

**BYLAWS**  
**OF**  
**BC HOTEL A RESIDENCES OWNERS ASSOCIATION, INC.**

**I. IDENTITY**

These are the Bylaws of BC HOTEL A RESIDENCES OWNERS ASSOCIATION, INC., a Colorado nonprofit corporation (the "Association"). The Association has been organized for the purpose of administering and managing certain condominium units and appurtenant common elements and limited common elements and a timeshare ownership plan known as BC Hotel A Residences (the "Resort"), in accordance with the Declaration for Timeshare Plan for BC Hotel A Residences (the "Declaration"), recorded or to be recorded in the records of the Clerk and Recorder of Eagle County, Colorado.

**II. MEMBERS**

2.1 Members. All Owners of Hotel Residential Units (hereinafter referred to as, a "Unit") or Timeshare Interests, each as defined in the Declaration, are automatically members of the Association.

2.2 No Resignation. A member may not resign from the Association as long as a member is an Owner of a Unit or Timeshare Interest. Membership in the Association appurtenant to each Unit or Timeshare Interest shall automatically transfer upon the conveyance of each respective Unit or Timeshare Interest. The new Owner shall deliver a copy of the recorded conveyance instrument to the Association.

2.3 Members' Meetings.

A. Unless prohibited by law, annual members' meetings shall be held at such time, place, and date and by such means and manner as may be designated by the Executive Board, for the purpose of electing directors and transacting any other business authorized to be transacted by the members or the Condominium Documents. Meetings shall be held at a place specified in writing by the Executive Board in the State of Colorado. Meetings of members may be held outside of the State of Colorado if the location is readily accessible at reasonable cost to a significant portion of the membership. The first annual meeting of the Association shall be held within one year after the closing of the first sale of a Unit or Timeshare Interest or within sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Owners other than Declarant, whichever occurs first.

B. As set forth in Article X of the Articles, special members' meetings shall be held whenever called by the president, the vice-president, if any, or by a majority of the Executive Board, at such time, place and date as may be designated by the Executive Board, and must be called by such officers upon receipt of a written request from members other than Declarant owning five percent (5%) of the voting interests in the Units except as provided in Article III below.

C. Notice of all members' meetings stating the time and place and the agenda for which the meeting is called shall be mailed to each member, unless waived in writing. Such notice shall be in writing and be hand delivered or sent prepaid by U.S. Mail to each member at such member's address, as it appears on the books of the Association, not less than ten (10) nor more than fifty (50) days prior to the date of the meeting or such other time periods permitted by Colorado law. In the event electronic, email, telephonic facsimile or other method of notification is recognized as reliable and effective and provided such other method of notification is not prohibited by applicable law other

methods of notification may be used to provide valid notice of members' meetings. An affidavit executed by the secretary attesting to giving of notice and the manner and means of such notice shall be retained in the records of the Association as proof of such provision of notice. The notice shall state the time and place of each meeting, and, the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, any proposal to remove an officer or member of the Executive Board and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The notice must also include the name, address, and a brief biographical sketch if available of each member who has announced an intention to stand for election to the Executive Board. Members may waive notice of specific meetings and may take action by written agreement without meetings. First Mortgagees shall, upon prior written request, be entitled to receive notice of all members' meetings. Failure to provide such notice shall not invalidate any action taken at an otherwise properly noticed meeting. Where assessments against members are to be considered for any reason at a members' meeting, the notice shall contain a statement that assessments will be considered and shall specify the nature of any such assessment.

D. Quorum. The presence in person or by proxy of members representing fifteen percent (15%) of the total voting interests eligible to vote shall constitute a quorum including the presence in person or by proxy of members representing at least ten percent (10%) of the voting power of the Association residing in members other than the Declarant, as of the date of notice as provided in Section 2.3(c), shall be necessary to constitute a quorum. Decisions shall be made by the vote of the members holding a majority of the voting interests at a meeting at which a quorum is present, whether in person or by proxy, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles, or these Bylaws. Notwithstanding any other provision herein, if less than one-third (1/3) of the total voting power of the Association is in attendance in person or by proxy at any meeting of the Association, only those matters of business, the general nature of which was given in the notice of the meeting may be voted upon by the members of the Association.

