

**Bylaws
of
Interlochen Condominium Association**

Article 1

INTRODUCTION

These are the Bylaws (the "Bylaws") of Interlochen Condominium Association (the "Association") which shall operate under the Colorado Revised Nonprofit Corporation Act, as amended (the "CRNCA") and the Colorado Common Interest Ownership Act, as amended (the "Act"). Capitalized terms used herein shall have the meaning set forth in that certain Condominium Declaration for Interlochen Condominiums, as amended, recorded in the office of the Clerk and Recorder for the County of Eagle, State of Colorado (the "Declaration") and in the Act.

Article 2

EXECUTIVE BOARD

Section 2.1 Number and Qualifications. The affairs of the Common Interest Community and the Association shall be governed by the Executive Board, which shall consist of five (5) members. Only Owners, eligible to vote and otherwise in good standing as provided herein, may be elected or appointed to fill a vacancy on the Executive Board. In the case where, through removal or resignation, the total number of Executive Board members is less than five, the Executive Board will be considered properly constituted until such vacancies are filled. The number of members of the Executive Board may be increased or decreased by amendment of these Bylaws; provided, however the number must be an odd number.

- (a) The terms of the members of the Executive Board shall be staggered so that two (2) members shall be elected to serve a two (2) year term in one year and three (3) other members shall also serve a two (2) year term the next year.
- (b) At any time the Owners are entitled to elect a member of the Executive Board, the Executive Board shall adopt a resolution calling a meeting and shall give not less than ten (10) nor more than fifty (50) days' notice to the Owners for this purpose. This meeting may be called and the notice given by any Owner if the Association fails to do so. Unless a valid reason exists (in the discretion of the Executive Board) to hold such a meeting on an alternative date, the meeting at which the Executive Board members are elected shall be the annual meeting of the Owners.

- (c) Each Executive Board member shall hold office until the election and qualification of his or her successor. At any meeting at which one or more members of the Executive Board is to be elected, unless the election is uncontested, the vote shall be by secret ballot, according to the procedures set forth in Section 3.6(f).

Section 2.2 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws, or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration and the Act, and subject to the reasonably prudent business judgment of each Executive Board member, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, include the following powers and duties:

- (a) Adopt and amend policies, procedures, rules and regulations (collectively, the "Rules and Regulations") and Bylaws.
- (b) Adopt and amend budgets for revenues, expenditures, and reserves in accordance with the Declaration and Section 2.16 below.
- (c) Levy and collect regular assessments from Owners.
- (d) Levy and collect special assessments whenever, in the opinion of the Executive 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 special assessments will be in statement form and will set forth in detail the various expenses for which the special assessments are being made.
- (e) Levy and collect default assessments for violation of the Articles of Incorporation, Declaration, Rules and Regulations and Bylaws (collectively, the "Governing Documents") because the Association has incurred an expense on behalf of an Owner under the Governing Documents.
- (f) Suspend the right of an Owner to cast a vote for his or her Unit, or by proxy the vote of another, during any period in which such Owner is in default in the payment of any assessment for a period of thirty (30) days or longer, or, after notice and a hearing, during any time in which as Owner is in violation of any other provision of the Governing Documents.
- (g) Hire and discharge Managing Agents as more particularly provided below.
- (h) Hire and discharge employees, independent contractors, and agents other than Managing Agents.

- (i) Institute, defend, or intervene in litigation of administrative proceedings or seek injunctive relief for violations of the Governing Documents in the Association's name, on behalf of the Association or on behalf of two (2) or more Owners in matters affecting the Common Interest Community.
- (j) Make contracts and incur liabilities, including borrowing funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration.
- (k) Regulate the use, maintenance, repair, replacement and modification of all property within the Common Interest Community.
- (l) Cause additional improvements to be made as part of the Project Common Elements, the General Common Elements or the Limited Common Elements (collectively, the "Common Elements").
- (m) Acquire, hold, encumber and convey, in the Association's name, any right title or interest to real estate or personal property, including but not limited to, Common Elements, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act. The alteration, reconfiguration, or reconstruction of a Limited Common Element shall not constitute a conveyance pursuant to Section 312 of the Act.
- (n) Grant easements for any period of time, including permanent easements, and grant leases, licenses, and concessions through or over the Common Elements.
- (o) Establish from time to time, and thereafter impose, charges for late payment of assessments or any other sums due and, after notice and hearing, levy a reasonable fine for a violation of the Governing Documents, as described herein.
- (p) Impose a reasonable charge for the preparation and recording of amendments to the Declaration and statements of unpaid assessments.
- (q) Provide for the indemnification of the Association's officers and the Executive Board to the extent provided by law, provide for the indemnification of committee members and others in accordance with these Bylaws to the extent the Executive Board deems just and reasonable, and maintain directors' and officers' liability insurance.
- (r) Declare the office of a member of the Executive Board to be vacant in the event such member shall fail to participate in three (3) regular meetings of the Executive Board during any one (1) year period.

