board of Directors may authorize a special assessment exceeding such thirty-five percent (35%) amount without such Owner notice and comment.
  - iv. Subject to Section 8 (a) below, hire and discharge one or more Managers for the Association;
  - v. Delegate any of its duties or powers to a particular member of the Board of Directors;
  - vi. Designate, hire and discharge contractors and personnel necessary for the management, operation, administration, maintenance, repair or replacement of the Community, including but not limited to, operation, maintenance, repair and replacement of the Common Elements;
  - vii. Institute, defend or intervene in litigation, administrative or other legal proceedings, including to enforce the Governing Documents, in the Association's name on behalf of the Association; and to settle litigation so long as prior to voting to approve a settlement that would require the Association to pay more than thirty-five percent (35%) of the Association's current approved annual operating budget (exclusive of reserve funding and painting savings funding), the Board of Directors shall give the Owner notice of the proposed settlement and an opportunity to comment, except that in the event of an emergency that does not allow sufficient time for Owner notice and comment, the Board of Directors may authorize settlement exceeding such thirty-five percent (35%) amount without such Owner notice and comment.
  - viii. Make contracts and incur liabilities on behalf of the Association;

- ix. Regulate the use of, maintain, repair, replace, and modify the Common Elements;
- x. Cause additional Improvements to be made as a part of the Common Elements.
- xi. Borrow funds on behalf of the Association, so long as prior to voting to approve borrowing funds that would exceed thirty-five percent (35%) of the Association's current approved annual operating budget (exclusive of reserve funding and painting savings funding), the Board of Directors shall give the Owner notice of the proposed borrowing and an opportunity to comment, except that in the event of an emergency that does not allow sufficient time for Owner notice and comment, the Board of Directors may authorize borrowing funds exceeding such thirty-five percent (35%) amount without such Owner notice and comment.
- xii. Establish bank accounts on behalf of the Association and invest funds of the Association;
- xiii. Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property;
- xiv. Grant or obtain easements, licenses or permits for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;
- xv. Impose and collect a payment, fee or charge for services provided to Owners for the use, rental or operation of the Common Elements;
- xvi. Impose and collect a reasonable charge for late payment of assessments and impose fines for violation of the Governing Documents;
- xvii. Impose and collect a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;
- xviii. Provide for the indemnification of the Association's officers, directors, managers or managing agents, and maintain insurance covering the indemnified acts of such indemnified persons.
- xix. Exercise any other powers conferred by the Governing Documents and the Act;
- xx. Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;
- xxi. Exercise any other power necessary and proper for the governance and operation of the Association; and
- xxii. By resolution, establish committees of the Board of Directors comprised of one or more persons. Committees are either 1) "acting," which means they have decision-making and/or power to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee, or 2) "non-acting," which means the committee has no authority to make decisions or perform any functions of the board. All "acting" committees must maintain and publish notice of their actions to Owners and the Board of Directors. Actions taken by an "acting" committee may be appealed to the Board of Directors by any Owner within fifteen (15) days after publication of notice of the action and, in such event, the

committee's action shall be ratified, modified or rejected by the Board of Directors at its next regular meeting.

- d. Compensation The Board of Directors shall serve without compensation.
- e. Removal of Directors Removal of Directors shall be in accordance with the Nonprofit Corporation Act, as amended.
- f. Vacancies Vacancies on the Board of Directors may be filled by the remaining directors, even though the remaining directors do not represent a quorum.

7. Meetings of Board of Directors

- a. Regular Meetings The Board of Directors shall meet at least once annually. Written notice of a regular meeting must be emailed to each director and posted on the Association website at least five (5) days prior to the meeting.
- b. Special Meetings Special meetings of the Board of Directors may be called by the President or by a majority of the Board of Directors on at least three (3) business days' email notice to each Director. The notice shall be sent as provided in the Declaration.
- c. Open Meetings All meetings of the Board of Directors shall be open to all Owners.
- d. Quorum At all meetings of the Board of Directors, a majority of the total number of Director seats (including vacant seats) represented in person or by written proxy, shall constitute a quorum for the transaction of business. A quorum is present only so long as the Directors making up the quorum are present at the meeting.
- e. Board Action If a quorum of Directors is present when a vote is taken, then the votes of a majority of the members of the Board of Directors who are present at the meeting shall constitute the act of, and shall be binding upon, the Board of Directors ("Director Majority Vote"). Directors may not vote by proxy. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting to time not less than forty-eight (48) hours from the time of the original meeting. At any adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.
- f. Consents If a majority of the Board of Directors members consent in writing to any action taken, or to be taken, by the Board of Directors, and the number of the Board of Directors members so consenting constitutes a quorum, then that action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Directors. Written consents (i.e., votes) may be transmitted digitally. Handwritten signatures are not required on such consents so long as the written consent reasonably evidences the author is giving his or her consent. The Secretary shall file these consents with the minutes of the meetings of the Board of Directors.
- g. Conduct of Meetings The Board of Directors may prescribe reasonable rules for the conduct of all Board meetings. In the absence of such rules, Robert's Rules of Order shall be used.
- h. Telephonic/Electronic Participation in Meetings At the discretion of the President or a majority of the Board, a Board meeting may be conducted through the use of any means of telephonic or electronic communication by which persons participating in the meeting may hear each other during the meeting. A Board member participating in a meeting by this means is deemed to be present in person at the meeting.

