

BYLAWS
of
PITKIN IRON HOMEOWNERS' ASSOCIATION
(a Colorado non-profit corporation)

INTRODUCTION

These are the Bylaws of Pitkin Iron Homeowners' Association, a unit owner's association for the condominium common interest community known as Pitkin Iron (hereinafter the "Common Interest Community"). **Initial capitalized terms are defined in Article 1 of the Declaration.**¹

ARTICLE I
NAME

The name of the corporation is Pitkin Iron Homeowners' Association (hereinafter the "Association").

ARTICLE II
BOARD OF DIRECTORS²

Section 2.1 - Number and Qualification - Termination of Declarant Control. The affairs of the Common Interest Community and the Association shall be governed by the Board of Directors which until the termination of the period of Declarant control shall consist of two (2) persons, and following such date shall consist of five (5) persons who are Owners of Units in the Common Interest Community. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Owner who is designated by that Owner to serve as a director shall be eligible to serve as a director and shall be deemed to be an Owner for the purposes of the preceding sentence.

Section 2.2 - Powers and Duties. The Board of Directors may act in all instances on behalf of the Association, except as provided in the Declaration, the Articles, these Bylaws or the Act. The Board of Directors shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, which shall include the powers and duties set forth in Article 4 of the Declaration, the Articles and those set forth in the Act.

¹ The Declaration referred to herein is the Condominium Declaration for Pitkin Iron recorded on _____, 2000, as Reception No. _____ in the office of the Clerk and Recorder of Pitkin County, Colorado, and any amendments thereto.

² "Board of Directors" as used herein shall mean the same and be synonymous with the "Executive Board" as provided for in the Act, the Declaration and the Articles.

Section 2.3 - Standard of Care. In the performance of duties the Board of Directors is required to exercise (1) if appointed by the Declarant, the care required of fiduciaries of the Owners and (2) if elected by the Owners, ordinary and reasonable care.

Section 2.4 - Manager. The Board of Directors may employ a Managing Agent ("manager") for the Common Interest Community, at a compensation established by the Board of Directors, to perform duties and services authorized by the Board of Directors. The Board of Directors may delegate to the manager only the powers granted to the Board of Directors by these Bylaws under Section 2.2. Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Board of Directors and to fulfill the requirements of the budget.

Section 2.5 - Regular Meetings. The first regular meeting of the Board of Directors shall occur concurrently with and at the time and place of each annual meeting of the Unit Owners. No notice shall be necessary in order to legally constitute such meeting, provided a majority of the directors are present. The Board of Directors may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meeting.

Section 2.6 - Special Meetings. Special Meetings of the Board of Directors may be called by the president or by a majority of the Board of Directors on at least five business days' notice to each director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.7 - Location of Meetings. All meetings of the Board of Directors shall be held within Pitkin County, Colorado, unless all directors consent in writing to another location.

Section 2.8 - Waiver of Notice. Any director may waive notice of any meeting in writing. Attendance by a director at any meeting shall constitute a waiver of notice. If all the directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.9 - Quorum of Board of Directors. At all meetings of the directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute a decision of the directors. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.10 - Compensation. No director may receive any compensation from the Association for acting as a director, except as may be set and approved by resolution adopted by a majority vote of the total vote of the Owners at a regular or special meeting of the Association. A director may receive reimbursement for necessary expenses actually incurred in connection with the director's duties as are approved by the Owners.

Section 2.11 - Board Action in Lieu of Meeting.

(a) Any action required or permitted to be taken by the Board of Directors at a board meeting may be taken without a meeting if each and every member of the Board of Directors in writing either (i) votes for such action, or (ii) votes against such action or abstains from voting and waives the right to demand that a meeting be held.

(b) The affirmative vote for such action must equal or exceed the minimum number of votes that would be necessary to take such action at a meeting at which all of the directors then in office were present and voted.

(c) No action taken shall be effective unless done in writing and describing the action taken and otherwise satisfying the requirements of subsection 2.11.1, signed by all the directors and not revoked pursuant to subsection 2.11.4 below, are received by the Association (including electronically transmitted facsimile or other form of wire or wireless communication). Action taken pursuant to this section 2.11 shall be effective when the last writing necessary to effect the action is received by the Association unless the writings describing the action taken set forth a different effective date.

