

BY-LAWS

OF

THE SPRINGS CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

OBJECT

Section 1. Association. The Springs Condominium Association, Inc. (The "Association") is a nonprofit corporation organized under the Colorado Nonprofit Corporation Act.

Section 2. Purpose. The purpose for which the Association is formed is to govern the condominium property which has been or will be submitted to the provisions of the Condominium Ownership Act of the State of Colorado by the recording of the Condominium Declaration and Supplements thereto, hereinafter referred to as the "Project Declaration" or the "Declaration" and Maps and Supplements thereto bearing the name associated with this Association, and more particularly described on Exhibit A attached hereto and by this reference incorporated herein.

Section 3. Owners Subject to By-Laws. All present or future Owners, tenants, future tenants, or any other person that might use in any manner the facilities of the Condominium Project are subject to the regulations set forth in these By-Laws and in the Regulatory Agreement between the Declarant in the Project Declaration and the Federal Housing Commissioner. The mere acquisition or rental of any of the Condominium Units (as defined in the Project Declaration and hereinafter referred to as "Units") or the mere act of occupancy of any of said Units will signify that these By-Laws are accepted, ratified and will be complied with.

ARTICLE II

MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Membership. Ownership of a Unit is required in order to qualify for membership in this Association. Any person on becoming an Owner of a Unit shall automatically become a member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Unit, but such termination shall not relieve or release any such former Owner from any liability or obligation to the Association or impair any rights or remedies which the Association may have against such former Owner, arising out of or in any way connected with ownership of a Unit and membership in the Association. No certificates of stock shall be issued by the Association, but the

Board of Managers may, if it so elects, issue membership cards to the owners. Such membership card shall be surrendered to the Secretary whenever ownership of the Unit designated thereon shall terminate.

Section 2. Voting. The owners of each Unit shall be entitled to vote on all matters, with the vote per Unit as set forth in the Declaration and the Articles of Incorporation. Cumulative voting in the election of members of the Board of Managers shall not be permitted.

Section 3. Quorum. Except and otherwise provided in these By-Laws, the presence, in person or by proxy, of a majority of Unit Owners shall constitute a quorum and an affirmative vote of a majority of those present at a meeting where a quorum is in attendance whether in person or by proxy, shall be necessary to transact business and to adopt decisions binding on all owners.

Section 4. Definitions. As used in these By-Laws, the term "majority of Unit owners" shall mean Owners entitles to vote fifty-one percent (51%) of the votes assigned to Owners in the Declaration.

Section 5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. All proxies must be in writing and notarized and may be either general or for a particular meeting. A proxy need not be an Owner.

ARTICLE III

M E E T I N G S

Section 1. Place of Meeting. Meetings of the Association shall be held at such suitable place within the State of Colorado as will be convenient for the Owners as the Board of Managers may determine.

Section 2. Annual Meetings. The annual meetings of the Association shall be held each year on such date as shall be selected by the Board of Managers, provided that such meeting shall occur in each year no later than three (3) months after the end of the Association's fiscal year. At such meetings, the Owners shall transact such business of the Association as shall properly come before the meeting, including election of members if the Board of Managers. The Association shall adopt a procedure whereby at least one-third (1/3) of such terms will expire annually. The first annual meeting shall be called by the initial Board of Managers of the Association within one (1) year after the first Condominium Unit is conveyed.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Association as required by the President, a resolution of the Board of Managers,

by petition to the Secretary by the Owners of Units representing at least twenty-five percent (25%) of the total votes of the Association, or on request of the Federal Housing Commissioner or his duly authorized representative. The notice of any such special meeting shall state the time and place of such meeting and the specific purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless upon the consent of the Owners representing at least eighty percent (80%) of the Units. Any such meeting shall be held within thirty (30) days after receipt by the President of such resolution or petition.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail, by regular United States mail, a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each Owner of record and the Director of the local insuring office of the Federal Housing Administration. A waiver of notice, signed by all members of the Association before, at or after any meeting shall be a valid substitute for notice. The certificate of the Secretary that notice was properly given as provided in these By-Laws shall be prima facie evidence thereof. Notices shall be sent at least five (5) but not more than ten (10) days in advance of any meeting.

Section 5. Adjourned Meetings. If any meeting of Owners cannot be convened because a quorum has not attended or if the business of the meeting cannot be concluded, the Owners who are present, either in person or by proxy, may adjourn the meeting for periods of no longer than forty-eight (48) hours, from time to time, until a quorum is obtained or until a conclusion can be reached.

