

BY-LAWS
OF
HIGHLANDS VILLAS ASSOCIATION, INC.

I

NAME

This organization shall be known as "Highlands Villas Association, Inc.", a non-profit Colorado Corporation, hereinafter referred to as the "Association".

II

OFFICE

The principal office of the Association shall be at such location within the State of Colorado as the Board of Directors may determine from time to time.

III

PURPOSES

The corporation does not contemplate pecuniary gain or profit, direct or indirect, to its members. The purposes for which it is formed are primarily to promote the common good and general welfare of the community, and in particular, of the property platted as Lot 10, Aspen Highlands Subdivision Filing No. 2, Pitkin County, Colorado, hereinafter referred to as the "Properties", to bring about civic betterment and social improvements, and for these purposes to:

a. Own, acquire, build, improve, operate and maintain the "common facilities", as more particularly described in a document entitled "Condominium Declaration for Highlands Villas

Association, Inc." (the "Declaration").

b. Maintain roads, streets, driveways and parking areas not maintained by governmental authority;

c. Fix assessments to be levied against the Properties;

d. Enforce any and all covenants, restrictions, and liens for the benefit of the corporation and agreements applicable to the Properties, whether contained in the Declaration or not;

e. Pay taxes, if any, on the common facilities; and,

f. Insofar as permitted by law, do any other thing that, in the opinion of the Board of Directors, will promote the social welfare, common good and general welfare of the residents and owners of the Properties, protect the value and desirability and enhance the safety and habitability of the Properties, or bring about civic betterment or social improvements.

IV

DIRECTORS

The affairs of the Association shall be managed by a Board of Directors. Initially, the Board of Directors shall consist of three persons, as set forth in the Articles of Incorporation. The number of directors may be increased by amendment of these By-Laws. If any vacancy shall occur in membership on the Board of Directors, such vacancy may be filled for the remainder of the unexpired term by majority vote of the remaining directors. Any director may be removed for cause at any time by a vote of two-thirds of all members

present and voting at any special meeting of members called for that purpose.

V

DUTIES OF DIRECTORS

It shall be the duty of the Board of Directors to exercise general supervision over the management of the affairs of the Association and to receive and pass upon the reports of the President, Secretary and Treasurer, and to direct the officers thereof in the general conduct of the Association. The Board shall have control of any books, papers, or documents of the Association in the hands of the officers. The Board may adopt reasonable rule and regulations governing the activities of the members and protecting and preserving the Properties, to be effective upon approval thereof by vote of the members.

VI

OFFICERS

- a. The Officers of this Association shall consist of a President, a Vice President, a Treasurer and a Secretary, who shall be elected by the directors at their first meeting following the annual meeting of the members of the Association in each year. Such officers may be elected from the members of the Board of Directors and shall hold their respective offices for the term of one year or

until their successors are elected and shall qualify, unless they shall resign, be removed or become disqualified; provided, however, that until the first annual meeting of the members of the Association, the duties of the Board of Directors and officers shall be discharged by the three directors who are to serve as the initial directors, as stated in the Articles of Incorporation of the Association.

- b. Any two of the said offices may be held by the same person if the Board of Directors shall so determine, except the offices of President and Secretary.
- c. In case a vacancy or vacancies shall occur in any of said offices, the same may be filled for the remainder of the unexpired term by the Board of Directors.
- d. The Board of Directors may, in case of the absence of any officer or inability to perform his duties, remove such officer.
- e. The Board of Directors may, from time to time, appoint other officers of the Association, who shall perform such duties as may be assigned them. They shall hold such offices at the pleasure of the Board.