(d) Any director who has signed a writing pursuant to this section 2.11 may revoke such writing by a writing signed and dated by the director describing the action and stating that the prior vote with respect thereto is revoked. Provided, however, such writing must be received by the Association before the last writing necessary to effect the action is received.

(e) Action taken pursuant to this section 2.11 has the same effect as action taken at a meeting of the Board of Directors and may be described as such in any record of the Association.

(f) All signed written instruments necessary for any action taken pursuant to this section 1.1 shall be filed with the minutes of the meetings of the Board of Directors.

Section 2.12 - Telephone Communication in Lieu of Attendance. A director may attend a meeting of the Board of Directors by using an electronic or telephonic communications method whereby the director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the directors. The director's vote shall be counted and the presence noted as if that director were present in person on that particular matter.

Section 2.13 - Open Meetings. All regular and special meetings of the Association's Board of Directors shall be open to attendance by all members of the Association or their representatives.

Section 2.14 - Executive Sessions. The Board of Directors may hold an executive or closed door session and may restrict attendance to board members and such other persons requested by the board during a regular or specially announced meeting or a part thereof. The matters to be discussed at such an executive session shall be limited to:

- (a) Matters pertaining to Association employees or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
- (b) Consultation with legal counsel concerning imminent court proceedings or disputes or matters that are privileged or confidential between attorney and client;
- (c) Investigative proceedings concerning possible or actual criminal misconduct;
- (d) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting such matters from public disclosure;
- (e) Any matter which would constitute an unwarranted invasion of individual privacy if disclosed.

The president or the acting chair of the meeting shall announce the general matter of the discussion prior to the time the board convenes an executive session. The directors shall not adopt any rule or regulation during an executive session. A rule or regulation may only be validly adopted during a regular or special meeting or after the directors goes back into regular session following an executive session. The minutes of all meetings at which an executive session was held shall indicate that the meeting was an executive session and shall include the general subject matter of the session.

ARTICLE III MEMBERS/OWNERS

Section 3.1 - Annual Meeting. The annual meeting of the members of the Association shall be held in July of each year at such date as set forth in the notice. At the annual meeting, the Board of Directors shall be elected by the Owners, in accordance with the provisions of Article II of the Bylaws, subject to the Declarant's right to appoint the Board of Directors during the period of Declarant Control. Each Unit shall cast one vote for each director to be elected. Cumulative voting shall not be permitted. The Owners may transact other business as may properly come before them at these meetings.

Section 3.2 - Special Meetings. Special Meetings of the Association may be called by the president, by a majority of the members of the Board of Directors or by a written instrument signed by Owners comprising twenty percent (20%) or more of the votes in the Association. Special meetings shall take place in accordance with C.R.S. § 7-127-102 at such place, date and time as is fixed by the Board of Directors. Only business within the purpose or purposes specifically described in the notice of the meeting may be transacted.

Section 3.3 - Place of Meetings. Meetings of the Owners shall be held at the Common Interest Community or may be adjourned to a suitable place convenient to the Owners in Pitkin County, Colorado, as may be designated by the Board of Directors or the President.

Section 3.4 - Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice to be hand delivered or sent postage prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Owner, not less than ten (10) nor more than fifty (50) days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

Section 3.5 - Waiver of Notice. Any Owner may, at any time, waive notice of any meeting of the Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.6 - Adjournment of Meeting. At any meeting of Owners, a majority of the votes in the Association who are present at the meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.7 - Order of Business. The order of business at all meetings of the Owners shall be set forth in the written meeting agenda available at the beginning of each meeting or if no agenda is available then as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Designate the names of the persons serving as the Board of Directors (if required and noticed);
- (f) Ratification of budget (if required and noticed);
- (g) Unfinished business; and
- (h) New Business.

Section 3.8 - Voting.

(a) If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast the vote allocated to the Unit. If more than one of the owners are present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit. The votes allocated to a Unit shall be as set forth in the Declaration.