## 8. Manager

- a. The Board of Directors, may delegate to and employ one or more managers for the Association ("Manager"), with compensation as established by the Board of Directors, to perform those authorized powers and duties set forth in subsections iii, vi, viii, ix, xii, xv, xvi, and xvii of Paragraph 6(d) above, except for the authority to "impose", but including the authority to "collect", and all of the authorized powers and duties set forth in subsections 9(c) - (f), below. Regardless of any delegation to a Manager, the Board of Directors shall not be relieved of its responsibilities under the Governing Documents, the Act, or other Colorado law. All contracts between the Association and the Manager shall provide that the Association may terminate the contract if the Manager is in material breach of the contract, expressly delineate the Manager's authority, and shall provide that the Manager shall carry such insurance as is required under the Governing Documents.
- b. The Manager must maintain all funds and accounts of the Association (including reserve accounts) separate from the funds and accounts of other associations managed by the Manager.
- c. The Board of Directors may enter into an agreement with the Manager to indemnify the Manager to the fullest extent permitted by law, for claims arising out of the Manager's services to the Association.

## 9. Officers

- a. Principal Officers The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by a Director Majority Vote. The Board of Directors may appoint such other officers as it finds desirable. Principal officers are required to be Board of Directors members. The officers shall take office upon election. Officers shall hold office at the pleasure of the Board of Directors.
- b. Removal Upon a Director Majority Vote, any officer may be removed with or without cause.
- c. President The President shall be the chief executive officer of the Association. The President shall preside at all Owners and Board of Directors meetings. The President may fulfill the role of Treasurer in the absence of the Treasurer. The President shall execute amendments, supplements, and restatements of the Governing Documents on behalf of the Association upon proper authorization and approval.
- d. Vice President The Vice President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint another Board Member to act in the place of the President on an interim basis. The Vice President shall also perform such duties as requested by the President.
- e. Secretary The Secretary shall cause to be performed all duties incident to the offices of Secretary. The Secretary shall cause to be prepared and maintained the minutes of all Owners and Board of Director meetings. The Secretary shall cause to be prepared and maintained all other records and information required to be kept by the Association under C.R.S. § 7-136-101, as amended. The Secretary shall authenticate records for the Association. The Secretary shall cause to be prepared, and shall attest to execution by the President of amendments, supplements, and restatements of the Governing Documents upon proper authorization and approval.
- f. Treasurer The Treasurer shall cause to be kept the financial records and books of account of the Association. The Treasurer shall cause to be deposited all monies and other valuable effects in depositories designated by the Board of Directors and shall

cause to be performed all duties incident to the office of Treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of, and to the credit of, the Association in banks designated by the Board of Directors. The Treasurer shall cause reserve funds of the Association to be deposited in segregated accounts and/or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited as authorized by the Board of Directors. The Treasurer may also serve as Secretary.

- g. Agreements, Contracts, Deeds, Checks Except as otherwise provided in the Governing Documents, and subject to all provisions of the Governing Documents, all agreements, contracts, deeds, leases, checks and other instruments of the Association may be executed by any officer of the Association or by any other person or persons designated by the Board of Directors, so long such agreement, contract, deed, lease, check or other instrument has been duly authorized by the Association in accordance with the Governing Documents.