E. Adjournment if no Quorum. If any meeting of members cannot be organized because a quorum has not been achieved, no business shall be conducted and the presiding officer shall adjourn the meeting sine die.

F. Order of Business. Unless modified by the Executive Board or the members, the order of business at annual members' meetings and, as far as practicable at all other members' meetings, shall be:

- (1) Call to order.
- (2) Election of chairman of the meeting.
- (3) Proof of notice of meeting or waiver of notice.
- (4) Calling of the roll and certifying of proxies.
- (5) Reading and disposal of any unapproved minutes.
- (6) Report of officers.
- (7) Report of committees.
- (8) Election of directors.

- (9) Unfinished business.
- (10) New business.
- (11) Adjournment.

G. Limitation of Action. For so long as the Declarant holds Units or Timeshare Interests for sale in the ordinary course of business, neither of the following actions may be taken without the prior written approval by the Declarant:

(1) Any action by the Association that would be detrimental to the sale of Units or Timeshare Interests by the Declarant; and,

(2) Any other action by the Association for which the Condominium Documents require the prior written approval of the Declarant.

2.4 Voting. There shall be one vote for each Unit. Each owner of Timeshare Interests shall have a vote equal to the undivided ownership interest owned in a Unit.

2.5 Proxies. Votes may be cast in person or by proxy. Proxies shall be filed with the secretary at or before the appointed time of the meeting or meetings for which they are valid. Each proxy shall specifically set forth the name of the person voting by proxy, the name of the person authorized to vote the proxy for him, the date and time the proxy was given, the time period for which the proxy is valid and shall be signed by at least one of the Owners of the Unit or Timeshare Interest for which the proxy is given. In the event that conflicting proxies are given by co-owners of a Unit or Timeshare Interest then the Executive Board may in its reasonable judgment refuse to recognize such proxies. If a limited proxy, the proxy may set forth those items which the holder of the proxy may vote and the manner in which the vote is to be cast. In no event shall any proxy be valid for a period of longer than eleven (11) months after the date it was given, unless the proxy provides otherwise. Every proxy shall be revocable at any time at the pleasure of the member executing it, upon providing actual notice of such revocation to the person presiding over a meeting of the Association. If a proxy expressly provides, any proxy holder may appoint in writing a substitute to act in his place. If such provision is not made, substitution is not authorized.

2.6 Action by Written Consent. Except as may be prohibited by Colorado law any action that may be taken at any regular or special meeting of members may be taken without a meeting provided the following ballot requirements are satisfied:

A. The Association distributed a written ballot to every member entitled to vote on the matter;

B. The ballot sets forth the proposed action, provides an opportunity to specify approval or disapproval of any proposal, and provides a reasonable time within which to return the ballot to the Association;

C. The number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action;

D. The number of approvals equals or exceeds the number of votes that would be required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot; and

E. The ballot affords an opportunity for the member to specify a choice between approval and disapproval of each order of business proposed to be acted upon by the Association and further provides that the vote of the members shall be cast in accordance with the choice specified. In any election of directors, any form of written ballot in which the directors to be voted on are named therein as candidates and which is marked by a member "withheld" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld shall not be voted either for or against the election of a director.

### III. DIRECTORS

3.1 Number and Qualification of Directors. The affairs of the Association shall be managed by an Executive Board. The initial Executive Board shall consist of three (3) directors. After the expiration of the Declarant Control Period, the Executive Board shall consist of not less than three (3) or more than five (5) directors as determined by the Executive Board from time to time. At least a majority of the members of the Executive Board shall be members of the Association, except that during the Declarant Control Period the directors appointed by the Declarant need not be members. Where Units or Timeshare Interests are owned by business organizations, the officers, directors, employees or other designated representatives of said business organizations shall be eligible to serve on the Executive Board of the Association.