(b) The vote allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of a the Unit may vote or register protest to the casting of the vote by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates ninety (90) days after its date, unless it specifies a shorter term. If a proxy is note dated it shall be deemed void.

(c) The vote of a corporation or trust may be cast by any officer of that corporation or officer or trustee of that trust in the absence of express notice of the designation of a specific person by the directors or trustees or bylaws of the owning corporation or trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The votes of a limited liability company may be cast by any manager of the owning limited liability company in the absence of express notice of the designation of a specific person by the owning limited liability company. The chair of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or trust is qualified to vote.

Section 3.9 - Quorum. Except as otherwise provided in these Bylaws, the Owners present in person or by proxy at any meeting of Owners representing not less than fifty percent (50%) of the votes in the Association shall constitute a quorum at that meeting.

Section 3.10 - Majority Vote. The vote of a majority of the votes in the Association present in person or by proxy at a meeting of Owners at which a quorum shall be present shall be binding on all Owners for all purposes except where a higher percentage vote is required in the Declaration, the Articles, these Bylaws, by the Act or by the Colorado Revised Nonprofit Corporation Act.

Section 3.11 - Voting by Mail. The Board of Directors may decide that voting of the Owners on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by mail. Pursuant to the Colorado Revised Nonprofit Corporation Act, any action that may be taken at any annual regular or special meeting of the Owners may be taken without a meeting if the Secretary delivers a written ballot to every member entitled to vote on the matter.

(a) A written ballot shall: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action.

(b) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(c) All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of members of the Board of Directors; (iii) specify the time by which a ballot must be received by the Association in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

(d) A written ballot may not be revoked.

ARTICLE IV OFFICERS

Section 4.1 - Designation. The principal officers of the Association shall be the president and the secretary-treasurer, who shall be elected by the Board of Directors. The Board of Directors may appoint a vice president, an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and secretary-treasurer need to be directors.

Section 4.2 - Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors. They shall hold office at the pleasure of the Board of Directors.

Section 4.3 - Removal of Officers. Upon the affirmative vote of a majority of the directors, any officers may be removed, either with or without cause. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose.

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

Section 4.5 - Secretary. The secretary shall keep the minutes of all meetings of the Owners and the Board of Directors. The secretary shall have charge of the Association's books and papers as the Board of Directors may direct and shall perform all the duties incident to the office of secretary of a non-profit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to the execution by the president of

amendments to the Declaration, the Articles and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.6 - Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Owners and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes, and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association banks designated by the Owners. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two directors, one of whom may be the treasurer if the treasurer is also a director.

Section 4.7 - Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.5 and 4.8 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Board of Directors.

Section 4.8 - Compensation. No officer shall receive any compensation from the Association for acting as an officer, except as may be set and approved by resolution adopted by a total of the majority vote of the votes in the Association at a regular or special meeting of the Association. An officer may also receive reimbursement for necessary expenses actually incurred in connection with Association duties, as are approved by the Board of Directors.

Section 4.9 - Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 38-33.3-316 of the Act.

The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board of Directors. The Association may refuse to furnish statements of unpaid assessments until the fee is paid. Any unpaid fees may be assessed as a Common Expense against the Unit for which the statement is furnished.

ARTICLE V VIOLATION

Section 5.1 - Abatement and Enjoinment of Violations by Owners. The violation of any of the Rules and Regulations adopted by the Association or the breach of any provisions of the Declaration shall give the Board of Directors the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

(a) To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Declaration. The Board of Directors or the Association shall not be deemed liable for trespass by this action; or

(b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 - Fine for Violation. By resolution, following notice and hearing, the Board of Directors may levy a fine of up to Fifty Dollars (\$50.00) per day for each day that a violation of the Declaration or Rules and Regulations persists after notice and hearing.

Section 5.3 - Hearing Procedure. The Board of Directors shall not impose a fine, suspend voting, or infringe upon any other rights of a member or other occupant for violations of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (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 of Directors or its delegate shall serve the violator with written notice of a hearing to be held by the Board of Directors in executive session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of a hearing, which time shall not be less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on is or her behalf; and
- (iv) the proposed sanction to be imposed.

