

BYLAWS
OF
BEAR CLAW II CONDOMINIUM ASSOCIATION

The board of directors of the Bear Claw II Condominium Association, a Colorado non-profit corporation, hereby adopts the following Bylaws:

ARTICLE I

NAME AND LOCATION

The name of the corporation is Bear Claw II Condominium Association, hereinafter referred to as the "Association." The principal offices of the Association shall be located at Administrative Area III, Bear Claw II Condominiums, Ski Trail Lane, Mt. Werner Ski Area, Steamboat Village, Colorado 80499, but meetings of directors may be held at such places within or outside of the State of Colorado as may be designated by the board of directors.

ARTICLE II

DEFINITIONS

To the extent not inconsistent with these bylaws, the definitions of certain words or terms contained herein shall be deemed to be the same as the definitions thereof contained in the Articles of Incorporation or in the Condominium Declaration (the "Declaration," which includes amendments thereto) establishing the Bear Claw II Condominiums (the "Condominium Project") executed by Joseph M. Brennan ("Declarant") and recorded on November 7, 1980, in Book 518, Page 654, Routt County records.

ARTICLE III

MEMBERSHIP AND VOTING

Section 1. Membership and Voting. Membership and voting shall be as provided for in the Articles of Incorporation and in the Declaration. Every Owner of an undivided fee

simple interest in a Unit in the Condominium Project shall automatically be and become a Member upon acceptance of the deed of transfer to such interest. Membership shall be appurtenant to and may not be separated from ownership of an interest in a Unit.

Section 2. Suspension of Voting Rights. The rights of membership are subject to the payment of general and special assessments levied by the Association. The obligation to pay such assessments is imposed against each Owner and becomes a lien upon the Unit against which such assessments are made, as provided by paragraph 8(b) of Article II of the Declaration. During any period in which a Member shall be in default in the payment of any general or special assessment levied by the Association, the voting rights in the Association of such Member may be suspended by the board of directors until such delinquent assessment has been paid. Such voting rights of a Member may also be suspended for violation of any rules and regulations, provisions, resolution or decision established by the board of directors governing the use and occupancy of the Units or the common elements or property held for common use. No suspension of voting rights shall be exercised except after not less than 3 days' advance written notice given to the delinquent Member and to the first lienor of the affected Unit. Further, no suspension of voting rights shall affect the rights of any first lienor to vote pursuant to a proxy granted in connection with a first mortgage recorded in Routt County, Colorado.

Section 3. Membership Not Transferable. The Association shall issue no stock and there shall be no stock interest in this non-profit corporation. No certificate of membership shall be issued. It shall be the duty of each Member, upon automatically becoming a Member under the provisions hereof, to notify the secretary of the Association or its managing agent in writing of the fact of membership and to furnish the name and address under which the membership shall be carried and recognized by the Association and the name and address of all lienors of the Member's interest in the Unit. No membership may be sold, transferred or assigned, whether voluntarily or by operation of law, except in connection with the sale and transfer of an interest in a Unit to which such membership attaches.

ARTICLE IV

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF THE COMMON ELEMENTS

Section 1. Use and Enjoyment. Each Member shall be entitled to the use and enjoyment of the general common

elements and the property of the Association held for common use in accordance with and subject to the terms and conditions set forth in the Declaration and subject to rules, regulations, provisions, resolutions and decisions of the board of directors. Use and enjoyment of limited common elements shall be restricted to the Owners of Units to which such limited common elements are appurtenant.

Section 2. Delegate Right of Use. Any Member may delegate his rights of enjoyment in the general common elements and common property to the members of his family who reside in such Member's Unit and to any tenants and their families who reside in the Member's Unit. Such Member shall notify the secretary of the Association or its managing agent in writing of the name of any such person and of the relationship of the Member to such person, or of any such tenant and the members of such tenant's family and their relationship to the tenant. The rights and privileges of such persons are subject to suspension under Article XIII, Section 2 hereof, and under paragraph 6 of Article II of the Declaration, to the same extent as those of the Member. Any Member may also delegate the aforementioned rights of enjoyment to his guests and invitees subject to the foregoing limitations.

ARTICLE V

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of Members shall be held in each year on such date and at such time and at such place as shall be fixed by the board of directors and specified in the notice of the meeting. The annual meeting of Members shall be held on a business day or Saturday. Failure to hold an annual meeting shall not work a forfeiture or dissolution of the Association, nor remove any officer or director from office.