Section 6. Order of Business. The order of business at all meetings of the owners of Units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes.
- (d) Reports of officers.
- (e) Report of Federal Housing Administration representative, if present.
- (f) Reports of committees.
- (g) Election of inspectors of election.
- (h) Election of Directors (annual meetings only).
- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

Section 8. Performance of Functions by Declarant. The rights, duties and functions of the Board of Managers shall, at the Declarant's option, be exercised by the Declarant by and through those persons named as Managers in the Articles of Incorporation, until 120 days after seventy-five percent (75%) of all the Condominium Units have been sold, or seven (7) years

from the date of recording of the Declaration, whichever occurs first, and the provisions of Paragraph 15 of the Declaration are incorporated herein as is fully set forth herein.

ARTICLE IV

BOARD OF MANAGERS

Section 1. Association Responsibilities. The Owners of the Units will constitute the Association, which will have the responsibility of administering the Condominium Project through a Board of Managers.

Section 2. Number and Qualification. The affairs of the Association shall be governed by a Board of Managers composed of three (3) persons. The number of the Managers may be increased or decreased by amendment to these By-Laws; provided, however, that the number of Managers shall not be reduced to less than three (3) nor increased to more than eleven (11). Subject to the provisions of Section 8 of Article III, the Board of Managers shall consist of those individuals named as such in the Articles of Incorporation of the Association.

Section 3. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first-class residential Condominium Project. The Board of Managers may do all such acts and things as are not by law, the Article of Incorporation of the Association, these By-Laws, the Project Declaration, or the Regulatory Agreement attached to the Declaration either prohibited or directed to be exercised and done by the owners.

Section 4. Other Powers and Duties. The Board of Managers, on behalf of the Association, shall be empowered and shall have the duties as follows:

- (A) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Project Declaration.
- (B) To establish, make and enforce compliance with such reasonable house rules as may be necessary for the operation, use and occupancy of the Condominium Project and the Common Elements with the right to amend same from time to time. Such house rules shall be adopted, amended or repealed upon a vote of a majority of the members of the Board. A copy of such rules and regulations shall be delivered or mailed to each member promptly upon the adoption thereof.
- (C) To keep under surveillance, and in good order, condition and repair of all General Common Elements and Limited Common Elements and all items of personal property, if any, used in the enjoyment of the entire Condominium Project.

(D) To obtain and maintain to the extent possible all policies of insurance required by the Declaration.

(E) To periodically fix, determine, levy and collect the prorated assessments to be paid by each of the Owners towards the gross expenses of the Association and to adjust, decrease or increase the amount of the assessments, and to credit any excess of assessments over expenses and cash reserves to the Owners against the next succeeding assessment period; and, to levy and collect special assessment as provided in the Declaration. All assessments shall be in statement form and shall set forth in detail the various expenses for which the assessments are being made.

(F) To impose penalties and collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Project Declaration and these By-Laws.

(G) To protect and defend the Condominium Project from loss and damage by suit or otherwise.

(H) To borrow funds and to give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Project Declaration of these By-Laws and to execute all such instruments evidencing such indebtedness as the Board of Managers may deem necessary or desirable.

(I) To enter into contracts within the scope of their duties and powers.

(J) To establish bank accounts which are interest bearing or non-interest bearing, as may be deemed advisable by the Board of Managers.

(K) To keep and maintain detailed, full and accurate books and records showing in chronological order of all receipts, expenses or disbursements pursuant to appropriate specificity and itemization; to permit inspection thereof during convenient weekday business hours by any of the Owners and their Mortgagees; and, upon affirmative vote or at least a majority of the Unit Owners, to cause a complete audit to be made of the books and accounts by a competent certified public accountant.

(L) To prepare and deliver to each owner at least ten (10) days prior to the annual meetings of members a statement showing all receipts, expenses or disbursements since the last such statement.

(M) To designate and remove the personnel necessary for the operation, maintenance, repair and replacement of the Common Elements.

(N) To suspend the voting rights of an Owner if any assessment for Common Expenses with respect to such Owner's Unit shall be delinquent more than fifteen (15) days, or for failure to comply with these By-Laws or the Rules and Regulations of the Association or with any other obligations of the Owners of the Units pursuant to the Declaration.

(O) In general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of the Condominium Project.