(c) **Hearing.** The hearing shall be held in executive session pursuant to the notice of hearing, affording the alleged violator a reasonable opportunity to be heard. If the violator is on the Board of Directors, the violator shall not participate as a director or be involved in the deliberations of the directors for the purposes of the hearing. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall 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 shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 5.4 - Liabilities and Indemnification. The directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in Colorado's nonprofit corporation laws and the Act.

ARTICLE VI RECORDS

Section 6.1 - Records and Audits. The Association shall maintain financial records. The financial records shall be maintained and audited in accordance with the Act and Article 4 of the Declaration. The cost of the audit shall be a Common Expense unless otherwise provided in the Declaration.

Section 6.2 - Examination. All records maintained by the Association or the manager shall be available for examination and copying by any Owner, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 6.3 - Records. The Association shall keep the following records:

(a) An account for each Unit, which shall designate the name and address of each Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the date on which each assessment comes due, the amounts paid on the account and the balance due;

(b) An account for each Owner showing any other fees payable by the Owner;

(c) An account of any capital expenditures in excess of \$1,000 approved by the Board of Directors or the Owners for the current and next two succeeding fiscal years;

(d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;

(e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(f) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(g) A record of insurance coverage provided for the benefit of Owners and the Association;

(h) A record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declaration of which the Board of Directors has knowledge;

(i) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety or building codes or laws, ordinances, or regulations of which the Board of Directors has knowledge;

(j) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;

(k) Balance sheets and other records required by local corporate law;

(l) Tax returns for state and federal income taxation;

(m) Minutes of proceedings of incorporators, the Board of Directors, Owners, committees of the Board of Directors and the Owners and waivers of notice; and

(n) A copy of the most current versions of the Declaration, Bylaws, Rules and Regulations, and resolutions of the Board of Directors and the Owners, along with their exhibits and schedules.

ARTICLE VII
MISCELLANEOUS

Section 7.1 - Notices. All notices for the Association or the Board of Directors shall be delivered to the office of the manager, or, if there is no manager, to the office of the Association, or to such other address as the Board of Directors may designate by written notice to all Owners and to all holders of Security Interests in the Units who have notified the Association that they hold a Security Interest in a Unit. Except as otherwise provided, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 7.2 - Fiscal Year. The fiscal year of the Association shall be the calendar year unless the Board of Directors shall establish a different fiscal year for the Association.

Section 7.3 - Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 7.4 - Office. The principal office of the Association may be at the Common Interest Community or at such other place as the Board of Directors may from time to time designate.

Section 7.5 - Working Capital and Reserve. A working capital and reserve fund is to be established in the amount of two months' regular budgeted initial Common Expense assessments, measured as of the date of the first assessment, for all Units as they are created in proportion to their respective Allocated Interests in Common Expenses. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital and reserve fund may be collected and then contributed to the Association by the Declarant at the time the sale of the Unit is closed or at the termination of Declarant control pursuant to Section 4.7 of the Declaration, if earlier. Until paid to the Association, the contribution to the working capital and reserve shall be considered an unpaid Common Expense Assessment, with a lien on the Declarant's unsold Units pursuant to the Act. Until termination of Declarant control of the Board of Directors, the working capital and reserve shall be deposited without interest in a segregated fund. While the Declarant is in control of the Board of Directors, the Declarant cannot use any of the working capital and reserve funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

Section 7.6 - Reserves. As part of the adoption of the regular budget, the Board of Directors shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those

Limited Common Elements that it is obligated to maintain, based upon the age, remaining life, and replacement cost of major Common Element improvements.

ARTICLE VIII
AMENDMENTS

The Bylaws may be amended only by complying with the same requirements for amendments to the Declaration as set forth in Article 14 of the Declaration.

CERTIFICATION

The foregoing are certified to be the Bylaws adopted by consent of the Board of Directors of PITKIN IRON HOMEOWNERS' ASSOCIATION, dated _____, 2000.

Secretary