Section 2. Special Meetings. Special meetings of the Members shall be called by a majority of the directors or by the president or upon the written request of Owners having at least 10% of the pro-rata liability for common expenses pursuant to the Declaration. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each Member entitled to vote thereat, addressed to the Member's

address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. If requested by the person or persons lawfully calling such meeting the secretary or person directed by the secretary shall give notice thereof at corporate expense.

Section 4. Quorum. Except as otherwise provided in these bylaws, the presence in person or by proxy of Members able to vote who are entitled to vote more than 20% of the total votes of all Members, and the presence in person or by proxy of Declarant (unless Declarant has resigned his membership in writing as respects the Undeclared Percentage or unless more than 7 years has passed since the initial recording of the Declaration), shall constitute a quorum for the transaction of business. All questions shall be decided by a vote of the majority of the votes represented at the meeting, except as otherwise provided by law, by the Articles of Incorporation, by the Declaration, or by these bylaws. No cumulative voting shall be allowed on any question or in the election of Directors.

Section 5. Place of Meeting. The board of directors may designate any place, within Routt County, Colorado, as the place for any annual meeting or for any special meeting of Members. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or outside Colorado, as the place for such meeting. If no designation of place is made, or if a special meeting shall be called otherwise than by the president or board of directors, the place of meeting shall be the principal offices of the Association in Colorado.

Section 6. Proxies. Any Member may be represented by a proxy given to some person other than the owning Member. All proxies shall be in writing, shall specify the Unit or the interest in the Unit to be represented by the proxy holder, shall refer only to a particular meeting, shall be dated no earlier than three months before the meeting, shall be delivered to the secretary of the Association or its managing agent prior to such meeting at which such proxy is voted, and shall be available for inspection at the meeting where exercised. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit or interest in his Unit.

Section 7. Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Report of committees.
- (f) Appointment of inspectors of election (in the event there is an election).
- (g) Election of Directors (in the event there is an election).
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE VI

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of directors comprised of three directors, all of whom shall be Owners of Units or interests in Units or individuals designated to the secretary of the Association as entitled to vote on behalf of organizational Owners, pursuant to Section (c) of Article VI of the Articles

of Incorporation. Prior to the first annual meeting, however, the board may consist of only one director. The professional property manager contracting with the Association, or an officer or director of the property management firm contracting with the Association, pursuant to paragraph 6 of Article II of the Declaration, may be elected a director of the Association if such manager or firm is an Owner.

Section 2. Election. At the first annual meeting, the Members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years. At each annual meeting thereafter the Members shall elect one director for a term of three years. Each director shall hold office until the election and qualification of his successor. Nominations for the board of directors may be made from the floor of the meeting. Election to the board of directors shall be by written ballot. At such election, Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Removal of Directors. At any regular meeting or at any special meeting duly called for such purpose, any one or more of the directors may be removed with or without cause by the vote of those Members entitled to vote at least sixty-seven percent (67%) of the votes of the Members, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 4. Resignations; Vacancies. Any director may resign at any time by giving written notice to the president or to the secretary of the Association. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the board of directors (by reason of resignation, death, by disqualification of a director, or by an increase in the number of directors), other than by removal pursuant to Section 3 above, may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A director elected to fill a vacancy, whether by the members or by the remaining directors, shall serve through the unexpired term of the vacant directorship.

Section 5. Compensation. No director shall receive compensation for any service he may render to the Association.

However, any director may be reimbursed, at the discretion of the board, for his actual expenses incurred in the performance of his duties and for his actual travel expenses to attend meetings of the board.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. At least one regular meeting of the board of directors shall be held annually after, but not later than one week after, the annual meeting of the membership of the Association. The directors may hold such other regular or special meetings as they may determine.

Section 2. Special Meetings. Special meetings of the board of directors shall be held when called by the president of the Association and shall also be called by the secretary of the Association upon the written request of any one director, after not less than 3 days' prior notice of the time and place thereof being given to each director by leaving such notice with him or at his residence or usual place of business, or by mailing or telegraphing it prepaid, and addressed to him at his post office address as it appears on the books of the Association, or by telephone. Notices need not state the purpose of the meeting. No notice of any adjourned meeting of the directors shall be required.

