



61.
12/04

BYLAWS
OF
YACHT CLUB CONDOMINIUMS, INC.

(As Amended)

Formerly Owners Association No. 1, Inc. Bylaws
(A Colorado corporation not for profit)

The name of the corporation shall be Yacht Club Condominiums, Inc. (formerly Owners Association No. 1, Inc.) and is hereinafter referred to as the Association.

SECTION 1.

OBJECT

(Plan of Apartment Ownership)

1-1. The purpose for which this Association is formed is to govern the condominium property situate in the County of Summit, State of Colorado, which property is described on the attached Exhibit "A", which by this reference is made a part hereof, and which property has been submitted to the provisions of the Condominium Ownership Act of the State of Colorado, by a Declaration entitled "Declaration for Yacht Club Condominiums".

1-2. All present or future owners, tenants, future tenants, or any other person using the facilities of the project in any manner are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the condominium units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these Bylaws are accepted, ratified, and will be complied with.

SECTION 2.

MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

2-1. Membership. Any person on becoming an owner of a condominium unit shall automatically become a member of this Association and be subject to these Bylaws. Such membership shall terminate without any Association action whenever such person ceases to own a condominium unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and membership in this Association, or impair any rights 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 one membership card to the owner(s) of a condominium unit. Such membership shall be surrendered whenever ownership of the condominium unit designated thereon shall terminate.

2-2. Voting. Voting shall be based upon the percentage of the undivided interest of each unit owner in the general common elements. Except as is provided in Section 10-3 of these Bylaws, an owner of an undivided fractional interest in a condominium unit shall be entitled to a vote equal to his fractional ownership interest in such unit. Cumulative voting is prohibited.

2-3. Majority of Unit Owners. As used in these Bylaws the term "majority of unit owners" shall mean those owners of more than fifty percent (50%) of the undivided ownership of the general common elements.

2-4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of unit owners" as above defined shall constitute a quorum. An affirmative vote of a majority of the unit owners present, either in person or by proxy, shall be required to transact business; provided, however, that no business shall be transacted unless a minimum of thirty percent (30%) of all of the owners, either in person or by proxy, vote affirmatively.

2-5. Proxies. Votes may be cast in person or by proxy. Proxies shall be in writing and the signatures must be witnessed or acknowledged. Proxies must be filed with the Secretary before the appointed time of each meeting.

SECTION 3.

ADMINISTRATION, MEETINGS

3-1. Association Responsibilities. The owners of the units will constitute the Association, who will have the responsibility of administering the project through a Board of Managers.

3-2. Place of Meetings. Meetings of the Association shall be held at such place as the Board of Managers may determine.

3-3. Annual Meeting. The annual meeting of the Association shall be held at a date and time to be designated by the Board of Managers between the dates of June 15 and September 15 of each year. At such meeting there shall be elected by ballot of the owners a Board of Managers in accordance with the requirements of Sections 4-1 and 4-5 of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

3-4. Special Meetings. The President shall call a special meeting of the owners when so directed by a resolution of the Board of Managers or upon presentation to the Secretary of a petition signed by a majority of the owners. No business shall be transacted at a special meeting except as stated in the notice unless by consent of the owners of 3/4 of the general common elements, either in person or by proxy.

3-5. Notices. Notices of annual and special meetings shall be given by the President or Secretary of the Association by regular mail addressed to the registered addresses of the owners of the units at least 5 days prior to the date set for such meeting. Any such notice shall state the date, time and place of the

meeting and if the meeting is a special meeting, the purposes thereof. Waiver of notice, either in person or by proxy, and signed either before, at or after any meeting, shall be a valid substitute for service. The certificate of the President or Secretary that notice was duly given shall be prima facie evidence thereof.

3-6. 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 forty-eight hours from the time the original meeting was called.

3-7. Order of business. The order of business at all meetings of 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.

SECTION 4.

BOARD OF MANAGERS

4-1. Number and Qualification. The affairs of this Association shall be governed by a Board of Managers composed of nine (9) persons. Two persons shall be elected from each Building No. 1, No. 2, and No. 3. The additional three members of the Board may be elected from any of the three buildings.

4-2. 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 a first-class project.

4-3. Other Powers and Duties. The Board of Managers shall be empowered and shall have the following duties:

4-3-1. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration referred to in Section 1-1. All members of the Association shall be required to contract for all rentals of their units through this Association and the Association shall receive a percentage of the rentals as established by the Board of Managers.

4-3-2. To establish, make and enforce compliance with such reasonable House Rules as may be necessary for the operation, use and occupancy of this condominium project with the right to amend same from time to time. A majority of the unit owners may, either at any annual meeting or at a special meeting called for such purpose, amend the House Rules or adopt new House Rules. A copy of all such House Rules shall be delivered or mailed to each member promptly upon the adoption thereof.

4-3-3. To keep in good order, condition and repair all of the general and limited common elements and all items of common personal property, if any.

