

BYLAWS
OF
GLEN EAGLE TOWNHOMES ASSOCIATION, INC.

1. **Name and Location.** The name of the corporation is **Glen Eagle Townhomes Association, Inc.** (the "Association"), a Colorado nonprofit corporation. The principal office and street address of the corporation is located at 953 South Frontage Road West, #222, Vail, CO 81657. The mailing address of the corporation is P. O. Box 1329, Avon, CO 81620.

2. **Definitions, Purposes and Assent.**
 - 2.1 **Definitions.** The definitions in the Declaration of Covenants, Conditions, Restrictions and Easements of Glen Eagle Townhomes Association, Inc., as amended from time to time and recorded in the office of the Clerk and Recorder of Eagle County, Colorado, will apply to these Bylaws, and all defined terms used in these Bylaws will have the same meaning as the defined terms used in the Declaration, unless the defined terms in these Bylaws or the context of these Bylaws clearly indicate otherwise.

 - 2.2 **Purposes.** The specific purposes for which the Association is formed are (i) to provide for the operation and administration of the Association and its activities as well as to regulate and manage the use and maintenance of the Common Lot, Exterior Maintenance Areas and any Association-owned property as defined and more fully described in the Declaration of Covenants, Conditions, Restrictions and Easements of Glen Eagle Townhomes Association, Inc.; (ii) to preserve, protect, and enhance the values and amenities of such property; and (iii) to promote the health, safety, and welfare of the members of the Association.

 - 2.3 **Assent.** All present or future Owners, their families, present or future tenants, and their guests and invitees, and any other person using the facilities of the Property in any manner are subject to the Association Documents, including these Bylaws and any rules adopted by the Board of Directors. The acquisition or rental of any of the Townhouse Units or the occupancy of any Townhouse Unit will constitute ratification and acceptance of these Bylaws and an agreement to comply with those rules.

3. **Membership.**
 - 3.1 **Membership.** Ownership of a Townhouse Unit is required in order to qualify for membership in the Association.

 - 3.2 **Representation on Board of Directors.** If title to a Townhouse Unit is held by a firm, corporation, partnership, association, other legal entity or any combination thereof, or if any individual or entity holds title to more than one Townhouse Unit, then in either case, that individual or entity may appoint, by a writing furnished to the Association, a delegate to represent each such Townhouse Unit as a

candidate for, and if elected, as a member of, the Board of Directors. Such delegate will not vote as a member of the Association unless such person is appointed by a proxy executed in conformance with these Bylaws to cast the voting interest of the Townhouse Unit which he represents.

3.3 Responsibilities of Members. Any person, including Declarant, on becoming an Owner, will automatically become a Member and be subject to these Bylaws. Such membership will terminate without any formal Association action whenever such person ceases to own a Townhouse Unit, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Declaration or in any way connected with the Association during the period of such ownership, or impair any rights or remedies which the Board of Directors or others may have against such former Owner arising out of ownership of the Townhouse Unit and membership in the Association and the covenants and obligations incident thereto.

3.4 Membership Certificates. No certificates of stock will be issued by the Association, but the Board of Directors may, if it so elects, issue membership certificates to Owners.

3.5 Classes of Membership.

3.5.1 Class A. Class A Members shall be all Owners, with the exception of Declarant, and, except as otherwise provided for in this Declaration, shall be entitled to vote in Association matters pursuant to this Declaration on the basis of one vote for each Townhouse Unit owned. When more than one person holds an interest in any Townhouse Unit, all such persons shall be Members. The vote for each Townhouse Unit shall be exercised by one person or an alternative person (who may be a tenant of the Owners) appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Townhouse Unit shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Townhouse Unit which is leased may assign his voting right to the tenant, but a copy of a proxy appointing the tenant must be furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Townhouse Unit. Following the expiration of Class B memberships, the Board of Directors shall consist of four (4) members and the Owner of each Townhouse Unit shall be entitled to appoint one (1) Director to the Board of Directors.

3.5.2 Class B. The Class B Member(s) shall be Declarant and any successor of Declarant who takes title to all or part of the Property for the purpose of development and sale of the Property and who is designated as Successor Declarant in a recorded instrument executed by Declarant. The Class B Member(s) shall be entitled to appoint all of the members of the Association's Board of Directors during the period of Class B Membership. The Class B membership shall terminate on the earlier of the following events:

- 3.5.2.1 when Declarant has conveyed four (4) of the Townhouse Units; or
- 3.5.2.2 six (6) months after Declarant has conveyed three (3) of the Townhouse Units; or
- 3.5.2.3 the date on which Declarant voluntarily relinquishes its Class B membership, evidenced by a notice recorded in the office of the Clerk and Recorder for Eagle County, Colorado.