Section 3. Quorum. A majority of the number of directors fixed by the bylaws shall constitute a quorum for the transaction of business. In the event a quorum of directors is not present, a lesser number may adjourn the meeting to some future time. Every act or decision done or made by a majority of the directors present at a meeting duly called and convened, at which a quorum is present, shall be regarded as the act of the board, except where a larger vote is required by law, by the Declaration, by the Articles of Incorporation or by these bylaws.

Section 4. Waiver of Notice. Before, at or after any meeting of the board of directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the board shall be a waiver of notice by him except when a director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

Section 5. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors.

ARTICLE VIII

POWERS AND DUTIES

Section 1. Powers. The business and affairs of the Association shall be managed by its board of directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the Articles or by these bylaws or by the Declaration directed or required to be exercised and done by the Members. The power and authority of the board of directors shall include, but shall not be limited to, the power and authority, acting directly or through the Association's officers or through the Association's manager or managing agent:

- (a) To administer and enforce the covenants, conditions restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration submitting the Condominium Project to the provisions of the Condominium Ownership Act of the State of Colorado.
- (b) To establish, make and amend such reasonable administrative rules, regulations, provisions and resolutions as may be necessary, convenient or proper for the management, operation, use or occupancy of the Condominium Project, the Units, the common elements thereon and all real and personal property owned or leased by the Association for common use, and to enforce compliance therewith pursuant to the Declaration, including (without limitation) the right, power and authority to establish penalties for the infraction thereof and to assess liquidated damage sums in favor of the Association for specific violations of any regulation, provision, rule, or resolution, each such liquidated damage sum to be a special assessment against the Unit of the Owner who or whose guests, invitees, agents or tenants violated such rule, regulation, provision or resolution.

- (c) To create any reserve required by the Declaration or deemed appropriate by the board of directors, including (without limitation) a capital reserve for replacement of common property and common elements and a contingency reserve to meet un-anticipated common expenses.
- (d) To hire and discharge contractors, agents and employees, and to designate and remove personnel necessary for the operation, maintenance, repair, and replacement of the common elements, and to set and determine the conditions and duties of, and wages, benefits and payments to, any such contractor, agent, employee or personnel.
- (e) To declare the office of a director on the board of directors to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the board of directors.
- (f) To enter into, make, amend and terminate contracts or agreements pertaining to its authority and responsibilities.
- (g) To exercise, for the Association, all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

Section 2. Duties. It shall be the duty of the board of directors acting directly or through the Association's officers or through the Association's manager or managing agent:

- (a) To cause to be kept a complete record of all its acts and corporate affairs and to present the annual report of affairs required by Section 4 of this Article to the Members at or before the annual meeting of the Members, and shall also supply an interim summary report of financial affairs of the Association at any special meeting when such report is requested in writing at least 20 days in advance of such meeting by Members (other than Declarant) having 30% or more of the votes of the membership.
- (b) To supervise all officers, agents, contractors and employees of the Association, and to see that their duties are properly performed.

- (c) To prepare annually a budget for the collection of the general assessment and the payment of the common expenses of the Association (including reserves) for the ensuing fiscal year, pursuant to Article XII herein.
- (d) To fix, determine, levy and collect general assessments to be paid by each of the Owners to meet the common expenses and to fund any reserve required by the Declaration or deemed appropriate by the board of directors, including (without limitation) a capital reserve for replacement of common property and common elements and a contingency reserve to meet unanticipated common expenses, and to fix, determine, levy and collect special assessments.
- (e) To maintain in clean and good order, attractive and sanitary condition, order and repair all of the general and limited common elements and all property of or leased or held by the Association for common use.
- (f) To obtain and maintain insurance in connection with the Condominium Project, for the benefit of the Owners, the Association and holders of liens on Units, in the manner and in at least the amounts provided for in the Declaration.
- (g) To set and determine user fees and charges, if any, for use of recreational or common facilities, which shall be in addition to general and special assessments. The major recreational facilities in this Condominium Project available for use to all Owners, are: swimming pool and sauna.
- (h) To collect promptly all delinquent assessments by suit, by foreclosure of lien, by exercise of any power or remedies granted or provided in the Declaration, or otherwise, as may be available at law or in equity, and to enjoin or seek damages from an Owner as is provided in the Declaration and these bylaws.
- (i) To protect and defend the Condominium Project from loss or damage by suit or otherwise.
- (j) To borrow funds in order to pay for any expenditure or outlay authorized by these bylaws and the Declaration, and to execute all such instruments evidencing such indebtedness as the board of

directors may deem necessary or advisable; provided, however that the board may exercise the power provided for in this subparagraph (j) only with the prior written consent of all of the first lienors and the Owners of at least two-thirds of the Units then subject to the Declaration (excluding Declarant).