Section 5. Managing Agent. The Board of Managers may employ for the Association a Managing Agent (at a compensation established by the Board) to perform such duties and services as it shall authorize. The Board of Managers may delegate to the Managing Agent all or any of the powers and duties granted to the Board of Managers but, notwithstanding such delegation, the Board of Managers shall not be relieved of its responsibility under the Declaration. Any contract of employment entered into with a Managing Agent must be limited to a term not exceeding one (1) year and must provide that it may be canceled by the Association, without cause, upon thirty (30) days written notice or, with cause, at any time by either party. The employment contract may be renewable, by agreement of the parties, for successive one (1) year periods.

A Managing Agent under contract with the Association shall be required to post a fidelity bond in the amount of \$5,000.00 as a condition of such management contract if such contract requires handling of funds of the Owners' Association.

Section 6. Election and Term of Office. Except as provided in Article III, Section 8, members of the Board of Managers shall be elected from among the Owners of the Units by a majority or plurality, as appropriate, of the Unit Owners voting at the annual meeting of the members of the Association; the term of each Manager's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner hereinafter provided. At the first meeting, at least one (1) Manager shall be elected for a term of one (1) year, at least one (1) Manager shall be elected for a term of two (2) years, with the remaining Managers elected for a term of three (3) years. Upon the expiration of the initial one-year and two-year terms, Managers shall thereafter be elected for terms of three (3) years each.

Section 7. Vacancies. Vacancies in the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Association, shall be filled by election of the remaining Managers, even though they may constitute less than a quorum; each person so elected shall be a Manager until a successor is elected at the next annual meeting of the Association.

Section 8. Removal of Managers. Subject to the provisions of Section 8 of Article III, at any duly called annual or special meeting of the Association any one or more of the Managers may be removed, with or without cause, by a majority of the Unit Owners, and a

successor may then and thereby be elected to fill the vacancy thus created. Any Manager whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

Section 9. Organizational Meeting. The first meeting of a newly elected Board of Managers shall be held within ten (10) days of such election; the place shall be fixed by the Managers at the meeting at which such Managers were elected. No notice shall be necessary to the newly elected Managers in order to convene such meeting, provided that a majority of the new Board of Managers shall be present at such election meeting.

Section 10. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined, from time to time, by a majority of the Managers but at least two such meetings shall be held each year. Notice of regular meetings of the Board of Managers shall be given to each Manager personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Managers may be called by the President, on his own initiative, upon three (3) days notice given personally, or by mail, telephone, or telegraph to each Manager, which notice shall set forth the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice upon receipt of a written request to call such a special meeting from at least three (3) Managers.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board of Managers, no notice shall be required and any business may be transacted at such meeting.

Section 13. Board of Managers Quorum. At all meetings of the Board of Managers, a majority of the Managers shall constitute a quorum for the transaction of business, and the acts of the majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board of Managers. If at any meeting of the Board of Managers, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meetings as originally called may be transacted without further notice.

Section 14. Compensation: Fidelity Bonds. The members of the Board of Managers shall serve without salary or compensation. The Board of Managers shall require that all officers and employees of the Association handling or responsible for the Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the

Association. All actions of members of the Board of Managers in good faith and using reasonable care shall be without recourse by the Association or any Owner.

ARTICLE V

OFFICERS

Section 1. Designation. The officers of the Association shall be a President, A Vice President or Vice Presidents, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Managers. In addition, the Board may elect an Assistant Secretary, an Assistant Treasurer, and such other officers as the Board may deem appropriate.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Managers. All officers, except the initial officers, must be elected from among the Board of Managers. One person may hold concurrently the office of Vice President and Secretary, or Vice President and Treasurer, or Secretary and Treasurer (if there are one hundred (100) or less Owners), but the President shall serve only in the office of President.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Managers any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Managers, or at any such special meeting of the Board of Managers called for that purpose.

Section 4. President. The President shall be elected from among the Board of Managers and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Managers. The President shall have all of the general powers and duties which are usually vested in the office of the president of a nonprofit corporation including, but not limited to, the power to appoint committees from among the members from time to time as may be deemed appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board of Managers or by the members of the Association at any regular or special meetings.

Section 5. Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President or in the President's inability for any such reason to exercise such powers and functions or perform such duties. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such duties as are imposed upon him by the President or the Board.