- (s) Appoint any committee as required or permitted by the Declaration or these Bylaws or as may be deemed appropriate by the Executive Board to carry out its purposes and duties and by resolution, establish committees, permanent and standing, to research, make recommendations or perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee.
- (t) By resolution, set forth policies and procedures which shall be considered incorporated herein by reference as though set forth in full, and which provide for corporate actions and powers which are different than those set forth in the CRNCA but which are permitted by the CRNCA to be "otherwise set forth in Bylaws." Such resolutions shall be given the same force and effect as if specifically enumerated in these Bylaws.
- (u) Exercise any other powers conferred by the Governing Documents, the Act or the CRNCA.
- (v) Exercise any other powers necessary and proper for the governance and operation of the Association.
- (w) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association.

Section 2.3 Managing Agent. The Executive Board may employ a Managing Agent for the Common Interest Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board, provided, however:

- (a) The Executive Board may delegate to the Managing Agent only the powers granted to the Executive Board by these Bylaws under Section 2.2, Subsections (c), (d), (e), (f), (i), (j) and (l).
- (b) Licenses, concessions, and contracts may be executed by the Managing Agent pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.
- (c) The Executive Board shall require that: (i) the Managing Agent shall maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars or such higher amount as the Executive Board may require and, (ii) the Managing Agent shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by it and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and (iii) an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the

Managing Agent, a public accountant, or a certified public accountant and that a review or an audit be completed by a certified public accountant at least every two years.

- (d) If a professional Managing Agent is employed, the management agreement must be for a specified term (not to exceed three (3) years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination or require advance notice of termination in excess of ninety (90) days.

Section 2.4 Removal of a Member of the Executive Board Elected by Owners. A member of the Executive Board who has been elected by the Owners may be removed, with or without cause, by a vote of the Owners holding sixty-seven percent (67%) of the Voting Interests in the Common Interest Community who are present and entitled to vote. Further, removal of a Director who has been elected by the Owners may only be done at a special meeting of the Owners called for this purpose, at which a quorum is present. Voting by mail to remove a Director shall not be allowed. The term "Voting Interests" shall be the aggregate of all votes allocated to Units when the Owners are present.

Section 2.5 Vacancies. Vacancies created by removal of a member of the Executive Board pursuant to Section 2.4, and vacancies created by the resignation of a member of the Executive Board, shall be filled by a majority of the Executive Board (at a regular or special meeting) remaining after such vote to remove even though the members of the Executive Board present at such a meeting may constitute less than a quorum; provided, however, if the entire Board is removed at once, an election shall be held immediately thereafter at the same meeting and the Owners shall elect an entirely new Executive Board. Each person elected or appointed to the Executive Board shall serve out the term of the member he or she replaced.

Section 2.6 Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Owners shall be held within sixty (60) days after the annual meeting at a time and place to be set by the Executive Board at the meeting at which the Executive Board shall have been elected. No notice shall be necessary to the newly elected Executive Board in order to legally constitute such meeting, provided a majority of the Executive Board members are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice to the Executive Board members is necessary to constitute regular meetings. However, the agenda of a regular meeting shall be reasonably available, in advance of the meeting, to Owners.

Section 2.7 Special Meetings. Special meetings of the Executive Board may be called by the president, by the secretary or by Owners comprising twenty percent (20%) of the votes of the Association on at least three (3) business days' notice to each member of the Executive Board. Additionally, the agenda of a special meeting shall be made reasonably available, in advance of the meeting, to Owners.

Section 2.8 Conduct of Meetings. Meetings of the Executive Board shall be conducted in accordance with Colorado law and shall follow basic parliamentary rules of order. All members shall be allowed to speak on any issue, as moderated by the President if necessary. A motion shall be required for any decision, prior to a vote.

Section 2.9 Conflicts of Interest.

(a) Members of the Executive Board shall not participate in any discussion or formation of policy in a matter in which the member has a personal or business interest or in a conflicting interest transaction (defined below), except that a conflicted member may participate if he or she discloses the conflict and the remaining members vote to permit the conflicted member to participate. The conflicted member, however, may not vote on the matter in any case.