3.2 Election of Directors. Election of directors shall be conducted in the following manner:

A. Members of the Executive Board shall be elected at an annual meeting of the members of the Association in accordance with Subsection 3.2.C, below. There shall be no cumulative voting. Candidates receiving the most votes even if not a majority shall be elected to fill the available seats on the Executive Board.

B. Vacancies on the Executive Board may be filled by the remaining directors subject to the provisions of Subsection 3.2.C, below. A director appointed to fill a vacancy in office shall serve the remainder of the term of the office to which he is appointed and thereafter until his successor is elected.

C. Declarant shall be entitled during the Declarant Control Period (defined below) to appoint and remove the members of the Executive Board and the officers of the Association, subject to the following restrictions:

(1) Not later than sixty (60) days after twenty-five percent (25%) of the Allocated Interests are owned by Owners other than the Declarant at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant.

(2) Not later than sixty (60) days after fifty percent (50%) of the Allocated Interests are owned by Owners other than the Declarant, the Owners other than the Declarant shall be entitled to elect not less than one-third (1/3) of the members of the Executive Board.

(3) Not later than the termination of the Declarant Control Period, the Owners other than the Declarant shall be entitled to elect a majority of the members of the Executive Board.

D. Except as otherwise provided for under these Bylaws or in the Declaration, Declarant shall be entitled to appoint and remove the members of the Executive Board and officers of the Association to the fullest extent permitted under Colorado law.

3.3 Termination of Declarant Control Period.

A. The Declarant Control Period shall terminate upon the earliest of the following events:

(1) sixty (60) days after conveyance by Declarant of seventy-five percent (75%) or more of the ownership interests in the Units to Owners other than the Declarant;

(2) two (2) years after the last conveyance of an ownership interest by the Declarant in the ordinary course of business;

(3) two (2) years after any right to add new units was last exercised; or

(4) the date on which Declarant voluntarily relinquishes such power evidenced by a notice recorded in the office of the Clerk and Recorder for Eagle County, Colorado.

B. Subject to the limitations set forth above, the Declarant shall be entitled to appoint not less than one (1) member of the Executive Board as long as the Declarant owns any interest in the Units.

C. Nothing in this subsection shall be construed so as to preclude the Declarant from relinquishing control of the Executive Board at any time the Declarant may so elect, and under such conditions as Declarant may establish as long as such conditions are not in violation of CCIOA.

3.4 Term of Office. Members of the Executive Board shall serve one (1) year terms or until the next annual meeting of the members, whichever is sooner, and thereafter, unless and until his successor is duly elected or qualified or until he is removed in the manner elsewhere provided. Directors may not serve on the Executive Board more than six (6) consecutive years.

3.5 Organizational Meeting. The organizational meeting of a newly elected Executive Board shall be held within ten (10) days of their election at such place, date and time and by such manner and means as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary provided that a quorum is present.

3.6 Regular Meetings. Regular meetings of the Executive Board may be held not less than annually at such time and place and by such manner and means as shall be determined from time to time by a majority of the directors. Meetings of the Executive Board shall be held in or near the Resort unless a meeting at another location either in or outside of the State of Colorado would significantly reduce the costs to the Association or reduce the inconvenience to the members of the Executive Board. Notice of regular meetings shall be given to each director by facsimile, by mail, by email, or otherwise in writing at least three (3) days prior to the date named for such meeting unless such notice is waived pursuant to Section 3.8. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one of the members of the Executive Board. Such emergency action shall be noticed and ratified at the next regular meeting of the Executive Board. All members will have the right to attend and listen to the deliberations and proceedings of the meetings of the Executive Board; provided, however, that members who are not members of the Executive Board are not entitled to participate in the deliberations or discussion unless expressly authorized by the Executive Board. The Executive Board

may, with the approval of a majority of a quorum of members of the Executive Board, adjourn a meeting and reconvene in executive session to discuss and vote upon:

- A. Employment or personnel matters for employees or agents of the Executive Board or Association;
- B. Legal advice from an attorney to the Executive Board or Association;
- C. Pending or contemplated litigation;
- D. Pending or contemplated matters relating to the enforcement of the Association's documents or rules; or
- E. Orders of business of a similar nature and as permitted under CCIOA.