- (k) To enter into, amend and terminate contracts and agreements within the scope of its duties and powers.
- (l) To establish bank accounts for the common treasury and for all separate funds and reserves which are required or may be deemed advisable by the board of directors.
- (m) To maintain full and accurate books and records of account showing all of the receipts, expenses and disbursements of the Association.
- (n) To maintain a complete and accurate list and record of all Owners and all first lienors, and the last known address of each, entitled "Owners and Mortgagees of Units."
- (o) To issue, or cause the secretary or the Association's managing agent to issue, within 15 days after receipt of written request of any Owner, mortgagee, prospective mortgagee, purchaser or other prospective transferee of a Unit, the written statement certifying the matters required by subparagraph 8(f) of Article II of the Declaration. The Association may charge the requesting party a \$25.00 fee for such statement.
- (p) To make available to any Member and any first lienor, or the duly authorized agents or attorneys of any Member or first lienor, for inspection purposes the books, minutes, accounts, contracts and records of receipts and expenditures of the Association; provided, however, that the board may restrict examination to normal business hours during weekdays.
- (q) To notify the first lienor of a Unit of any default by an Owner of an interest in such Unit in the payment of any assessment for more than 30 days after the same is due and of any default in the

performance by such Owner of any obligation under the Declaration, the Articles of Incorporation, these bylaws, or the rules and regulations of the Association which is not cured within 60 days.

- (r) To collect diligently all general and special assessments and to enforce strictly and impartially all limitations, conditions, covenants and provisions in the Declaration, the Articles of Incorporation, these bylaws and the rules, regulations, provisions, resolutions and decisions adopted by the board of directors.
- (s) To cause all officers or employees having responsibility over and access to the funds and treasury of the Association to be bonded as provided in the Declaration.
- (t) To remove snow and any other obstacles on a frequent and regular basis from all parking areas and private roadways, and take reasonable protective steps toward keeping the common elements and common facilities safe and secure from vandalism and criminal mischief (which may include provision of security services).
- (u) To supply (as a common expense) all Units with firewood during winter months.
- (v) To do and perform all things required by the Declaration, the Articles and these bylaws to be performed by the Association and not specifically and exclusively vested in the Members.
- (w) To do any and all things necessary or proper to accomplish the purposes of the Association.

Section 3. Managing Agent. The board of directors shall employ a professional property manager or management firm as managing agent for the Association at a compensation rate established by the board, to have such powers and to perform such duties and services as the board may authorize, including, but not limited to, the delegation of the responsibilities, duties and powers of the secretary and treasurer of the Association and the powers and duties listed in Sections 1 and 2 of this Article, and in Article IV of the Articles of Incorporation, and in the Declaration; provided, however, that the board when so delegating shall not be relieved of its responsibilities under the Declaration, the Articles or at law. Any contract or agreement for professional property

management, and any contract providing for services by Declarant, may not exceed 3 years and must contain a provision allowing termination by either party without cause and without payment of a termination fee on 90 days' or less written notice.

Section 4. Annual Report. The board of directors, after the close of the fiscal year, shall submit to the Members of the Association a report as to the condition of the Association and its property and the affairs of the Association for the preceding year, and shall also submit an account of the financial transactions of the past year. Such report shall also include an unaudited balance sheet and income statement for the preceding year. If the board shall determine, interim reports may be provided to the members one or more times during each year.

ARTICLE IX

INDEMNIFICATION

Section 1. The Association shall indemnify any director or officer or former director or officer of the Association for expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection with any claim asserted against him, by action in court or otherwise, by reason of his being or having been such director or officer, except in relation to matters as to which he shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice president, a secretary and a treasurer, and such other officers as the board shall from time to time by resolution create. The president shall at all time be a member of the board of directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the board of directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or be otherwise disqualified to serve, or until his successor is elected and qualified.