(b) As used in this section, "conflicting interest transaction" means: A contract, transaction, or other financial relationship between the Association and a member of the Executive Board, or between the Association and a party related to a member of the Executive Board, or between the Association and an entity in which a member of the Executive Board is a director or officer or has a financial interest. As used in this section, a "party related to a member" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the member or a party related to a member has a beneficial interest, or an entity in which a party related to a member is a director, officer, or has a financial interest.

(c) No loans shall be made by the Association to the members of the Executive Board. Any member of the Executive Board who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

(d) No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an Owner or by or in the right of the Association, solely because the conflicting interest transaction involves a member of the Executive Board or a party related to a member of the Executive Board or an entity in which a member of the Executive Board is a director or officer or has a financial interest or solely because the member of the Executive Board is present at or participates in the meeting of the Executive Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the member's vote is counted for such purpose if:

(i) The material facts as to the member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Executive Board, and the Executive Board in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested members, even though the disinterested members are less than a quorum; or

(ii) The material facts as to the member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or

(iii) The conflicting interest transaction is fair as to the Association.

(e) Common or interested members of the Executive Board may be counted in determining the presence of a quorum at a meeting of the Executive Board which authorizes, approves, or ratifies the conflicting interest transaction.

Section 2.10 Quorum; Actions of the Executive Board. Three out of five members of the Executive Board shall constitute a quorum for all meetings and consents. Unless otherwise determined by a vote of the Executive Board as to a particular issue, a majority vote of those present constitutes a valid corporate action. For purposes of this Article 2, the term "present" (i.e., in attendance) shall include attendance in person, by proxy (to the fullest extent provided by the CRNCA), or in any manner provided in Section 2.14 below. Each member of the Executive Board casts one vote.

Section 2.11 Location of Meetings and Open Meetings. Meetings of the Executive Board shall be held either: (i) within the State of Colorado unless all members of the Executive Board consent to another location, or (ii) in such a manner as to permit discussions and deliberations via electronic or telephonic means. All meetings of the Executive Board shall be open to attendance by Owners in the manner required by applicable Colorado law. At an appropriate time determined by the Executive Board, but before the Executive Board votes on an issue under discussion, Owners or their designated representatives shall be permitted to speak regarding that issue. The Executive Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Executive Board shall provide for a reasonable number of persons to speak on each side of the issue.

Section 2.12 Waiver of Notice. Any member of the Executive Board may waive notice of any meeting in writing. Attendance by a member of the Executive Board at any meeting of the Executive Board shall constitute a waiver of notice. If all the members of the Executive Board are attending a meeting through any means authorized by these Bylaws, no notice shall be required, and any business may be transacted at such meeting.

Section 2.13 Consent to Corporate Action. If a majority of the Executive Board, severally or collectively consent in writing to any action taken or to be taken by the Association (and that number constitutes a quorum), that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board. The secretary shall file these consents with the minutes of the meetings of the Executive Board.

Section 2.14 Types of Communication in Lieu of Attendance. Any member of the Executive Board may attend a meeting of the Executive Board by: (i) using an electronic or telephonic communication method whereby the member may be heard by the other members who are present or attending and may hear the deliberations of the other members on any matter properly brought before the Executive Board; or (ii) by participating in "real-time" email communications when all Board members who are present or attending are participating in this form of communication. The vote of such member shall be counted and the presence noted as if that member was present in person on that particular matter.

Section 2.15 Compensation. No member of the Executive Board shall receive any compensation from the Association for acting as such. Any member of the Executive Board may be reimbursed for expenses incurred on behalf of the Association upon approval of the majority of the other Executive Board members. Nothing herein shall prohibit the Association from compensating a member of the Executive Board, or any entity with which a member of the Executive Board member is affiliated, for services or supplies furnished to the Association in a capacity other than as a member of the Executive Board pursuant to a contract or agreement with the Association, provided that the conflict of interest provisions of Section 2.9 hereof are followed.

Section 2.16 Fiscal and Operational Responsibility. At the Executive Board meeting occurring each July, or as close to such month as is possible, the Executive Board shall adopt a proposed budget which is sufficient to comply with the Declaration, to fund current and anticipated expenses of the Association, and to ensure that repairs, maintenance, replacements and improvements (including capital improvements) are made by reputable companies with expertise in the appropriate area. The Executive Board shall also ensure that there are sufficient funds and procedures available to comply with the disclosure, education, and other requirements concerning the management and operations of the Association pursuant to the Act, including, but not limited to, the potential establishment of a web site in order to disseminate information to owners as required by the Act. The proposed budget will be presented to the Owners as described in Section 3.1(c) below.