The nature of any and all business to be considered in executive session shall first be announced in open session.

3.7 Special Meetings. Special meetings of the Executive Board may be called by the chairperson of the Executive Board or the president and must be called by the secretary at the written request of a majority of the Executive Board. Not less than three (3) days notice of the meeting shall be given by mail, by facsimile, by email or otherwise in writing, which notice shall state the time, place and purpose of the meeting unless such notice is waived.

3.8 Waiver of Notice. Any director may waive notice of a meeting in writing before, during or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

3.9 Quorum of Executive Board. A quorum at Executive Board meetings shall consist of the directors entitled to cast a majority of the votes of the entire Executive Board. The acts of the Executive Board approved by a majority of votes present at which a quorum is present shall constitute the acts of the Executive Board except as specifically otherwise provided in the Declaration. If at any meeting of the Executive Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At the adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

3.10 Presiding Officer. The presiding officer of Executive Board meetings shall be the president of the Association. The president of the Association shall be limited to a three (3) year term. In the absence of the president the vice-president, if any, shall preside or such other individual as voted on by the Executive Board.

3.11 Directors' Fees. Directors shall not be entitled to any fees for services provided as Directors of the Association; provided, however, Directors shall be reimbursed for any transportation expenses reasonably incurred for attendance at regular and special meetings of the governing body and directors shall be entitled to reasonable per diem payments for attendance at regular and special meetings of the governing body.

3.12 Removal. Directors elected by Owners other than Declarant may be removed from the Executive Board pursuant to Section 38-33.3-303 of CCIOA; provided, however that Directors elected by Owners other than Declarant may only be removed from the Executive Board prior to the expiration of their term of office only by a vote of the voting power residing in Owners other than Declarant.

3.13 Appointment. Notwithstanding anything to the contrary contained herein, any director who is appointed by the Declarant may be removed by the Declarant at any time. Upon such removal, the Declarant shall immediately appoint a replacement director and notify the remaining directors, if any, of such removal and appointment.

#### IV. POWERS AND DUTIES OF THE EXECUTIVE BOARD

All of the powers and duties of the Association shall be exercised by the Executive Board including those existing under the common law, Colorado law, the Articles and the Condominium Documents. The Executive Board may do all such acts and things which are not specifically required to be done by the members of the Association by law, the Declaration, the Articles, or these Bylaws. Such powers and duties of the directors shall be exercised in accordance with the provisions of the Declaration, and shall include, but not be limited, to the following:

4.1 To adopt a budget and to levy and collect assessments against Owners to pay the expenses of the Units and the Association.

4.2 To levy and collect special assessments whenever, in the opinion of the Executive Board, it is necessary to do so in order to meet unanticipated operating or maintenance expenses or costs or additional capital expenses, or because of emergencies, subject to any limitations imposed by the Declaration and CCIOA.

4.3 To use the proceeds of assessments in the exercise of its powers and duties.

4.4 To maintain, manage, repair, replace, reconstruct, refurbish, improve and operate the Units.

4.5 To obtain and maintain insurance to protect the Association and the Units.

4.6 To promulgate and amend the Condominium Rules and Regulations respecting the use of Units. Such rules and regulations may be promulgated by the Executive Board at any duly noticed meeting of the Executive Board or of the members.

4.7 To administer and enforce by legal means the provisions of the Condominium Documents.

4.8 To contract for management of the Units and to delegate to such managing agent all powers and duties of the Association except such as are specifically required by the Condominium Documents to have approval of the Executive Board or members of the Association. Notwithstanding any provisions contained in these Bylaws to the contrary, the Executive Board shall not be able to terminate a contract for the management pursuant to Colo. Rev. Stat. § 38-33.3-305 without a vote of two-thirds (2/3) of the members of the Executive Board and by a vote of the Owners of two-thirds (2/3) of the Units including the Owners of two-thirds (2/3) of the Timeshare Interests that have been created in the Units.