#### 10. Indemnification of Directors and Officers

- a. Right to Indemnification Each person who is made a party or is threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative ("Proceeding"), by reason of the fact that he or she is, or was, a director, or officer ("Indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, manager or managing agent, or individually while serving as a director, officer, manager or managing agent, shall be indemnified and held harmless by the Association to the fullest extent authorized by the Nonprofit Corporation Act, as amended, against all expense, liability and loss (including attorneys fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, except as provided in Subsection (c) below with respect to proceedings to enforce rights to indemnification, the Association shall not indemnify any such Indemnitee a) in connection with a proceeding (or part thereof) initiated by such Indemnitee, or b) the Indemnitee fails to cooperate with the Association, its insurers and attorneys with respect to the Proceeding and/or jeopardizes, or loses, insurance coverage or costs of defense for Association and/or Indemnitee for the Proceeding. The foregoing right to indemnification shall hereafter be referred to as "Indemnification."
- b. Advancement of Expenses Indemnification shall include the right to be paid by the Association expenses reasonably incurred in defending any Proceeding in advance of its final disposition ("Advancement of Expenses"); provided, however, if the Nonprofit Corporation Act requires, an advancement of expenses incurred by an Indemnitee in his or her capacity as a director, officer, Manager (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Association of a written promise ("Undertaking") by such Indemnitee, to repay all amounts so advanced within ninety (90) days of a final judicial decision from which there is no further right to appeal ("Final Adjudication"), finding that such Indemnitee is not entitled to be Indemnified for such expenses under this Section or otherwise.
- c. Repayment of Advanced Expenses The Indemnitee shall repay all sums advanced to the Indemnitee by the Association as Advancement of Expenses upon a Final Adjudication finding that the Indemnitee is not entitled to Indemnification hereunder. Neither the failure of the Association (including its Board of Directors, independent legal counsel or its members) to have made such a determination prior to the commencement of such suit, nor an actual determination by the Association (including its Board of Directors, independent legal counsel or its members), shall create a presumption that the Indemnitee is entitled to Indemnification hereunder or has, or has

not, met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

- d. Burden of Proof In any suit brought by the Indemnitee to enforce a right to Indemnification or to an Advancement of Expenses hereunder, or by the Association to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be Indemnified, or to such Advancement of Expenses, under this Section or otherwise, shall be on the Association.
- e. Successors and Assigns The rights to Indemnification and to the Advancement of Expenses conferred in Subsections (a) and (b) of this Section shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, Manager, and shall inure to the benefit of the Indemnitee's heirs, successors, assigns, executors, and administrators.
- f. Claim Procedure The Association shall pay in full a valid claim for Indemnification within sixty (60) days after a written claim has been delivered to the Association. A valid claim for Advancement of Expenses shall be paid in full by the Association within twenty (20) days after a written claim has been delivered to the Association. If not so paid by the Association, then the Indemnitee may thereafter bring suit against the Association to recover the unpaid amount of the claim.
- g. Costs and Attorneys Fees In the event of legal action between the Indemnitee and the Association arising out of this Section, the court shall award the prevailing party its costs and attorneys fees.
- h. No Effect on Other Rights The rights to Indemnification and to the Advancement of Expenses conferred in this Section shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, the Articles of Incorporation, agreement, vote of members or disinterested directors or otherwise.
- i. Indemnification of Employees and Agents The Board of Directors may, but shall not be required to, by a majority vote of the disinterested directors, grant rights to Indemnification and to the Advancement of Expenses to any employee or agent of the Association to the fullest extent of the provisions of this Section.

#### 11. Records

- a. The Association shall maintain complete and accurate financial records. The cost of any audit shall be a Common Expense. The Association shall keep and provide records as required under C.R.S. § 38-33.3-317, as amended.
- b. The Owners may inspect the records of receipts and expenditures of the Board of Directors pursuant to C.R.S. § 38-33-107 during weekday business hours upon forty-eight (48) hours notice.
- c. Upon five (5) business days notice to the Board of Directors or the Manager and payment of a reasonable fee as established by the Board of Directors, any Owner shall be furnished a statement of his or her account setting forth the amount of any unpaid assessments. The Treasurer or the Manager, or, in their absence, any officer having access to the books and records of the Association may prepare, certify and execute such statements. Any unpaid fees for such statements may be assessed against the Unit for which the statement is furnished.

- 12. Waiver No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of Bylaws violations that may occur.

13. Amendment These Bylaws may be amended, supplemented, or restated, in whole or in part, upon written approval or affirmative vote of Owners representing more than fifty percent (50%) of the Total Votes.
14. Effective Date; Ratification of Prior Actions; Retroactive Effect These Bylaws shall become effective as of November 12, 2008. Any action taken by the Association and/or the Board of Directors prior to the effective date hereof shall hereby be ratified so long as such action was in conformance with these Bylaws.

THE UNDERSIGNED HEREBY CERTIFY THAT THE FOREGOING INITIAL BYLAWS WERE ADOPTED BY THE OWNERS BY AN AFFIRMATIVE VOTE OF AT LEAST 50% OF THE OWNERS AT THE ANNUAL MEETING HELD NOVEMBER 12, 2008.

By: [Signature], President

Date: 2/28, <sup>2009</sup>~~2008~~ T2W

By: [Signature], Secretary

Date: 11-17-08, 2008