VII

DUTIES OF OFFICERS

- a. Duties of President: It shall be the duty of the President to preside at all meetings of the members and directors of the Association. He shall sign all certificates of membership, contracts and other instruments in writing authorized by the Board of Directors to be executed and the minutes of all meetings over which he may have presided. He shall be ex-officio a member of all committees and shall have the active management of and general supervision over the affairs of the Association. He shall perform such other duties as may be required of him by law, by these By-Laws, and by the Board of Directors, and in general shall perform the duties and functions usually pertaining to and vested in the president of a corporation.
- b. Duties of Vice President: It shall be the duty of the Vice President in case of sickness or other disability preventing the President from performing the duties of his office, to perform and discharge the duties and functions of the President, and such other duties as may be required of him by the board of Directors.
- c. Duties of Secretary: The Secretary shall be ex-officio secretary of the Board of Directors and of

all standing committees. It shall be the duty of the Secretary to give proper notice of all meetings of the members and of the Board of Directors of the Association and to attend all such meetings and act as the clerk thereof; to keep, record and preserve the minutes of all meetings of the members and directors in appropriate books; to sign all such minutes as Secretary, and to perform like duties for any standing committees when required; to have the custody of the corporate seal and records of the Association; to attest the affixing of the seal to all certificates of membership, contracts and other instruments in writing executed under the corporate seal of the Association; to have charge of and preserve all papers and documents of the Association not properly belonging in the custody of the Treasurer; to sign, issue and register all certificates of membership; and generally to perform such duties as usually pertain to the office of secretary and such as may be specifically assigned by the Board of Directors. The Secretary shall also attend to the filing of all papers and reports required by law to be filed.

- d. Duties of the Treasurer: The Treasurer shall be the custodian of the funds of the Association and of all securities, valuable papers and documents

connected with and pertaining to the business of the Association which shall be kept in such depositories and in such manner as directed by the Board of Directors. He shall, from time to time, disburse the funds of the Association in accordance with directions from the Board of Directors. He shall keep a complete and proper record and account thereof and vouchers for all funds disbursed, all of which shall be accessible for inspection by the other officers or by the Board of Directors. He shall render to the Board of Directors, whenever they may require, an account of all his transactions and the financial condition of the Association, and perform such other duties as may be prescribed by the Board of Directors. At the discretion of the Board of Directors, he may be required to give a good and sufficient bond with sureties thereon for the faithful performance of his duties.

VIII

MEETINGS OF DIRECTORS

- a. All meetings of the Board of Directors shall be held within the State of Colorado at such place as may be designated by the Board and at such times as the Board may from time to time deter-

mine. A meeting may be called at any time by the President or any director upon three days' written notice to all directors, served personally or by mail or telegram.

- b. Any director may at any time waive the notice required to be given under these By-Laws, or action may be taken by unanimous written consent thereto.
- c. At all meetings of the Board of Directors, a majority of directors shall be required to constitute a quorum for the transaction of business.
- d. The order of business at any meeting of the Board of Directors shall be as the Board may determine at the time.

IX

MEMBERSHIP MEETINGS

- a. A regular annual meeting of the members of the Association may be held in the State of Colorado at a time and location to be designated by the Board of Directors. The place of the meeting shall be shown on the notice to the members of such meeting.
- b. Special meetings of the members of this Association may be called at any time by resolution of the Board of Directors or upon the written request of not less than one-third of the members, or as may be provided by law.

- c. A written or printed notice of all regular or special meetings of the members shall be prepared by the Secretary of the Association and by him delivered personally to each member or mailed to the last known post office address of record of each member not less than 10 days nor more than 50 days before the date of such meeting. All notices of special meetings shall state the objects of the meeting and no business shall be transacted at any special meeting except that stated in the notice thereof.
- d. At all meetings of the members, 51% of the eligible votes of members must be represented either in person or by written proxy in order to constitute a quorum for the transaction of business. If less than a quorum be present, the meeting may be adjourned until some subsequent date, no more than 60 days following the preceeding meeting.
- e. Representation by written proxy shall be allowed and the instrument authorizing the proxy to act at the meeting when called for and filed with the Secretary. Cumulative voting shall not be permitted.
- f. There shall be one class of voter and there shall be one vote per unit.
- g. Any member may at any time waive any notice required

to be given under these By-Laws. All the members may take action unanimously by signing a written consent thereto.