Section 2.17 Adoption and Amendment of Policies, Procedures and Rules. The Executive Board shall consider the adoption or amendment of the Rules and Regulations, of these Bylaws, or of similar policies pursuant to the procedures set forth herein and provided by Colorado law.

Article 3

OWNERS

Section 3.1 Meetings of the Owners. The following types of "meetings" (as that term is used in the CRNCA) shall be or may be held, as provided below.

(a) Annual Meetings. Annual meetings of Owners shall be held at least once a year in the month of September at such date, time, and place set forth in the notice of meeting sent to the Owners by the Executive Board. At these meetings, the Executive Board shall be elected by ballot of the Owners, in accordance with the provisions of Article 2 of these Bylaws. The Owners may transact other business as may properly come before them at these meetings, including discussing the following fiscal year's proposed budget, as described in Section 3.1(c), below. Failure to hold an annual meeting shall not work a forfeiture or dissolution of the Association.

(b) Special Meetings. Special meetings of the Owners may be called by the president, by the secretary or by Owners comprising twenty percent (20%) of the votes of the Association on at least three (3) business days' notice to each Owner. Additionally, the agenda of a special meeting shall be made reasonably available, in advance of the meeting, to Owners.

(c) Meeting to Approval Annual Budget. At the annual meeting of the Association or at a special meeting of the Association called for such purpose, the Owners shall be afforded the opportunity to veto a proposed budget of the projected revenues, expenditures and reserves for the Association's next fiscal year as proposed by the Executive Board. Within sixty days after adoption of the proposed budget, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider the budget. The meeting shall be held not less than ten (10) nor more than fifty (50) days after delivery of the summary to the Owners. As an alternative to holding a meeting and sending notice thereof, the Executive Board may send the Owners a ballot and information sufficient to satisfy the provisions of the CRNCA and Section 3.10 hereof, which permit certain actions to be taken by the Owners by written ballot without the necessity of a meeting. If a meeting is held to discuss the budget, such meeting shall be combined with the annual meeting of the Owners if possible. Unless the Declaration requires otherwise, the budget proposed by the Executive Board does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto by a majority of all Owners, whether or not a quorum is present. In the event the proposed budget is vetoed, the budget last proposed and not vetoed by the Owners continues until such time as a new budget is presented and not vetoed by a majority of all Owners.

Section 3.2 Place of Meetings. Meetings of the Owners shall be held within the Vail area, State of Colorado, and may be adjourned to a suitable place convenient to the Owners, as may be designated by the Executive Board or the president.

Section 3.3 Notice of Meetings.

- (a) Except as otherwise provided in Subsection 3.1(c) above, the secretary shall cause notice of all meetings of the Owners to be hand-delivered, sent via a nationally recognized overnight or express delivery service, or sent prepaid by United States mail, directed to the mailing address of each Unit or to the mailing address designated in writing by the Owner, or sent by electronic transmittal to the address designated by the Owner, not less than ten (10) nor more than fifty (50) days in advance of the meeting. The date notice is sent shall be the date received by the recipient or three days after placing the notice in the United States mail.
- (b) To the extent at all possible, the notice of any meeting shall be given electronically, posted on the Association's web site (if any), and posted in a conspicuous place within the Common Interest Community (the latter, to the extent that such posting is feasible and practicable). Additionally, all Owners who have provided the Association with their e-mail addresses shall be provided notice to that address no later than twenty-four (24) hours prior to the time the meeting commences.
- (c) The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any changes to the budget, and any proposal to remove a member of the Executive Board.
- (d) No action shall be adopted at a special meeting except as stated in the invoice.

Section 3.4 Adjournment of Meeting. At any meeting of Owners, a Majority Vote (defined below) may adjourn the meeting to another time.

Section 3.5 Order of Business. The order of business at all meetings of the Owners shall be as set forth in the written meeting agenda available at the beginning of each meeting.

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e-mail exclusively*

Section 3.6 Voting

- (a) Each Unit is allocated one vote.
- (b) If only one of several Owners of a Unit is present at a meeting of the Association, the Owner or Owners present are entitled to cast the vote allocated to that Unit. If more than one of the Owners is present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority of the Owners of that Unit. Majority agreement exists 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. In the event the Owners fail to so agree, then they will be deemed to have abstained on the matter and the vote cast as an abstention.
- (c) Owners representing a Unit are entitled to vote only if the Unit is in good standing as of the date of the meeting. For purposes of these Bylaws, a Unit is in good standing if all assessments for that Unit are no more than thirty (30) days past due.
- (d) The vote of a corporation or limited liability company may be cast by an officer of that corporation or by the Managing Agent of the limited liability company in the absence of express notice of the designation of a specific person by such Owner's governing body, members, Managing Agent, operating agreement or bylaws. The vote of a limited liability partnership or a limited partnership may be cast by the general partner (or any general partner if there is more than one general partner in the absence of express notice of the designation of a specific general partnership by such Owner). The vote of a general partnership may be cast by any general partner of the owning partnership in the absence of prior express notice of the designation of a specific person by the owning partnership. The individual presiding at the meeting may require reasonable evidence that a person voting on behalf of an Owner who is a corporation, limited liability company, limited liability partnership, limited partnership or any other type of entity recognized by Colorado law is qualified to vote.
- (e) The Executive Board is entitled to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate the votes, acting in good faith, has a reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Owner. The Association and its officer or agent and the Executive Board and its members who accept or reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of the Act and these Bylaws are not liable in damages for the consequences of the acceptance or rejection.