After termination of the Class B Membership, Declarant and any designated Successor Declarant shall be entitled to one vote as a Class A Member for each Townhouse Unit which either of them may own.

3.5.3 The Board may establish additional classes of membership from time to time.

3.6 Voting Privileges.

3.6.1 All Members will be entitled to vote on Association matters on the basis of one vote for each Townhouse Unit owned.

3.6.2 When more than one person holds an interest in any Townhouse Unit, all such persons will be Members. The vote for such Townhouse Unit will be exercised by one person or alternative persons as the Owners among themselves determine. If more than one of the multiple Owners are present at a meeting in person or by proxy, the vote allocated to their Townhouse Unit may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if any one of the multiple Owners casts the vote allocated to his Townhouse Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Townhouse Unit.

3.6.3 Any Owner of a Townhouse Unit that is leased may assign his voting right to the tenant, provided that the tenant is appointed to vote on behalf of the Owners by proxy and the proxy is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right.

3.7 Proof of Membership. Any person or entity, on becoming an Owner, will furnish to the Manager or to the Secretary of the Association a photocopy or a certified copy of the recorded instrument vesting that person or entity with an ownership interest, which instrument will remain in the files of the Association. An Owner will not be deemed a Member of the Association in good standing and will not be entitled to vote at any annual or special meeting of the Members unless this requirement is first met.

3.8 First Mortgagee Rights. During any period in which a Member is in default of his or her obligation to a first mortgagee, the first mortgagee, upon written notice to

the Association of the fact and nature of the default, shall be entitled to act as a Member instead of the actual unit owner Member.

3.9 Transfer of Membership. A membership in the Association may not be assigned, encumbered or transferred in any manner except in connection with the transfer of title to the Townhouse Unit to which the membership pertains. A transfer of membership shall occur automatically upon the transfer of title to a Townhouse Unit, but the Association shall be entitled to treat the person in whose name membership is recorded on records of the Association as the member for all purposes until written evidence of the transfer of title, satisfactory to the Association, has been submitted to the Association. Transfer of membership shall not release the transferor from liability for obligations accrued prior to the transfer. In the event of a dispute as to ownership of a Townhouse Unit and the related membership, title to the Townhouse Unit, as shown in the records of the County Clerk and Recorder of Eagle County, Colorado, shall be determinative.

4. Association: Meetings, Quorum, Voting, Proxies.

4.1 Place and Frequency of Meetings. Meetings of the Members will be held at least once each year at such place, within or without the State of Colorado, as the Board of Directors may determine.

4.2 Annual Meetings. The first annual meeting of the Members will be held within one year after the date of the adoption of these Bylaws. Each subsequent annual meeting of the Members will be held on a date and at a time set by the Board of Directors. The purpose of the annual meetings is for the election of the Board and the transaction of such other business of the Association as may properly come before the meeting.

4.3 Special Meetings. Special meetings of the Members may be called at any time by the President of the Association, or by a majority of the Board of Directors, or upon written request of Members who are collectively entitled to vote at least 25% of all of the votes in the Association.

4.4 Notice of Meetings. Written notice stating the place, day, and hour of the meeting and the agenda for the meeting will be delivered not less than 10 nor more than 50 days before the date of the meeting, personally or by mail or otherwise as permitted by the Act, by or at the direction of the President, or the Secretary, or the persons calling the meeting, as provided in these Bylaws, to the registered mailing address for notice (as provided in the Declaration) of each Member entitled to vote at such meeting.

4.5 Quorum. A quorum is deemed present throughout any meeting of the Association if Members entitled to cast (or proxies entitled to cast) 50% of the votes of the Association are present at the beginning of the meeting. If, however, such quorum is not present or represented at the meeting, the Members entitled to vote at the meeting will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented by proxy.