- h. Any issue, question, election of directors or other proposition that might be brought before an annual or special meeting of members may be decided by ballot distributed and voted by mail, pursuant to instructions adopted by resolution of the Board of Directors; provided that at least 51% of the eligible votes shall be validly cast by return mail addressed to the Secretary of the Association or delivered to the Secretary.

X

MEMBERSHIP

- a. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.
- b. The Board of Directors shall have the power to suspend the privileges of membership, both those of the member and/or his designee, if, in the opinion of the Board, a member has violated any of the rules or regulations of this Association

or is delinquent in paying his assessments. Any member whose privileges are suspended shall be notified in writing of such suspension 30 days prior to the date such suspension of privileges shall become effective. A member shall have the right to appeal such suspension directly to the Board of Directors prior to the effective date of such suspension. Suspension resulting from non-payment of assessments shall be removed upon payment by the member of all amounts then currently due, including interest. The term of suspension for reasons other than non-payment shall be left to the discretion of the Board of Directors.

XI

ASSESSMENTS

Assessments shall be due and payable as prescribed in the Declaration.

XII

DAMAGE, DESTRUCTION AND OBSOLESCENCE

The Board of Directors shall, in the event of damage, destruction or obsolescence of any of the real or personal property of the Association, immediately determine the extent

of damage and the cost of repair and/or replacement of such property and make the prescribed report of same to the insurer, if applicable. In the event the insurance will not cover the entire cost of repair or replacement, the Board of Directors shall have the authority to repair or replace such property at the expense of the Association; provided, however, that the expenditure of funds in an amount exceeding \$500.00 for any one proposed project must be approved by the members.

XIII

INDEMNIFICATION

Each officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, or any settlement thereof, reasonably incurred by or imposed upon him in any proceeding to which he may be a party, or in which he may become involved by reason of his being or having been an officer or director of the Association, whether or not he is an officer or director of the Association at the time such expenses are incurred, except in such cases wherein such officer or director is adjudged guilty of willful malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

XIV

AUTHORIZATION

No officer or member of this Association shall authorize or incur any debt or obligation on its behalf except by order of or pursuant to authority granted by the Board of Directors.

XV

FISCAL PROCEDURES

- a. All written obligations of the Association, including acceptances, contracts, agreements, deeds, and all other instruments in writing shall be signed with the corporate name by the President, or in his absence, by the Vice President, and the corporate seal shall be affixed and attested by the Secretary.
- b. All checks drawn on Association funds shall be signed with the corporate name by those officers, one or more, as may be authorized by the Board of Directors from time to time.
- c. The funds of this Association shall be deposited in such bank or banks, as the Board of Directors may from time to time determine.
- d. Unless otherwise decided by the Board of Directors, the fiscal year of the Association shall end on December 31 of each year.

XVI

PROHIBITED ACTIVITIES AND DISTRIBUTION OF ASSETS

No part of the income or net earnings of the Association shall be distributable to or inure to the benefit of its members, directors, officers, or any individual; provided, however, that reasonable compensation may be paid for any services rendered to the Association, and payment and distributions may be made in furtherance of the purposes set forth in Article III hereof. No substantial part of the activities of the Association shall be the carrying on or propaganda or otherwise attempting to influence legislation, and the Association shall not participate in, or intervene in (including the publishing or distribution of statements) and political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these By-laws, the Association shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income taxation under the provisions, applicable to this Association, of Section 501(c) of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States or Colorado law).

XVII

GENERAL PROVISIONS

These By-Laws or any part thereof may be amended,

added to, or modified by the Board of Directors or by a two-thirds vote of the membership at any meeting called for that purpose upon notice in accordance with these By-Laws; provided, however, that the proposed amendment shall be set forth in full in such notice. These By-Laws incorporate by this reference the Declaration referred to in Article III above. In the event of any inconsistency between said Declaration and these By-Laws, the said Declaration shall prevail.

WE, THE UNDERSIGNED, being all of the members of the Board of Directors of Highlands Villas Association, Inc., a non-profit Colorado corporation, hereby confirm that the foregoing By-Laws of said corporation were adopted by unanimous vote of the Board of Directors on the day of 1981.