4-3-4. To insure and keep insured all of the insurable general common elements of the property (and also all fixtures; interior walls and partitions; decorated and finished surfaces of perimeter walls, floors and ceilings; doors; windows and other elements or materials comprising a part of the apartment units) in an amount equal to their maximum replacement value as provided in the Declaration. Maximum replacement value shall be determined every THREE years by one or more written appraisals. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts not less than \$100,000.00 per person and \$300,000.00 per accident and \$50,000.00 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 condominium units and their first mortgagees.

4-3-5. 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 premises and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments, and to remit or return any excess of assessments over expenses and cash reserves to the owners at the end of each operating year. To levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All monthly or other assessments shall be in itemized statement form, shall set forth in reasonable detail the various expenses for which the assessments are being made and shall be mailed to the registered mailing address of the owner not later than the TENTH day of each month.

4-3-6. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these Bylaws.

4-3-7. To protect and defend the entire premises from loss and damage by suit or otherwise.

4-3-8. To borrow funds when so authorized by a 2/3 vote of the Board of Managers, and when so authorized to execute all such instruments evidencing such indebtedness as is expressly authorized by said 2/3 vote. Any such authorized indebtedness shall be the several obligation of all of the unit owners only in the same proportion as their interest is represented in the general common elements.

4-3-9. To enter into contracts within the scope of their duties and powers.

4-3-10. 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.

4-3-11. 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 and to cause annual financial statements of the books and accounts to be issued by an independent accountant; to prepare and submit monthly financial statements to the Board of Managers.

4-3-12. To prepare and deliver annually to each owner a statement showing in at least summary form all receipts, expenses or disbursements since the last such statement.

4-3-13. To meet at least once each quarter.

4-3-14. To designate the personnel necessary for the maintenance and operation of the general and limited common elements.

4-3-15. 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 condominium ownership.

4-4. Management Agent. The Board of Managers may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 4-3 hereof.

4-5. Election and Term of Office. Any owner as defined in the Condominium Declaration shall be eligible to run for the Board of Managers. The term of office of each owner elected to the Board of Managers shall be for three years or until his successor is duly elected and qualified and hold their first meeting.

4-6. Vacancies. Vacancies in 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 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.

4-7. Removal of Managers. At any regular meeting or at any special meeting called, any one or more of the Managers may be removed with or without cause, for that purpose, by a majority of owners or by a 2/3 vote of the Board of Managers at a duly constituted meeting of said Board and a successor may then and there be elected to fill the vacancy thus created either by the owners or by the Board of Managers. Said newly elected member of the Board shall serve until the next annual meeting of the Association when a new member shall be elected for a regular three year term. Any Manager whose removal has been proposed by the owners or the Board of Managers shall be given an opportunity to be heard at the meeting.

4-8. Organizational Meeting. The first meeting of a newly elected Board of Managers shall be held within ten days of election 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, providing a majority of the whole Board shall be present.

4-9. 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 such meetings shall be held during each fiscal year. 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 days prior to the day named for such meeting.

4-10. Special Meetings. Special meetings of the Board of Managers may be called by the President on three days notice to each Manager, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least two Managers.

4-11. 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 shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4-12. Quorum. At all meetings of the Board of Managers, a majority thereof 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.

4-13. Fidelity Bonds. The Board of Managers may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

SECTION 5.

OFFICERS

5-1. 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.

5-2. 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 and shall hold office at the pleasure of the Board. One person may hold concurrently any two offices. The office of Vice President need not be filled.

5-3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

5-4. 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 of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power 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.

5-5. Vice President. The Vice President shall have all the powers and authority and perform all of the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties.

5-6. Secretary. The Secretary shall keep the minutes of meetings of the Board of Managers and minutes of meetings of the Association; he shall have 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 members and their registered mailing addresses. Such list shall also show opposite each member's name the number or other appropriate designation of the apartment unit owned by such member. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

5-7. 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 books belonging 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.

SECTION 6.

INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every manager or officer, his heirs and personal representatives against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a manager or officer of the Association, except as to matters as to which he 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 Association is advised by counsel that the person to be indemnified has not been guilty of 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 Section 6 contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium 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 Condominium Declaration for Yacht Club Condominiums as a member of a condominium unit covered thereby.

SECTION 7.

OBLIGATIONS OF THE OWNERS

7-1. Assessments. Except as otherwise provided in the Condominium Declaration for Yacht Club Condominiums, all owners shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses, and payment thereof shall be made not later than on the tenth day following the mailing of the monthly statement to the registered mailing address of the owner. 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. A member shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of members, within the meaning of these Bylaws, if and only if he shall have fully paid all assessments made or levied against him and the condominium unit owned by him.

7-2. Maintenance and Repair.

7-2-1. Except as provided in Section 12 of the Declaration, every owner must perform promptly at his own expense all maintenance and repair work within his own apartment unit, which if omitted would affect the project in its entirety or in part belonging to other owners.

7-2-2. All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures, including any air conditioning equipment belonging to the unit, shall be at the owner's expense.