4.9 To pay taxes and governmental or quasi-governmental assessments which are liens against any part of the Units, and to assess the same against the Owner or Owners subject to such liens.

4.10 To pay the cost of all power, water, sewer and other utility services rendered to the Units and not billed to Owners of individual Units or Timeshare Interests.

4.11 To employ and remove personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association, including, but not limited to, accountants and attorneys.

4.12 To bond any or all employees, officers and directors of the Association, for which the Association shall bear the costs. This duty shall include, but not be limited to, the duty to obtain fidelity insurance as required by CCIOA.

4.13 To maintain all books and records concerning the Units and the Timeshare Plan including, but not limited to, the maintenance of the membership register (including mailing addresses and telephone numbers), a copy of which shall be provided to the State of Colorado Real Estate Commission upon request. The membership register, books of account, minutes of members' and Executive Board meetings, and all other records of the Units maintained by the Association or the Managing Agent shall be made available for inspection and copying by any member or by any member's duly appointed representative, at any reasonable time for a purpose reasonably related to membership in the Association.

This inspection shall take place in accordance with the Declaration and these Bylaws at the office where the records are maintained. Upon receipt of an authenticated written request from a member along with the fee prescribed by the Executive Board to defray the costs of reproduction, the Managing Agent or other custodian of records shall prepare and transmit to the member a copy of any and all records requested.

The Association may, as a condition to permitting the inspection of the membership register or to its furnishing information from the register, require that the member agree in writing not to use, or allow the use of, information from the register for commercial or other purposes not reasonably related to the regular business of the Association and the member's interest in the Association.

A. The Board shall establish reasonable rules with respect to:

(1) Notice to be given to the Managing Agent or other custodian of records by members desiring to make the inspection or to obtain copies.

(2) Hours and days of the week when a personal inspection may be made.

(3) Payment of the cost of reproducing copies of records requested by a member.

B. Each director shall have the absolute right at any time to inspect all books, records, and documents of the Association and all real and personal properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of records.

4.14 To operate and administer any reservation system created for the Units, to amend or revise the reservation system as is necessary from time to time or to delegate responsibility or contract for management of same, to administer and enforce the provisions of the Hyatt Vacation Club Resort Agreement to the extent permitted under its terms and the Declaration and to collect assessments and perform other duties as permitted under the Declaration.

4.15 To lease, license or otherwise obtain and grant beneficial use rights of and easements burdening or benefiting the Units in accordance with the Declaration.

4.16 To administer and enforce the provisions of a master declaration, if any, to the extent permitted under such master declaration and to collect assessments and perform other duties on behalf of a master association as permitted under such master association's governing documents.

4.17 To maintain a current list of owners including current mailing addresses and to provide such list to a master association, if any, from time to time to facilitate notices that are required to be given to owners as members of such master association.

4.18 In general, to perform all other acts permitted under CCIOA, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the proper governance and operation of the Association and the Units, all in accordance with the Declaration.

## V. OFFICERS

5.1 General. The executive officers of the corporation shall be a president, a secretary, and a treasurer. Any person may hold two or more offices except that the president, if any, shall not also be the vice-president or secretary. The Executive Board shall from time to time elect such other officers and designate their powers and duties as the Executive Board determines necessary to manage the affairs of the Association. Except as may be required by law, officers need not be members or directors.

5.2 President. The president shall be the chief executive of the Association. He shall have all of the powers and duties which are usually vested in the office of president including, but not limited to, the power of appointing committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

5.3 Vice-President. If a vice-president is appointed, the vice-president shall in the absence of or disability of the president exercise the powers and duties of the president. He shall also generally assist the president and exercise such other powers and perform such other duties as shall be prescribed by the directors.