- 4.6 Actions Binding on Members. A majority of votes intended to be cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles, or these Bylaws.
- 4.7 Majority of Owners. As used in these Bylaws, the term "majority" will mean those votes, Owners, or other groups as the context may indicate totaling more than 50 percent of the total number.
- 4.8 Voting by Mail. Voting by mail is permitted for election of the Board of Directors, amendment of the Articles, adoption of a proposed plan of merger, consolidation or dissolution pursuant to the provisions of the Act and the Colorado Nonprofit Corporation Act, each as amended from time to time, or other questions that come before the Association. In the case of a vote by mail, the Secretary will give written notice to all Members, which notice will include (i) a proposed written resolution setting forth a description of the proposed action, (ii) a statement that the Members are entitled to vote by mail for or against such proposals, (iii) a statement of a date not less than 20 days after the date such notice will have been given by which all votes must be received, and (iv) the specified address of the office to which all votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section.
- 4.9 Proxies. Any Member may cast such Member's vote in person or by proxy, but no proxy will be valid if it is not dated or if it purports to be revocable without notice. Further, no proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted.
- 4.10 Designation of Voting Representative by Non-Individual Owners -- Requirement for Proxy. If title to a Townhouse Unit is held in whole or in part by a firm, corporation, partnership, association, other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary of the Association; and appointing and authorizing one person or alternate persons to attend an annual and special meetings of the Members and to cast the vote allocated to that Townhouse Unit at the meeting.
- 4.11 Designation of Voting Representative by Multiple Owners -- Use of Proxy. If title to a Townhouse Unit is held by more than one Owner, each Owner may vote or register protest to the casting of votes by the other Owners of the Townhouse Unit through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association.
- 4.12 Waiver of Notice. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a

meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date and place of the meeting unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

- 4.13 Action Without a Meeting. Any action which may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by of all of the Members.

5. Board of Directors; Selection; Term of Office

- 5.1 Number, Qualification and Initial Board. The affairs of this Association will be managed by a Board of not less than four Directors. Except as provided below regarding Directors appointed by Declarant, the Directors will be Members of the Association or the delegates of Members appointed by proxy under Section 4 above. The number of the Board of Directors will be established from time to time by amendment to these Bylaws. If any member of the Association is other than a natural person, one of that member's officers, principals, partners or agents may be elected to the Board of Directors.

The initial number of members of the Board of Directors will be four. The names and addresses of the four persons who are to serve on the initial Board of Directors until their successors are appointed are as listed below:

<u>Name</u>	<u>Address</u>
Glen Wood	9 Vail Road, Vail, CO 81657
Karen Brosius	P. O. Box 1329, Avon, CO 81620
Jim McVey	c/o McInerney-McVey Real Estate, Drawer 917, Avon, CO 81620
Brian McInerney	c/o McInerney-McVey Real Estate, Drawer 917, Avon, CO 81620

- 5.2 Directors During Declarant Control. During the Period of Declarant Control the Board of Directors will be selected by Declarant and will serve at the sole discretion of Declarant. The Directors selected by Declarant need not be Members of the Association. Unless Declarant directs otherwise and subject to these Bylaws and the requirements of the Act and other applicable laws, the initial Board of Directors named in the Articles will continue to serve throughout the Period of Declarant Control. Declarant will surrender its right to select the Board of Directors upon termination of the Period of Declarant Control as provided below or otherwise required by the Act.

- 5.3 Election of Directors After Period of Declarant Control. Upon termination of the Period of Declarant Control in accordance with the Declaration, a special meeting of the Association will be called at which Declarant will turn control of the Association over to the other Members as provided in the Act. The Members will elect a new Board of Directors and any terms of Directors appointed by Declarant that have not expired will terminate at that time. Subsequently, Directors will be elected by the Members at each annual meeting of the Members. At the first general election of the Board by Members and at subsequent elections, the Members may cast as many votes as they are entitled to exercise under the provisions of Section 3.6 above. Voting for Directors will be by secret written ballot.
- 5.4 Term of Office of Directors After Period of Declarant Control. The term of office for the initial Directors elected by the Members will be fixed at the time of their election as they themselves will determine in order to establish a system of one to four year terms in which at least one-fourth of the Board is elected each year, and the Board will identify in which year each director is subject to election. For example, if the number of Directors on the initial Board is set at four pursuant to Section 5.1 above, one Director will serve for a one-year term, one Director will serve for a two-year term, one Director will serve for a three-year term, and one Director will serve for a four-year term. At the expiration of the initial term of office of each respective Director, a successor will be elected to serve four years. Each Director will hold office until such Director's successor is elected by the Members and qualified to take over the office.
- 5.5 Removal of Directors. Any Director other than one appointed by Declarant may be removed with or without cause at any regular or special meeting of the Members by three-fourths of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal at least 10 days prior to the date of such meeting and will be given an opportunity to be heard at such meeting.
- 5.6 Vacancies.
- 5.6.1 During Period of Declarant Control. During the Period of Declarant Control, if a Director appointed by Declarant dies, becomes disabled or resigns, Declarant will appoint a new Director to serve the balance of the term of the resigning, disabled or deceased Director; and if a Director elected by the Members dies, becomes disabled or resigns, the remaining Directors will appoint a new Director from among the Members other than Declarant to serve the remainder of the term of the resigning, disabled or deceased Director representing Members other than Declarant.
- 5.6.2 Following Period of Declarant's Control. After the expiration or termination of the Period of Declarant Control, any vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. The term of the Director so elected will be coincident with the term of the replaced Director.