7-2-3. An owner shall be obligated to reimburse the Association or another unit owner promptly upon receipt of a statement for any expenditures incurred by the Association or other unit owner, or both, in repairing, replacing or restoring any general common elements or the interior or any part of an apartment unit damaged as a result of negligent or other tortious conduct of such owner, a member of his family, his agent, employee, invitee, licensee or tenant.

7-3. 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 filed against other apartment units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's apartment unit. In the event suit for foreclosure of mechanic's lien is commenced, then within ninety 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. Such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursements of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment or settlement. Any deficiency shall be paid forthwith by the subject 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 condominium unit which may be foreclosed as is provided in Section 19 of the Declaration.

7-4. General.

7-4-1. Each owner shall comply strictly with the provisions of the Condominium Declaration for Yacht Club Condominiums.

7-4-2. Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Yacht Club Condominium apartments project was built.

7-5. Use of Units - Internal Changes.

7-5-1. Units shall be utilized for such purposes only as may be permitted in the Declaration.

7-5-2. An owner shall not make structural modifications or alterations 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 ten days after such notice, and failure to do so within such time shall mean that there is no objection to the proposed modification or alteration.

7-6. 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 hindering or encroaching upon the lawful rights of the other owners.

7-7. Right of Entry.

7-7-1. An owner shall grant 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.

7-7-2. 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.

7-8. Rules and Regulations.

7-8-1. No Owner or resident of the project shall post any advertisement or posters of any kind in or on the premises except as authorized by the Association.

7-8-2. Owners and occupants of apartment units shall exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and in using or playing or permitting to be used or played, musical instruments, radios, phonographs, television sets, amplifiers, and any other instruments or devices in such manner as may disturb or tend to disturb owners, tenants or other occupants of condominium units.

7-8-3. It is prohibited to hang garments, rugs, and other materials from the windows or from any of the facades or balconies of a building or any of the improvements.

7-8-4. It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes.

7-8-5. No owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air conditioning units on the exterior of the project or that protrude through the walls or the roof of the project except as expressly authorized by the Association.

7-8-6. The Board of Managers or the Managing Agent reserves the power to establish, make and enforce compliance with such additional house rules as may be necessary for the operation, use and occupancy of this condominium project with the right to amend same from time to time.

7-9. Destruction or Obsolescence. Each owner shall, upon becoming an owner of a condominium unit, execute a power of attorney in favor of the Association, irrevocably appointing the Association his attorney-in-fact with the owner's condominium unit upon its destruction or obsolescence as is provided in Sections 23 and 24 of the Declaration. The purpose of such execution shall be more fully to evidence such appointment, but failure to execute such power of attorney shall in no way derogate from the appointment provided in said Sections.

SECTION 8.

BYLAWS

The Board of Managers or the members of the Association, at a special or regular meeting for such purpose, shall have the power to make, amend and repeal the Bylaws of the Association by a majority vote of the members of the Board of Managers or by the owners representing a majority aggregate

interest of the general common elements. The notice of such meeting shall contain a summary of the proposed changes or a copy of such proposed changes.

SECTION 9.

MORTGAGES

9-1. Notice of Unpaid Assessments. The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit.

SECTION 10.

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND REQUIRED PROXIES

10-1. Proof of Ownership. Any person on becoming an owner of a condominium unit shall furnish to the Managing Agent or Board of Managers a photocopy or a certified copy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or at a special meeting of members unless this requirement is first met.

10-2. Registration of Mailing Address. The owners of each condominium unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association, or other legal entity or any combination thereof to be used by the Association. Such registered address of a condominium unit owner or owners shall be furnished by such owners to the Secretary within five days after transfer of title; such registration shall be in written form and signed by all of the owners of the condominium unit or by such persons as are authorized by law to represent the interests of (all of) the owners thereof. If no such address is registered or if all of the owners cannot agree, then the address of the unit shall be the registered address until another registered address is furnished as permitted under this Section. Registered addresses may be changed from time to time by similar designation.

10-3. Required Proxies. If title to a condominium unit is held by more than one person or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such owners shall execute a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings of members and thereat to cast whatever vote the owner himself might cast if he were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that within thirty days after such revocation, amendment or termination, the owner shall reappoint and authorize one person or alternate persons to attend all annual and special meetings as is provided by this Section 10-3.

10-4. The requirement contained in this Section shall be first met before an owner of a condominium unit shall be deemed in good standing and entitled to vote at any annual or special meeting of members.

SECTION 11.

COMPLIANCE

These Bylaws are intended to comply with the requirements of the Colorado Condominium Ownership Act. If any of these Bylaws conflict with the provisions of said statute, the provisions of the statute will apply.

SECTION 12.

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 or manager 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 or manager 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.

SECTION 13.

The persons who shall be authorized to execute any and all instruments of conveyance under Section 23 of the Declaration shall be the President and the Secretary of the Association, and the same persons shall be authorized to execute promissory notes as provided in Section 4-3-8 of these Bylaws.

SECTION 14.

SEAL

The corporate seal shall consist of concentric circles with the name of the corporation and the word "Colorado" between and with the word "Seal" in the center.

These Bylaws have been revised and updated to November 1, 1977.