Section 6. Secretary. The Secretary shall keep the minutes of all the meetings of the Board of Managers and the minutes of all minutes of the Association; the Secretary shall have charge of such books and papers as the Board of Managers may direct; and shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last-known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the Unit owned by such member, the Ownership Interest attributable thereto and a description of the Common Elements assigned for exclusive use in connection with such Unit. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. Assistant Secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities, shall keep the financial records and books of account of the Association and shall be responsible for keeping dull and accurate accounts of all receipts and disbursements of money and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Managers.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. INDEMNIFICATION The Association shall indemnify every Manager and officer, and his or her heirs, executors and administrators against all loss, costs and expense, including counsel fees, reasonably incurred in connection with any such action, suit or proceeding to which such person may be made a party by reason of being or having been a Manager or officer of the Association, except as to matters for which such person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement where the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Manager or officer. The foregoing rights shall not be exclusive of other rights to which such Manager or officer may be entitled. All liability, loss, damage, costs and expense incurred if suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses. Nothing contained in this Article VI, Section 1 shall, however, be deemed to obligate the Association to indemnify any member or Owner of a Condominium Unit who is, or has been, a Manager or officer of the Association with respect to any duties or obligations assumed, or liabilities incurred, as a member or owner of a Unit under or by virtue of the Declaration.

ARTICLE VII

AMENDMENTS

Section 1. By-Laws. The By-Laws may be amended by the members of the Association and no amendment shall be effective unless approved, at a duly authorized meeting called for such purpose, by Owners representing at least seventy-five percent (75%) of the Units, and each notice of any meeting therefor shall specify the nature and text of any proposed amendment or amendments, provided that these By-Laws shall at all times comply with the provisions of the Condominium Ownership Act of the State of Colorado, as amended.

ARTICLE VIII

MORTGAGES

Section 1. Notice to Association. Every Owner who Mortgages his Unit shall notify the Association by giving the name and address of his Mortgagee, purchaser, transferee or lessee to the President of the Association. The Association shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Notice of Default. Upon request of a Mortgagee of a Unit, the Association shall report any assessment which remains unpaid for over thirty (30) days or any other default of an Owner which remains uncured for over thirty (30) days.

ARTICLE IX

MISCELLANEOUS

Section 1. Proof of Ownership. Except for those Owners who initially purchase a Unit from Declarant, every person becoming an Owner of a Unit shall immediately furnish to the Board of Managers a photocopy or a certified copy of the recorded instrument vesting in that person such ownership, which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of members unless this requirement is first met.

Section 2. Compliance. These By-Laws are intended to comply with the requirements of the Colorado Condominium Ownership Act. If any provisions of these By-laws conflict with or omit any of the provisions of said Act, and as said Act may be amended, it is hereby agreed and accepted that the provisions of such Act will govern and be a part of these By-Laws.

Section 3. Character of Association.

This Association is not organized for profit. No member, member of the Board of Managers, officer or person for whom the Association may receive any property or funds shall receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation, be distributed to, or inure to the benefit of any of the Board of Managers, officers or members, except upon dissolution of the Association; always provided, however (1) that reasonable compensation may be paid to any members, Manager, or officer while acting as an agent or employee of the Association for service rendered in effecting one or more of the purposes of the Association, and (2) that any member, Manager or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

Section 4. Conveyances and Encumbrances.

Corporate property may be purchased, conveyed or encumbered for security of monies borrowed by authority of the Association and/or Board of Managers. Conveyances or encumbrances shall be by instrument executed by the President or Vice President and by the Secretary, the Treasurer, and Assistant Secretary or an Assistant Treasurer, or executed by such other person or persons to whom such authority may be delegated by the Board of Managers.

Section 5. Inspection of Records.

Any Owner or Mortgagee of a Unit may inspect the records of receipts and expenditures of the Board of Managers pursuant to Section 38-33-106 Colorado Revised Statutes, 1973, as amended, at convenient weekday business hours, and, upon ten (10) days notice to the Board of Managers or Managing Agent, if any, and upon payment of a reasonable fee, not to exceed Thirty Dollars (\$30.00), any Owner shall be furnished with a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner and/or an estoppel certificate.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this

____ day of _____, 19 ____

BOARD OF MANAGERS:

KNOW ALL MEN THESE PRESENTS, that the undersigned Secretary of the Corporation does hereby certify that the above and foregoing By-Laws were duly adopted by the Board of Managers of said Corporation as the By-Laws of said Corporation on the ____ day of _____, 19 ____, and that they do known constitute the By-Laws of said Corporation.