Section 4. Special Appointments. The board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the affirmative vote of a majority of the directors. Any officer may resign at any time by giving written notice to the board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice, or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Compensation. No officer shall receive compensation for any service he may render to the Association. However, any officer may be reimbursed, at the discretion of the board, for his actual expenses (including travel expenses) incurred in the performance of his duties.

Section 8. Multiple Offices. The offices of secretary and treasurer may be held by the same person. Otherwise, no person shall simultaneously hold more than one of any of the offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 9. Duties. The duties of the officers are as follows:

- (a) President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the board of directors. He shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees, and shall see that the orders, decisions, and resolutions of the board are carried out. The president shall sign all notes, security instruments, leases, agreements and other written instruments of the Association.

- (b) Vice Presidents. The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. In the absence of the president, the vice president designated by the board of directors or (if there be no such designation) designated in writing by the president shall have the powers and perform the duties of the president. If no such designation shall be made, any vice president may exercise such powers and perform such duties.
- (c) Secretary. The secretary shall:
- (i) Keep the minutes of the proceedings of the Members, executive committee and the board of directors;
 - (ii) See that all notices are duly given in accordance with the provisions of these bylaws, the Declaration and as required by law;
 - (iii) Be custodian of the corporate records and of the seal of the Association and affix the seal to all instruments and documents when authorized by the board of directors;
 - (iv) Unless delegated to a manager or managing agent as described in Section 5 of Article XIV herein, the secretary shall keep at the registered office or principal place of business of the Association within Colorado a book (which may be a separate section of the minute book of the Association) containing the names and registered addresses of all Members, the designation of the Unit owned by each Member, and, if such Unit is mortgaged, the name and address of each mortgagee or beneficiary of trust deed;
 - (v) In general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary. The duties of the secretary may be delegated to the managing agent or the representative of the managing agent of the Association.

- (d) Treasurer. The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the board of directors. He shall sign all checks and drafts of the Association. He shall receive and give receipts and acquittances for moneys paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity. He shall keep and maintain the Association's financial records and books of account. He shall cause to be prepared the annual financial reports to the members required by Section 4 of Article VIII hereof, and the annual budget of the Association. He shall levy, assess and collect all general and special assessments and shall take such actions to accomplish collection of delinquent accounts as are authorized by the board of directors and permitted by the Declaration, the Articles of Incorporation or these bylaws. He shall perform all other duties incident to the office of the treasurer and, upon request of the board, shall make such reports to it as may be required at anytime. He shall, if required by the board, give the Association a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer. The duties of the treasurer may be delegated to the managing agent or representative of the managing agent of the Association, if so provided in the contract between the Association and such managing agent.

ARTICLE XI

COMMITTEES

Section 1. Architectural Control Committee. The board of directors of the Association shall be and constitute the architectural control committee pursuant to Paragraph 17 of Article II of the Declaration.

Section 2. Other Committees. The board of directors may appoint such other committees among the membership as it shall deem necessary, to perform such responsibilities as are delegated thereto by the board.

ARTICLE XII

BUDGET AND ASSESSMENTS

Section 1. Budget. The secretary, or the managing agent of the Association if so empowered, shall prepare annually and submit to the board of directors a proposed budget for the Association for the ensuing fiscal year. Such budget should be so prepared and submitted to the board at least 30 days prior to the end of each fiscal year. Each budget should, to the extent feasible, be determined by reference to the current fiscal year's actual income and expenses, together with reasonable estimates of other expenses or modifications of income and expenses expected to occur in the ensuing year, adjusted further to reflect inflation. Each such budget shall include sums to be deposited to each reserve fund maintained by the Association. The board of directors shall make reasonable efforts to adopt the budget for the Association for the ensuing year at least 15 days prior to the commencement of such year, and shall in any event so adopt such budget prior to the annual meeting of Members. The board shall also determine the periodic intervals of the general assessments to be levied to collect the income required by the budget, but not less frequently than quarter-annually. Copies of the budget, as adopted, shall be submitted to all Members at or prior to the annual meeting of Members.