5.7 Compensation. No Director will receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties as a Director.

6. Meetings of Directors.

6.1 Regular Meetings. Regular meetings of the Board of Directors will be held at such regular times as set by the Board of Directors, at such place and hour as may be fixed from time to time by resolution of the Board. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting will be held at the same time on the next day which is not a legal holiday.

6.2 Special Meetings. Special meetings of the Board of Directors will be held when called by the President of the Association, or by any two Directors, after not less than three days' notice to each Director.

6.3 Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to cast 50% of the votes on the Board are present at the beginning of the meeting.

6.4 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

6.5 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any member of the Board may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

6.6 Action Taken Without a Meeting. The Directors will have the right to take any action which they could take at a meeting in the absence of a meeting by obtaining the written approval of all the Directors. Any action so approved will have the same effect as though taken at a meeting of the Directors.

7. Powers and Duties of the Board of Directors.

7.1 General. The Board of Directors will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by these Bylaws, the Declaration or the Act, the Board of Directors may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

7.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 7.1 above, the Board of Directors will have the following

powers and duties, in each case subject only to applicable requirements of the Act:

- 7.2.1 To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration.
- 7.2.2 To establish, make, amend from time to time, and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use, and occupancy of the Townhouse Units, subject to the provisions of the Declaration. A copy of such rules and regulations will be delivered or mailed to each Member promptly after adoption.
- 7.2.3 To keep in good order, condition, and repair all the Common Lot, Exterior Maintenance Areas, and all items of personal property, if any, used in the enjoyment of the Property. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.
- 7.2.4 To fix, determine, levy, and collect the prorated Annual Assessments to be paid by each of the Members towards the gross expenses of Glen Eagle Townhomes Association, Inc., and to adjust, decrease, or increase the amount of the Assessments and to credit any excess of Assessments over expenses and cash reserve to the Members against the next succeeding Assessment period.
- 7.2.5 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 Special Assessments will be in statement form and will set forth in detail the various expenses for which the Special Assessments are being made.
- 7.2.6 To levy and collect Default Assessments for violation of the Association Documents or because the Association has incurred an expense on behalf of a Member under the Association Documents.
- 7.2.7 To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws; and to exercise other remedies for delinquent Assessments as set forth in the Declaration.
- 7.2.8 To fix, determine, levy and collect the working capital funds to be paid by each of the Members towards the working capital account of the Association, and to adjust, decrease, or increase the amount of working capital funds collected from each member as provided in the Declaration.
- 7.2.9 To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board of Directors may

deem necessary; provided, however, that the Board will not borrow more than \$50,000 or cause the Association to be indebted for more than \$50,000 at any one time without the prior approval of a majority of votes of Members present and voting in person or by proxy on the issue.

7.2.10 To enter into contracts within the scope of their duties and powers.

7.2.11 To establish a bank account for the operating account of the Association and for all separate funds as required or deemed advisable by the Board of Directors.

7.2.12 To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses, or disbursements and to permit examination thereof by Members or their Mortgagees at convenient weekday business hours.

7.2.13 To cause any and all access roads, parking areas, and roadways in and to the Property and across the Property to be maintained to the extent those facilities are within the jurisdiction or control of the Association, subject to the provisions of the Declaration.

7.2.14 To cause the maintenance of the lawn, trees, shrubs, and other vegetation, and the sprinkler or other irrigation systems located on the Association-Owned Property for the benefit of the Members.

7.2.15 To delegate to the Manager or any other person or entity such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subsections 7.2.4, 7.2.5, 7.2.6 and 7.2.8 of this Section 7.2 and duties reserved to the Board by law will not be so delegated.

7.3 Manager. The Board of Directors may employ for the Association a professional management agent or agents as Manager for compensation established by the Board of Directors to perform such duties and services as the Board of Directors will authorize. The Board of Directors may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subsections 7.2.4, 7.2.5, 7.2.6 and 7.2.8 of Section 7.2 and duties reserved to the Board by law. Declarant, or an affiliate or employee of Declarant, may be employed as a Manager.

