

BYLAWS
OF
WHETSTONE TOWNHOUSE ASSOCIATION, a
Colorado Non-Profit Corporation

ARTICLE I.

Plan of Apartment Ownership

Section 1. Building Ownership: The project located in the County of Gunnison and State of Colorado, known as the Whetstone Village Condominiums, hereinafter "the project" is organized pursuant to the Colorado Condominium Ownership Act, C.R.S. 1973 §§38-33-101 ff.

Section 2. Bylaws Applicability: The provisions of these Bylaws are applicable to the project and the operation of Whetstone Townhouse Association, (hereinafter the "Association"). The term "project" as used herein shall include the land.

Section 3. Personal Application: All present or future owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the project in any manner, are subject to the regulations set forth in these Bylaws and to the Articles of Incorporation.

The mere acquisition or rental of any of the units (hereinafter referred to as "units") of the project. The mere act of occupancy of any of said units shall signify acceptance and ratification of these Bylaws.

ARTICLE II .

Voting, Majority of Owners, Quorum, Proxies

Section 1. Voting: There shall be one membership in the Association for each condominium unit. That membership shall be appurtenant to the condominium unit and shall be transferred automatically by a conveyance of that condominium unit to the new owner. Each membership shall be entitled to one (1) vote and in the event that the membership is held by more than one owner the vote may be cast only as a single unit and split or divided votes of membership shall not be allowed. Voting by proxy shall be permitted.

Section 2. Majority of Owners: As used in these Bylaws the term "majority of owners" shall mean those owners holding 51% of the votes in accordance with the percentages assigned in the Condominium Declaration.

Section 3. Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum.

Section 4. Proxies: Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III.

Administration

Section 1. Association Responsibilities: The Owners of the units which constitute the Association will have the responsibility of administering the project, approving the annual budget, establishing and collecting regular and special assessments and arranging for the management of the project pursuant to an agreement, containing provisions of the managing agent. Except as otherwise provided, resolutions of the Association shall require approval by a majority of the Owners.

Section 2. Place of Meetings: Meetings of the Association shall be held at the principal office of the project or at such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 3. Annual Meeting: The first annual meeting of the Association shall be held on November 1980. Thereafter the annual meetings of the Association shall be held in September of each succeeding year. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings: It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the owner's present, either in person or by proxy.

Section 5. Notice of Meeting: It shall be the duty of the Secretary to 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 at least 30 days prior to annual meeting in September. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meetings: If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

Section 7. 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 of preceding meeting.
- (d) Reports of officers.
- (e) Report of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE IV.

Board of Directors

Section 1. Number and Qualification: The affairs of the Association shall be governed by a Board of Directors composed of 3 persons, all of whom must be owners or stockholders of owners of units in the project.

Section 2. Powers and Duties: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

Section 3. Other Duties: In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

(a) Care, upkeep and surveillance of the project and the common areas and facilities and the restricted common areas and facilities, provided, however, that any expenditures in excess of \$10,000.00 shall be approved by a majority of unit owners, and ratified by the Board of Directors.

(b) Collection of regular and special assessments from the owners.

(c) Hiring and firing of the personnel necessary for the management, maintenance and operation of the project, the common areas and facilities and the restricted common areas and facilities.

(d) Adopting rules and regulations governing the operation and use of common elements.

Section 4. Managing Agent: The Board of Directors may employ for the Association a managing agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article; provided, however, that nothing in this paragraph shall be deemed to relieve the Board of its responsibilities under the Declaration.

Section 5. Election and Term of Office: At the first annual meeting of the Association the term of office of one Director shall be fixed for three (3) years, the term of

office for one Director shall be fixed at two (2) years, and the term of office for one Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and qualified.

Section 6. Vacancies: Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 7. Removal of Directors: At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 8. Organizational Meeting: The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings: Regular meetings of the Board of Directors may be held at such times and places as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 10. Special Meetings: Special meetings of the Board of Directors may be called by the President on three days' notice to each Director, given personally or by mail, telephone and email, which notice shall state the time and place (as hereinabove provided) and the purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three Directors.

Section 11. Waiver of Notice: Before or at 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 constitute a waiver of notice of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice of the purpose of the meeting shall be required and any business may be transacted at such meeting.

Section 12. Board of Director's Quorum: At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, 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 meeting as originally called may be transacted without further Notice.

Section 13. Fidelity Bonds: The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 14. Informal Action: Any action of the Board of Directors which could be taken at a meeting of the Board may be taken without any meeting of the Board upon the written approval of all members of the Board.

Section 15. Directors' Compensation: Directors shall receive no compensation, except for reimbursement of expenses actually incurred.

ARTICLE V.

Officers

Section 1. Designation: The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of who shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary. (The offices of Treasurer and Secretary may be filled by the same person.)

Section 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 to hold office at the pleasure of the Board.

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

Section 4. 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 all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President: The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary: The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the Secretary.

Section 7. Treasurer: The Treasurer shall have the responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies 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 Directors.

ARTICLE VI.

Obligations of the Owners

Section 1. Assessments: All owners are personally obligated to pay all regular and special assessments imposed by the Association to meet all project common expenses, which may include liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard. The assessments shall be paid by each owner of their unit and each owner will pay one-fourteenth (1/14) of all assessments. Such assessments shall include monthly payments to a General Operating Reserve and a Reserve Fund for Replacements. Penalty fee's and fines shall be an additional fee for assessments 30 days or more past due.

Section 2. Maintenance and Repair:

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which, if omitted or delayed, would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area and facility damaged through the owner's fault.

Section 3. Use of Units - Internal Changes: An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the managing agent, if any, or through the President of the Board of Directors, if no managing agent is employed. The Association shall have the obligation to answer within 30 days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Use of Common Areas and Facilities and Restricted Common Areas and Facilities: An owner shall not place or cause to be placed in the lobbies, vestibules, stairways, elevators or other project areas and facilities of a similar nature, any furniture, packages or objects of any kind. Such areas shall be used only for access.

ARTICLE VII.

Mortgages

Section 1. Notice to Association: An owner who mortgages his unit shall notify the Association through the Managing Agent, if any, or the President of the Board of Directors in the event there is no Managing Agent, the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Unit."

Section 2. Notice of Unpaid Assessments: The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit.

ARTICLE VIII.

Compliance

These Bylaws are set forth to comply with the requirements of the Colorado Condominium Ownership Act, C.R.S. 1973, §§38-33-101 ff. In case any of these Bylaws conflict with the provisions of said statute, the provisions of the statute will apply. Each requirement set forth in C.R.S. 1973, §.38-33-106 shall always be embodied in these Bylaws notwithstanding the authority of the Members and the Directors to amend the provisions hereof.

ARTICLE IX.

Inspection of Premises

Owners and their Mortgagees, or their representatives, shall have the right, during convenient weekday business hours, to inspect detailed, accurate records of receipts and expenditures affecting the common elements, which shall be maintained by the Board of Directors on a current basis. Additionally, upon ten days' notice to the Managing Agent or to

the Board of Directors and payment of a reasonable fee, any unit owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

ARTICLE X.

Recreational Facilities

There shall be no charge for use of any recreational facilities in the project by members.

ARTICLE XI.

Amendment

These Bylaws may be amended by vote of a majority of the members of the Board of Directors.

Secretary