(I) Votes taken at meetings of the Owners shall be taken in such method as determined by the Executive Board; however, at the discretion of the Executive Board or upon the request of 20% of the Owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the Association on which all Owners are entitled to vote shall be by secret ballot. Pursuant to Section 2.1(c), votes for Executive Board members shall always be cast by secret ballot. Secret ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners who are selected or appointed at an open meeting, in a fair manner, by the President of the Executive Board or another person presiding during that portion of the meeting. The volunteers shall not be Executive Board members and, in the case of a contested election for an Executive Board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of Owners participating in such vote.

(g) The vote allocated to a Unit owned by the Association may not be cast.

Section 3.7 Proxies. The vote allocated to a Unit may be cast under a proxy duly executed by an Owner. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes 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 a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy must be received by the Managing Agent or an officer of the Association no later than 11:59 p.m. on the day before the meeting date. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term. A proxy obtained through fraud or misrepresentation shall be void and of no effect. The Executive Board may establish reasonable policies concerning the form and use of proxies.

Section 3.8 Quorum. Except as otherwise provided in these Bylaws, the Owners present in person or by proxy at any meeting of Owners, representing twenty percent (20%) of the total Voting Interests of the Association, shall constitute a quorum at that meeting. For purposes of this Article 3, the term "present" shall include attendance in person, by proxy, via telephonic or other electronic means, via "real time" email or, in the case of written ballots, by providing written response on or before the date responses are due as set forth in the written ballot. Only Owners eligible to vote may cast proxies for other Owners and only Owners eligible to vote may be considered "present."

Section 3.9 Definitions Concerning Voting. The term "Majority Vote" shall mean a vote equal to more than half of the Voting Interests held by the Owners who are present and shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws, or the Act. Reference to a "majority of all Owners" in the Declaration, these Bylaws, or the Act shall mean a vote cast by Owners representing more than one-half of the total Voting Interests allocated to

all Units in the Common Interest Community (including votes cast by written ballot pursuant to Section 3.10 below).

Section 3.10 Voting by Mail. Except as limited by Section 2.4 above, the Executive Board may decide that voting of the Owners on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by written ballot. Pursuant to the CRNCA, any action that may be taken at any meeting of Owners may be taken without a meeting if the secretary delivers a written ballot to every member entitled to vote on the matter. "Delivery" to the Owner of the ballot, and the Owner's return of the completed ballot shall be made by the same methods available for providing notice to a member set forth in Section 3.3 above, or by e-mail attachment if the address has been provided to the Association.

- (a) A written ballot shall: (i) set forth each proposed action; and (ii) provides an opportunity to vote for or against each proposed action.
- (b) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
- (c) All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than the election of members of the Executive Board; (iii) specify the time by which a ballot must be received by the Association in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.
- (d) A written ballot, once received by the Association, may not be revoked, unless the Owner casting the written ballot thereafter appears at a meeting convened to consider any one or more of the matters on the ballot.

Section 3.11 Dispute Resolution. In the event of any dispute involving the Association and an Owner, the Owner is invited and encouraged to meet with the Executive Board to resolve the dispute informally and without the need for litigation. If the Owner requests to meet with the Executive Board, the Executive Board shall make a reasonable effort to meet this request. Nothing in this section shall be construed to require any specific form of alternative dispute resolution, such as mediation or arbitration, or require the parties to meet. Neither the Association nor the Owner waives any right to pursue whatever legal or other remedial actions are available to either party.

Article 4

OFFICERS

Section 4.1 Designation. 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 the Executive Board. The Executive Board may appoint an Assistant treasurer, an Assistant secretary and other officers as it finds necessary. Any two offices may be held by the same person, except the offices of president and secretary. The office of the vice president may be vacant. All officers must be members of the Executive Board. All members of the Executive Board vote, regardless of the office he or she may hold.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board.