7.4 Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

7.4.1 A segregation of accounting duties should be maintained, and disbursements by check in any amount greater than \$5,000 will require two signatures. Cash disbursements will be limited to amounts of \$200 or less.

- 7.4.2 Cash accounts of the Association will not be commingled with any other accounts.
- 7.4.3 No remuneration will be accepted by the Board of Directors or the Manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise (except that such persons may be employees of Declarant during the period of Declarant's control). Anything of value received will be for the benefit of the Association.
- 7.4.4 Any financial or other interest that the Manager or a member of the Board of Directors may have in any firm (other than Declarant) providing goods or services to the Association will be disclosed promptly to the Board of Directors.
- 7.4.5 Commencing at the end of the calendar quarter in which the first Townhouse Unit is sold by Declarant and closed, and continuing on a quarterly basis, financial reports will be prepared for the Board of Directors containing the following:
 - 7.4.5.1 An income statement reflecting an income and expense activity for the preceding three months;
 - 7.4.5.2 A balance sheet as of the last day of the quarter;
 - 7.4.5.3 A delinquency report listing all Owners who have been delinquent during the preceding three-month period in paying the periodic installments of Assessments and who remain delinquent at the time of the report, and describing the status of any action to collect such installments which remain delinquent.
- 7.4.6 A balance sheet as of the last day of the Association's fiscal year and an operating statement for the fiscal year will be distributed to the Members. At the written request of an Owner or First Mortgagee, such statements will be audited at the requesting party's expense. Any such audited statements will be delivered to any Owner requesting the report and to the Association upon payment of a reasonable fee for copying.
- 7.4.7 An account status report reflecting the status of all accounts in an "actual" versus "approved" budget format with a budget report reflecting any actual or pending obligations that are in excess of budgeted amounts by an amount exceeding the operating reserves or 10% of a major budget category (as distinct from a specific line item in an expanded chart of accounts) will be prepared for the Board periodically upon the Board's request and will be made available to all Members.
- 7.5 Hearing Procedure. The Board will not impose a fine, suspend voting, or suspend any rights of a Member or other occupant for violations of rules and regulations or

of the provisions of the Glen Eagle Townhomes Association, Inc. Documents unless and until the procedure below is followed:

- 7.5.1 Demand. Written demand to cease and desist from the alleged violation will be served upon the alleged violator specifying:
- 7.5.1.1 the alleged violation;
 - 7.5.1.2 the action required to abate the violation; and
 - 7.5.1.3 a time period of not less than 10 days during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any additional similar violation may result in the imposition of a sanction after notice and hearing, if the violation is not continuing.
- 7.5.2 Notice. At any time within 12 months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate will serve the violator with written notice of a hearing to be held by the Board. The notice will contain the following:
- 7.5.2.1 the nature of the alleged violation;
 - 7.5.2.2 the time and place of the hearing, which time will not be less than 10 days from the giving of the notice;
 - 7.5.2.3 an invitation to attend the hearing and produce any statement, evidence, and witness on the Member s behalf; and
 - 7.5.2.4 the proposed sanction to be imposed.
- 7.5.3 Hearing. The hearing will be held pursuant to the notice, affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction under these Bylaws, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. Written and oral evidence may be presented. The presenting party will provide copies of any written evidence to the other party or parties. The decision of the Board will be final.
- 7.5.4 Appeal. The Board may in its discretion appoint a Hearing Committee to hear the matter. In such event the above procedure will apply except that either party may appeal the decision of the Hearing Committee to the

Board by written notice to the Hearing Committee, the other party and the Board. The Board will consider the minutes of the hearing and report the decision of the Board within a reasonable period of time not exceeding 60 days after receipt of the notice. The decision of the Board will be final.

These procedures will not be necessary in order to impose any sanction or penalty for nonpayment of a delinquent Assessment.

8. Officers and Their Duties.

8.1 Enumeration of Officers. The officers of the Association will be a President, Vice-President, Secretary and Treasurer, and such other officers as the Board may from time to time create by resolution.

8.2 Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

8.3 Term. The officers of the Association will be elected annually by the Board, and each will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

8.6 Vacancies. A vacancy in any of office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

8.7 Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

8.8 Duties. The duties of the officers are as follows:

8.8.1 President. The President will preside at all meetings of the Association and the Board of Directors; will see that orders and resolutions of the Board are carried out; will sign all leases, mortgages, deeds, and other written instruments; will co-sign all promissory notes; cause to be prepared and will execute, certify and record amendments to the Declaration on behalf of the Association; and will exercise and discharge such other duties as may be required of the President by the Board.