Section 2. Capital Reserve for Replacement. The Association shall establish and maintain a capital reserve fund for replacements, and shall allocate and set the periodic payment to such reserve fund in amounts to be designated from time to time by the board of directors and included as a general assessment to the Owners. Such fund shall conclusively be deemed to be a common expense of the Owners. Such fund shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of any state or an agency of the United States or may, in the discretion of the board of directors, be invested in obligations of, or fully guaranteed as to principal by, any state or the United States. The capital reserve for replacements may be expended only for the purpose of effecting the major repair or replacement of the common elements and personal and real property, if any, owned by the Association

for the common use of the Owners. The interest of any Owner in the capital reserve for replacements and any other reserves established by the board of directors shall be considered an appurtenance of his Unit or interest therein and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it appertains and shall be deemed to be transferred and assigned with any conveyance of a Unit.

Section 3. Assessments. Each Owner shall promptly pay his share of all general assessments imposed by the Association to meet the common expenses, all assessments for any reserve created by the board of directors (including reserves required by the Declaration), and all special assessments duly made and levied, including all special assessments constituting liquidated damage sums for violation of any rule, regulation, provision or resolution of the Association. General assessments (including assessments to fund any reserve created by the board) shall be made as a periodic (not less often than quarter-annual) advance billing of the annual Association budget, in which event the proportionate general common expenses shall be deemed to have been severally incurred as of each respective date of each installment billing. No distinction or division between general common elements and limited common elements shall be made with respect to assessments and budgets.

The board of directors shall determine the amount of the general assessments annually in connection with adoption of each budget, but may set or adjust assessments at more frequent intervals should circumstances so require, all in accordance with the Declaration, the Articles of Incorporation and these bylaws.

The board of directors shall make reasonable efforts to fix the amount of the general assessments against each Owner for the ensuing fiscal year at least fifteen (15) days in advance of the commencement of such year. Written notice of the assessments shall thereupon be sent to all Owners. The omission of the board of directors, before the commencement of any annual assessment period, to fix general assessments for the next fiscal year shall not be deemed a waiver or modification in any respect of the provisions of this Article or the power to assess pursuant to the Declaration or a release of any Owner from the obligation to pay general assessments, or any installment thereof, for that or any subsequent assessment period; but the assessment fixed for the preceding period shall continue until a new assessment

is fixed. No Owner may exempt himself from liability for general assessments, or interest, fees or charges thereon, by a waiver of the use or enjoyment of any of the common elements or the property, if any, of the Association held for common use.

Each billing by the Association to an Owner, whether an advance billing of a general assessment or a special assessment or otherwise, shall be due and payable by the owner 30 days after billing. Each general assessment (including each assessment for a reserve) and each special assessment (other than as a liquidated damage sum for violation of rule, regulation, provision or resolution) shall be allocated among the Owners as set out in the Declaration. Notwithstanding the foregoing, the Declarant shall not at any time be liable for nor be required to pay any common expenses or general or special assessments or management fees by virtue of the Undeclared Percentage ownership of common elements, but only shall pay assessments chargeable against the Units owned from time to time by the Declarant. If a Unit is owned in undivided interest by two or more Owners, each of such co-owners shall be jointly and severally liable for each general and special assessment (other than as a liquidated damage sum) against and attributable to such Unit. General assessments shall be made quarter-annually in advance, and each assessment shall be due and payable 30 days after such assessment is billed. An assessment shall be deemed billed when in writing, placed in an envelope addressed to the Owner at his last address as shown on the books of the Association, postage prepaid, and deposited in the U.S. Mails. Payments of assessments shall be in cash. All assessments not paid when due shall bear interest from and after the same are due at the rate of two percent (2%) per month. Further, any assessment not paid within ninety (90) days after the same is billed shall incur a late payment charge of \$50.00, in addition to interest. The board of directors, the secretary, or the professional property manager or managing agent contracted by the Association, is empowered to take any and all action and remedies for collection of assessments as are provided for in the Declaration, the Articles of Incorporation or these bylaws, or permitted at law or in equity.