Section 4.3 Resignation and Removal of Officers. Upon the affirmative vote of a majority of the Executive Board, any officer may be removed either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose. Any officer may resign at any time by giving written notice to the president or secretary.

Section 4.4 President. The president shall be the chief executive officer of the Association. If available, the president shall preside at all meetings of the Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Owners from time to time as the Executive Board may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 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 Executive Board shall appoint another of its members to act in the place

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all of the duties incident to the office of the secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and these Bylaws

on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial reports and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of the 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 Executive Board. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides, as further described in Sections 8.5 and 8.6 hereof. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two members of the Executive Board, one of whom may be the treasurer.

Section 4.8 Execution of Instruments. Except as provided in Sections 4.4, 4.6, 4.7, and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

Section 4.9 Statement of Unpaid Assessments. The treasurer, assistant treasurer, a Managing Agent or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 316 of the Act. The Association shall change a fee of \$50 to any party requesting such a statement. Any unpaid fees may be assessed as an additional assessment against the Unit for which the statement is furnished. *Charge?*

Section 4.10 Collection of Unpaid Assessments. Assessments are due on the first day of each month and have a grace period of fourteen (14) days. If assessments are not received by the 14th of the month, then an 8% per annum finance charge will accrue from the first day of the month. As required by the Declaration, any first mortgagee, upon request, shall be given written notice by the Association or the Managing Agent at any time its mortgagor fails to pay any such assessment within such fourteen (14) day period. If assessments are not received by the 25th of the month, then a \$10.00 administrative fee also will be assessed that month and each month thereafter until the account is paid. If assessments are delinquent for sixty (60) days or more, the Association or the Managing Agent shall send a letter to the Owner requesting payment of all past due amounts. If the delinquent assessments, finance charges and administrative fees are not received in ten (10) days, then the Association or the

Managing Agent will send a "Notice of Intent to Foreclose Lien" will be sent to the Owner. If the delinquent assessments, finance charges and administrative fees are not received ten (10) days after the Notice of Intent to Foreclose Lien is sent, then the Association or the Managing Agent (a) will be authorized to foreclose its lien against the Unit owned by such Owner, (b) will assess a separate \$50.00 administrative fee against the Owner, and (c) will assess the costs of the Association's reasonable attorneys' fees against the Owner.

Article 5

ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Owners. The violation of any provision of the Governing Documents shall give the Executive Board the right, in addition to any other rights set forth in the Governing Documents, after notice and an opportunity to be heard (except in case of an emergency when no notice is required):

- (a) To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements or is contrary to the intent and meaning of the provisions of the Governing Documents. The Executive Board shall not be deemed liable for any manner of trespass or damage by this action; or
- (b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 Fines for Violation. The Executive Board may adopt resolutions providing for fines or other monetary penalties for the infraction of any of the Governing Documents. Fines will be levied after notice thereof and an opportunity to be heard. The Executive Board may levy fines in amounts that it, in its sole discretion, shall determine to be reasonable for each such violation, including those violations which persist after notice and an opportunity for a hearing is given.

Article 6

INDEMNIFICATION

Section 6.1 Indemnification Obligation. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a member of the Executive Board (each, an "Indemnified Party") for expenses (including expert witness fees, attorneys' fees and costs), judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association and with respect to any criminal action or proceeding had no reasonable cause to believe that his or her conduct was unlawful. Determination of any action, suit, or proceeding by judgment order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the Indemnified Party did not act in good faith and in a manner he or she reasonable believed to be in the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her action was unlawful. Such liability shall be satisfied in thirty (30) days after request therefor if there exists adequate operating funds but, if not, the funds shall be raised by a special assessment of the Owners as quickly as possible without the need of Owners' approval.

Section 6.2 Successful on the Merits. Although the indemnification in Section 6.1 does not require a final determination of non-culpability, to the extent that an Indemnified Party has been wholly successful on the merits in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection therewith.

Section 6.3 Determination Required. Any indemnification under Section 6.1 (as distinguished from Section 6.2), shall be made by the Association only as authorized by the specific case upon determination that indemnification of the Indemnified Party is proper in the circumstances because such individual has met the applicable standard of conduct set forth in Section 6.1. Such determination shall be made by the Executive Board by majority vote of a quorum consisting of those members of the Executive Board who were not parties to such action, suit, or proceeding or, if a majority of disinterested members of the Executive Board so directs, by independent legal counsel or by members entitled to vote thereon. Such determination shall be reasonable, based on substantial evidence of record, and supported by a written opinion. The Executive Board shall provide a copy of its written opinion to the Indemnified Party seeking indemnification.