5.4 Secretary. The secretary shall keep the minutes of the proceedings of the directors and the members in a book available for inspection by the directors or members, or their authorized representatives, at any reasonable time. The Association shall retain these minutes for not less than seven (7) years. He shall attend to the giving and serving of all notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed.

5.5 Treasurer. The treasurer shall have custody of all property of the Association, including financial records, funds, securities and evidences of indebtedness. He shall keep the financial records of the Association and shall keep the assessment rolls, the accounts of the members, and the books of the Association in accordance with generally accepted accounting principles. He shall perform all other duties incident to the office of the treasurer of an Association and as may be required by the directors or the president.

5.6 Compensation. The compensation of all employees of the Association shall be fixed by the directors. This provision shall not preclude the Executive Board from employing a director or officer as an employee of the Association nor preclude the contracting with a director for the management of the Units.

## VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration and the Articles shall be supplemented by the following provisions:

### 6.1 Assessments.

A. The Executive Board of the Association shall fix and determine, from time to time, the sum or sums necessary and adequate for the Common Expenses of the Units. Common Expenses shall include the expenses for the operation, maintenance, repair or replacement of the Common Elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, replacement reserves and any other expenses designated as Common Expenses from time to time by the Executive Board, or under the provisions of the Declaration.

B. Assessments for a budget year shall be billed no less frequently than annually as directed by the Executive Board in consultation with the Managing Agent. Failure to bill in conformity with such time limits shall not affect the enforceability of assessments or the obligation of owners to pay assessments. Special assessments, should such be required by the Executive Board, shall be levied in the same manner as provided for regular assessments, and shall be payable in the manner determined by the Executive Board. If a member shall be in default in the payment of any assessment or taxes due on his interest, the Association shall have all collection rights available to it under CCIOA. If any unpaid share of Common Expenses or assessments is extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure thereof, the unpaid share of Common Expenses or assessments shall be Common Expenses collectible from all the Owners.

C. The assessment roll shall be maintained in a set of accounting books or records in which there shall be an account for each Unit and Timeshare Interest. Such an account shall designate the name and address of the members or member, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments. Assessments shall be made against members in an amount not less than required to provide funds in advance for payment of all of the anticipated current operating and reserve expenses and for all of the unpaid and unfunded operating and reserve expenses previously incurred. In the absence of a determination by the directors as to the frequency of assessments, assessments shall be due and payable annually. The personal liability of a member for assessments shall survive the termination of such member's membership in the Association.

D. Any member shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Unit or Timeshare Interest. The holder of a mortgage or other lien shall have the same right as to any Unit or Timeshare Interest upon which such holder has a lien. Any person who relies upon such certificate shall be protected thereby.

E. Notice of any meeting, whether a meeting of the Executive Board or of the members of the Association, at which assessments against members are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of such assessments.

### 6.2 Budget.

A. The Executive Board shall adopt a budget for each fiscal year which shall contain estimates of income and expenses of the Association. The proposed annual budget of Common Expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications. In

addition to annual operating expenses, the budget shall include adequate reserve accounts for capital expenditures, deferred maintenance, and repair or replacement of those Common Elements that must be replaced on a periodic basis. The budget shall include the costs and expenses of membership in the Hyatt Vacation Club that are attributable to the Resort as a Component Resort each calendar year. The budget shall also include proposed assessments against each Unit and Timeshare Interest. The budget must include the following items, as applicable:

- (1) The estimated revenue and expenses on an accrual basis.
- (2) A summary of reserve accounts for major components of capital expenditures and deferred maintenance having a remaining useful life of less than thirty years based upon the most recent review or study. The summary shall be printed in bold type and include the following:
  - (a) The current estimated replacement cost, estimated remaining useful life, and estimated useful life of each major component.
  - (b) As of the end of the Fiscal Year for which the study is prepared:
    - (i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.
    - (ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain the major components.
    - (iii) The percentage that the amount determined for purposes of (ii) above equals the amount determined for purposes of (i) above.
- (3) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain.