Special assessments may be levied and collected against an Owner of a Unit as liquidated damages for violation of any rule, regulation, provision or resolution with respect to management, operation, use and occupancy, by such Owner or his guests, invitees, agents or tenants. Special assessments may also be levied against and shall be paid by each of the

Section 2. Compliance with Declaration, Articles, Bylaws and Rules. Each Member, and each guest, invitee and tenant of each Member, shall comply with all of the provisions of the Declaration, the Articles of Incorporation and bylaws of the Association, and all rules, regulations, provisions, resolutions and decisions issued by the board of directors. If a Member or guest, invitee or tenant of a Member fails to so comply, the Association shall have all powers and remedies provided for in the Declaration, including (without limitation) the power, during the period of any failure of compliance, (a) to revoke the right of such delinquent Member and his guests and invitees and tenants to use general common elements and Association property held for common use, (b) to deny access of such delinquent Member and his guests and invitees to such Member's unit and to change or add door locks to accomplish such purpose, (c) to cause utility service to a delinquent Member's unit to be suspended, and (d) to suspend a Member's voting privileges; provided, however, that none of the powers in this Section 2 may be exercised except after not less than 3 days' advance written notice given to the delinquent Member and to the first lienor of the affected Unit, and provided further that no suspension of voting rights shall affect the rights of any first lienor to vote pursuant to a proxy granted in connection with a first-lien mortgage or deed of trust recorded in Routt County, Colorado. Any remedy or power of the Association above described in this Section 2 may be exercised by the manager or managing agent for the Association.

ARTICLE XIV

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND LIEN HOLDERS

Section 1. Proof of Ownership. Except for those Owners who initially contract to purchase a Unit from the Declarant, any person on becoming an Owner shall furnish to the secretary a photocopy of the recorded instrument vesting that person with an interest or ownership, together with such Owner's current mailing address and the name and address of all mortgagees of such Unit. The secretary shall maintain such information in a book (which may be a separate section of the minute book of the Association) entitled "Owners and Mortgagees of Units." A Member shall not be deemed to be in good standing and shall not be entitled to vote at any annual or special meeting of Members unless he shall have provided the Secretary in writing with his current mailing address. The duties of the secretary herein may be delegated to the managing agent of the Association.

Section 2. Registration of Mailing Address. The current mailing address of each Owner, or if a Unit is owned by two or more Owners, of each Co-Owner, shall be deemed the registered address required by the Declaration. The registered address of each Owner and Co-Owner shall be furnished in writing to the secretary within 20 days after transfer of title or after a change of address.

Section 3. Liens. Any Owner who mortgages or grants a deed of trust covering his Unit or his ownership interest in such Unit shall notify the secretary of the name and address of the mortgagee or beneficiary of the deed of trust and shall file a photocopy of the recorded security instrument with the secretary. The secretary shall maintain such information in a book (which may be a separate section of the minute book of the Association) entitled "Owners and Mortgagees of Units." The board of directors or secretary or managing agent, not later than 60 days after the default of an Owner or Co-Owner in paying any assessment, or of any other default, shall send a notice of such default to the first lienor of such Owner's Unit, or Co-Owner's ownership interest.

Section 4. Address of the Association. The address of the Association shall be Box 6130, Administrative Area III, Bear Claw II Condominiums, Ski Trail Lane, Mt. Werner Ski Area, Steamboat Village, Colorado. Such address may be changed from time to time upon written notice to all members and all mortgagees or beneficiaries of deeds of trust listed in the book (or, in the separate section of the minute book of the Association, entitled "Owners and Mortgagees of Units.")

Section 5. Delegation to Managing Agent. If the Association shall contract with a manager or managing agent and shall record a certificate of identity of such manager or managing agent in the real property records of Routt County, and if such contract expressly so provides, then such manager or managing agent shall have full power and authority to do and perform all functions and duties of the secretary and of the treasurer of the Association under these bylaws and shall, as agent of the board, exercise any remedies vested in the Association by the Declaration, the Articles of Incorporation, and these bylaws for the collection of assessments or enforcement of the Declaration, and all notices given by Owners, Co-Owners, or mortgagees or beneficiaries of trust deeds encumbering Units pursuant to this Article XIV shall be directed to such manager or managing agent.

ARTICLE XV

SECURITY INTEREST IN MEMBERSHIP

Section 1. Security Interest. Any owner shall have the right irrevocably to constitute and appoint the mortgagee or the beneficiary of a trust deed his true and lawful attorney-in-fact to vote for such Owner in the Association at any and all meetings of the Association and to vest in the mortgagee or the beneficiary any and all rights, privileges and powers that such Owner has under the Articles of Incorporation and these bylaws or by virtue of the Declaration. No such proxy or power-of-attorney shall be effective until the same is executed and subscribed and sworn to by the Owner and is filed with the secretary of the Association, and further, such proxy or power-of-attorney shall be effective only on written notice by the mortgagee or beneficiary to the Association that such mortgagee or beneficiary deems its security in jeopardy. A release of the mortgage or the beneficiary's deed of trust shall operate automatically to revoke such proxy or power-of-attorney. Nothing herein contained shall be construed to relieve any Owner, as mortgagor, of his duties and obligations as an Owner or to impose upon the mortgagee or the beneficiary of the deed of trust the duties and obligations of an Owner.