Section 6.4 No Limitation of Rights. The indemnification provided by this Article 6 shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or

disinterested members of the Executive Board, or otherwise, nor by any rights which are granted pursuant to the Act and the CRNCA.

Section 6.6 Directors and Officers Insurance. The Association shall purchase and maintain insurance on behalf of any Indemnified Party against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under provisions of this Article 6.

Article 7

RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records. An audit or review shall be done no less often than every two (2) years, unless otherwise provided for in the Declaration or determined by the Executive Board. Further, an audit shall be done in accordance with the provisions of Section 303(4)(b)(II) of the Act. The cost of any audit or review shall be a Common Expense.

Section 7.2 Examination. All records maintained by the Association or the Managing Agent shall be available for examination and copying by any Owner or by any of their duly authorized representative, at the expense of the person examining the records, which amounts may be collected by the Association in advance. Such inspection and copying shall be permitted after reasonable notice in accordance with the CRNCA and the Act. The Association shall make the requested records available within five (5) business days of the Owner's request or at the next regularly scheduled Owner or Executive Board meeting if the next such meeting is scheduled within thirty (30) days of the Owner's request, in the sole discretion of the Executive Board. The Executive Board shall advise the Owner of the time and place of such inspection in writing within five (5) business days of the Owner's request.

Section 7.3 Records. The Association shall keep the following records:

- (a) An account for each Unit, which shall designate the name and address of each Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;
- (b) The current operating budget;
- (c) A record of insurance coverage provided for the benefits of Owners and the Association for the immediately preceding three years;

- (d) Tax returns for state and federal income taxation for the preceding seven years;
- (e) minutes of proceedings of Owners and the Executive Board and its committees (including written consents and written ballots), and waivers of notice;
- (f) A copy of its most current version of the Articles of Incorporation, Declaration, these Bylaws, Rules and Regulations, and resolutions of the Executive Board, along with their exhibits and schedules;
- (g) All written communications to Owners (which communications shall only be made available to the Owner with whom the Association has communicated);
- (h) A list of the names and business or home addresses of the current members of the Executive Board and officers;
- (i) A copy of the Association's most recent corporate report filed with the secretary of the state in accordance with the CRNCA.
- (j) A record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each Owner is entitled to vote; and
- (k) Such other records the Executive Board shall determine from time to time are necessary or desirable.

Section 7.4 Use of Records by Owners. Association records, including membership lists, shall not be used by any Owner for: (a) any purpose unrelated to an Owner's interest as an Owner; (b) the purpose of soliciting money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association; (c) any commercial purpose; (d) for the purpose of giving, selling, or distributing such Association records to any person; or (e) any improper purpose as determined in the sole discretion of the Executive Board.

Article 8

MAINTENANCE AND REPAIR; USES OF PROPERTY

Section 8.1 Maintenance and Repair. An Owner shall maintain and keep the interior, including the fixtures, of his or her Unit in good taste and repair. An Owner must perform promptly at his or her own expense all maintenance and repair work within his or her own Unit. An Owner shall not do an act or any work that will impair the structural soundness or integrity of the building or impair any easement or hereditament. All the repairs of internal installations of the Unit such as water, light, gas, power,

sewage, telephone, sanitary installations, doors, windows, electrical fixtures, appliances and equipment installed within the Unit commencing at a point at which the utility lines, pipes, wires, conduits or systems enter the Unit, shall be at the Owner's expense. In addition, utility fixtures, appliances and zone valves (but not lines, pipes, wires, conduits, or systems) which are not located within a Unit which exist for the purpose of providing utility service only for one Unit shall be maintained and kept in repair by the Owner of that Unit.

Section 8.2 Right of Entry. An Owner shall and does grant the right of entry to the Managing Agent or Board of Directors of the Association, to have access to his or her Unit from time to time during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the general common elements therein accessible therefrom, or for making emergency repair therein necessary to prevent damage to the general common elements or to another unit or units. Damage to the interior or any part of a unit as a result of such entry hereinafter shall be a common expense of all of the Owners; provided, however, that if such entry, resulting in damage, was made necessary as a result of the negligence or maintenance of the Unit Owner, then such Unit Owner shall be responsible for all of such damage.

For such purposes as herein described, an Owner shall provide the Managing Agent or Board of Directors of the Association with a working key or keys to his or her Unit. In the event that such Owner should fail to provide a working key, the Owner hereby agrees and consents to the right of forcible entry to the Unit, and such Owner acknowledges and agrees to be responsible for the payment of the costs of such entry.