- 8.8.2 Vice-President. The Vice-President will act in the place and stead of the President in the event of his absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required by the Board.
- 8.8.3 Secretary. The Secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the Corporate seal of the Association and place it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records listing the Members together with their addresses; and perform such other duties as required by the Board.
- 8.8.4 Treasurer. The Treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board of Directors; sign all checks of the Association unless the Board specifically directs otherwise, and co-sign all promissory notes of the Association; keep proper books of account at the direction of the Board; cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available of each to the Members.
9. Committees. The Board of Directors may appoint a Hearing Committee as described in Section 7 above, and other committees as the Board deems appropriate in carrying out its purposes. Following the period of Declarant's control provided in the Declaration, the Board will also appoint the Design Review Committee.
10. Indemnification of Officers and Directors.
- 10.1 Indemnification. The Association shall indemnify each director and officer, his heirs, executors, administrators and representatives against all losses, costs and expenses, including attorneys' 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 director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding (a) to have violated his duty of loyalty to the Association or its members, (b) to have committed acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law, or (c) to have committed acts specified in Section 7-24-111, Colorado Revised Statutes, or (d) to have engaged in any transaction from which the director or officer derived an improper personal benefit. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Board of Directors may determine that the person to be indemnified has not engaged in any activity described in subsections (a), (b), (c) or (d) above. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of, arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as general common expenses provided, however, that nothing contained in this Section 10 shall obligate the Association to indemnify any member or owner of a Townhouse Unit

who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a member or owner of Townhouse Unit covered thereby.

- 10.2 Insurance. By action of the Board of Directors, notwithstanding any interest of the directors in such action, the Association may purchase and maintain insurance, in such amounts as the Board of Directors may deem appropriate, on behalf of any indemnified party against any liability asserted against him and incurred by him in his capacity of or arising out of his status as an indemnified party, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of law.
- 10.3 Right to Impose Conditions to Indemnification. The Board of Directors has the right to impose, as conditions to any indemnification provided or permitted in this Section 10, such reasonable requirements and conditions as to the Board of Directors may appear appropriate in each specific case and circumstance including, without limitation, any one or more of the following: (a) that any counsel representing the indemnified party in connection with the defense or settlement of any proceeding shall be mutually agreeable to the indemnified party and to the Board of Directors; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the indemnified party; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified party's right of recovery, and that the indemnified party shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.
11. Nonprofit Corporation. The Association is not organized for profit. No member of the Association, member of the Board of Directors, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Board of Directors. Notwithstanding the foregoing, (i) reasonable compensation may be paid to any Member or Manager acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, (ii) 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, and any Director may be reimbursed for actual expenses incurred in the performance of his duties.
12. Changes in Association-Owned Property.
- 12.1 Additions. There shall be no new additions of Association-Owned Property by the Association without prior approval of Members holding at least 75% of the votes in the Association expressed by a vote at a special or regular meeting of the Members. In the event of any additions of Association-Owned Property by the Association, each owner of a Townhouse Unit having an undivided interest in the Association-Owned Property shall have the same undivided interest in the new additions of Association-Owned Property and shall have the same relative responsibility for the costs of maintaining the Association-Owned Property except as otherwise provided in the Declaration.

- 12.2 Voting Power. Any addition of common elements that might be constructed by the Association shall not affect a Townhouse Unit owner in reference to his or her voting power.
13. Amendments. These Bylaws may be amended, at a regular or special meeting of the Board, by a vote of a majority of a quorum of Directors present in person or by proxy, but amendment of Sections 5, 10, 12 or any portion of those Sections will require approval of all Directors.
14. Miscellaneous.
- 14.1 Fiscal Year. The fiscal year of the Association will begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year will begin on the date of incorporation.
- 14.2 Corporate Seal. The Association will have a seal in circular form having within its circumference the words: "Glen Eagle Townhomes Association, Inc."
- 14.3 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.
- 14.4 Notices. All notices, demands or other correspondence intended to be served upon the Association, or its Board of Directors or Manager shall be sent by registered or certified mail, postage prepaid, to the following address: Karen Brosius, P. O. Box 1329, Avon, CO 81620, unless the Bylaws or Declaration expressly state otherwise.

The undersigned members of the initial Board of Directors have executed these Bylaws this ____ day of _____, 1995.

Glen Wood

Karen Brosius

Jim McVey

Brian McInerney