ARTICLE XVI

NOTICES

Section 1. Notices. Notices to directors and Members shall be in writing and delivered personally or mailed to the directors or Members at their addresses appearing on the books of the Association. Notice by mail shall be deemed to be given at the time when deposited in the United States Mail addressed to the Member or director at his address as it appears on the books of the Association, with postage thereon prepaid. Notice to directors may also be given by telegram and shall be deemed to have been presented when given to the telegraph company, and may also be given by telephone directly connected to such director.

Section 2. Waiver. Whenever any notice is required to be given to any Member or director under the provisions of any statute or of the Articles of Incorporation or of these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be the equivalent to the giving of such notice.

Section 3. Attendance is Waiver. Attendance of any Member or director at a meeting shall constitute a waiver of notice of such meeting, except where a director or Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XVII

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall be established from time to time by the board of directors.

Section 2. Principal Office, Change of Same. The principal offices of the Association shall be as set forth in these bylaws. The board of directors, by appropriate resolution, shall have the authority to change the location of the principal offices of the Association from time to time; provided, however that notice thereof shall be delivered to each Member of the Association.

Section 3. Seal. The seal of the Association shall bear the name of the Association and the words "Colorado-Seal." The seal shall be in the charge of the secretary or the managing agent. If so directed by the board of directors, a duplicate seal may be kept and used by the treasurer or any assistant secretary or assistant treasurer or the managing agent.

Section 4. Right of Entry. The president, the manager or managing agent and any other person authorized by the board of directors shall have the right to enter each Unit to inspect for any necessary maintenance or repair to common elements, to perform maintenance and repair to common elements, or to resolve any emergency originating in or threatening such Unit whether or not the Owner or occupant is present at the time.

Section 5. Compliance. These bylaws are set forth in compliance with the requirements of the laws of the State of Colorado.

Section 6. Conflict. These bylaws are subordinate and subject to all provisions of the Articles of Incorporation and the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration. In the event of any conflict between these bylaws and the Declaration, the provisions of the

Declaration shall control; and in the event of any conflict between the aforesaid Articles of Incorporation and these bylaws the Articles of Incorporation shall control; and in the event of any conflict between the aforesaid Articles of Incorporation and the bylaws and the laws of the State of Colorado, the provisions of the laws shall control.

Section 7. Severability. In the event any provision or provisions of these bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 8. Waiver. No restriction, condition, obligation or provisions of these bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 9. Captions. The captions contained in these bylaws are for convenience only and are not a part of these bylaws and are not intended in any way to limit or enlarge the terms and provisions of these bylaws.

Section 10. Gender, etc.. Whenever in these bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

ARTICLE XVIII

AMENDMENTS

Section 1. By Directors. Except as by law, the Articles of Incorporation, the Declaration or these bylaws committed to action by the Members, the board of directors shall have power to make, amend and repeal these bylaws of the Association at any regular meeting of the board or at any special meeting called for that purpose at which a quorum is represented. However, if the Members shall lawfully make, amend and repeal any bylaw the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the Members in taking such action.

Section 2. Members. The Members may, by the vote of at least 60 percent of the votes of the Members, unless expressly made subject to a higher voting requirement by law, the Articles of Incorporation, the Declaration or these bylaws, make, alter, amend and repeal the bylaws of the Association at any annual meeting or at any special meeting called for that purpose at which a quorum shall be represented.

Section 3. No Amendment. No amendment to these bylaws may be made by either the directors or the Members the affect of which would be to remove the particulars now set forth herein which are required by Section 38-33-106, Colo. Rev. Stat. 1973, as amended, and any such attempted amendment shall be void.

THE FOREGOING BYLAWS have been unanimously adopted by the directors of the Association this 6th day of November, 19 80.

DIRECTORS:

Joseph M. Brennan