If a non-emergency item has not been fixed within five days after notification of the Owner, the Association shall have the right to enter the Unit to repair items which are affecting common expenses. Examples include, but are not limited to, repair of leaking faucets, replacing broken windows, etc. The Owner shall be obligated to reimburse the Association promptly, or at least within 30 days of the next billing, whichever comes first, for any expenses incurred by the Association on behalf of the Owner, or the account will be considered delinquent.

Section 8.3 General. Each Owner shall comply strictly with the provisions of the Declaration. Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Interlocken Condominium project was built.

Section 8.4 Uses of Units. All Units shall be utilized for residential purposes.

Article 9

MISCELLANEOUS

Section 9.1 NOTICES. All notices to the Association or the Executive Board shall be delivered to the office of the Managing Agent, or, if there is no Managing Agent, to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Owners. Except as otherwise provided, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. All notices shall be deemed to have been given when deposited into the United States mail, first class postage prepaid, except notices of changes of address, which shall be deemed to have been given when received as evidence by return receipt, attempt delivery receipt executed by the delivery party, or confirming return fax.

Section 9.2 Fiscal Year. The Executive Board shall establish the fiscal year.

Section 9.3 waiver. NO restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of or any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 9.4 Office. The principal office of the Association shall be at the office of the Managing Agent or at such other place as the Executive Board may from time to time designate.

Section 9.5 Reserves. As part of the adoption of the regular annual budget, the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the expansion, modification or replacement of, and improvements to, the Common Elements based upon the age, remaining life and the quantity and replacement cost of improvements to the Common Elements. The reserve fund shall be invested as described in the following Section.

Section 9.6 Investment Policy. The officers and members of the Executive Board shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the officer or member of the Executive Board reasonably believes to be in the best interests of the Association in accordance with the CRNCA. It shall be the policy of the Association that funds will be invested with the following priority of goals: (a) safety of the principal; (b) liquidity to the degree that it is necessary to meet the currently projected future capital demands; and (c) rate of return.

Section 9.7 Audio and Video Recording Prohibited. Records of all meetings shall be solely by minutes duly approved by the Owners or the Executive Board, as the case may be. Accordingly, both audio and video recording of meetings is prohibited.

Section 7.6 Conflict of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

Section 7.7 Claims Submissions to the Association's Insurance Carrier. If an occurrence is made known to an Owner that results in damages or injury to an Owner or an Owner's Unit which may come within the Association's coverage as required in Declaration or under Colorado law, the following procedures should be followed by the Owner:

(a) The Owner(s) shall first promptly notify his or her personal insurance carrier of the damage.

(b) In the event the Owner determines it is in the Owner's best interests to submit a claim under the Owner's insurance policies, the Owner shall follow the procedures set out in those insurance policies describing the insured's duties in the event of an occurrence, claim, or suit.

(c) The Association may require the Owner to provide copies of the claim the Owner may make to his/her own carrier, as well as copies of the adjustment or determination of that carrier as a condition before the Owner makes any claim on any of the Association's policies.

(d) In the event the subject matter of the claim may fall within the Association's insurance responsibilities under the Declaration or Colorado law, the Owner shall promptly notify the Association of the damage by providing written notice to the Board or Managing Agent setting forth the following:

- i. Owner's home address and phone number and Unit address, if different;
- ii. The time, place and circumstances of the event;
- iii. Identification of damaged property; and
- iv. The names and addresses of the injured and witnesses, if applicable.

(e) The Board shall then make a determination as to whether the occurrence or claim consists of damages for which the Owner or the Association is responsible for insuring under the Declaration. The Association shall so notify the Owner in writing of its determination within 15 days of written notification of the damage to the Association.

(1) If the Board determines, in its sole discretion, that the subject matter of the claim is within the Association's insurance obligations, the Board shall submit a claim to the Association's insurance carrier on behalf of the Owner in accordance with the requirements of the insurance policy. In that event, an Owner may not submit a claim to the Association's insurance carrier.

Article 10

AMENDMENT TO BYLAWS

Section 10.1 vote. These Bylaws may only be amended by a majority vote of the Executive Board.

Section 10.2 RIGHTS OF MORTGAGEES. No amendment of these Bylaws of the Association shall be adopted which would: (i) affect or impair the validity or priority of any mortgage; or (ii) change the provisions of these Bylaws with respect to such mortgages; or (iii) effect any provisions for the benefit of mortgagees as set forth in the Declaration.

IN WITNESS WHEREOF, the undersigned have executed these Bylaws this _____ day of October, 2006.

EXECUTIVE BOARD:

Elizabeth Whitmore

Craig Atwood

Patricia Needham

Elizabeth Lane

Noah Brooks