B. Copies of the proposed budget and proposed assessments described above (or a summary thereof) must be transmitted to each member after adoption by the Executive Board, except the first Fiscal Year, when the budget shall be distributed as soon as reasonably possible.

C. Unless the owners of sixty-seven percent (67%) of the Allocated Interests in the Units reject the budget, such proposed budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The Executive Board shall adopt a budget and submit the budget to a vote of the Owners as provided herein no less frequently than annually. The Executive Board shall levy, and assess the Association's annual assessments in accordance with the annual budget. The Executive Board may, in its discretion, establish separate and independent budgets for different types, classes and categories of Units in which case the Owners of such Units shall have the right to reject such independent budgets as provided in the Condominium Documents.

6.3 Dissemination of Information. The Executive Board shall disseminate to every member such information as may be required by Colorado law to be disseminated to members together with such other information as the Executive Board may determine should be distributed in the best interests of the Association or as may be directed by any lawful authority.

6.4 Depository. The depository of the Association shall be such bank or other institution as permitted by applicable Colorado law, as shall be designated from time to time by the Executive Board and from which the monies in such accounts shall be withdrawn only by checks signed by such persons as are authorized by the Executive Board.

6.5 Annual Accounting. The Association shall require the preparation of an annual accounting and financial statement for Association funds by the Managing Agent, public accountant or certified public accountant.

6.6 Fidelity Insurance. Fidelity bonds must be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, employees and contractors and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association in an amount not less than that required by Colorado law and in such additional amounts as the Executive Board may determine in the exercise of reasonable business judgment. Any such fidelity coverage shall name the Association as an obligee and such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

6.7 Funds. All funds and accounts of the Association being held by Managing Agent or other third persons shall be kept in an account separate from the Managing Agent's own funds and the funds of other parties held by such Managing Agent or third party, and all reserve funds of the Association shall be kept in an account separate from reserve funds.

6.8 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise established by the Executive Board.

## VII. PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Articles and Bylaws or with applicable law.

## VIII. AMENDMENTS

8.1 Bylaws. Amendments to the Bylaws shall be proposed and adopted in the following manner:

A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

B. An amendment may be proposed by either the Executive Board or by the membership of the Association. Except as otherwise provided herein, a resolution adopting a proposed amendment to the Bylaws must receive approval of not less than two-thirds (2/3rds) of all the directors until the first election of a majority of directors by Owners other than the Declarant. Thereafter, the Bylaws may be amended by not less than two-thirds (2/3rds) of all the directors and by not less than a majority vote of the members of the Association present in person or by proxy, at a duly called meeting of the Association. Notwithstanding any of the requirements of this subparagraph, and except as provided in Subsection 8.1.D, no amendment to these Bylaws may be enacted without the vote or written assent of at least ten percent (10%) of the voting power of the Association residing in members other than the Declarant. The percentage of the voting power of the Association necessary to amend a specific clause or provision of these Bylaws shall not be less than the percentage of affirmative vote prescribed for action to be taken under that clause or provision.

C. An amendment when adopted shall become effective ten (10) days after notice thereof is given to Owners.

D. These Bylaws shall be amended by the Declarant, if necessary, to make the same consistent with the provisions of the Declaration, to meet the requirements of any governmental entity or statute, as may be in the best interests of the Association, and as it may deem appropriate, in its sole discretion, to carry out the purposes of the project and to expand or enhance the Timeshare Plan or Multisite Timeshare Plan.

E. No Bylaw shall be revised or amended by reference to its title or number only. Proposals to amend existing bylaws shall contain the full text of the bylaws to be amended. New text shall be underlined, and deleted text shall be lined through. However, if the proposed change is so extensive that this procedure would hinder rather than assist the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language "Substantial rewording of Bylaw \_\_\_\_\_ for present text." Nonmaterial errors or omissions in the bylaw amendment process shall not invalidate an otherwise properly promulgated amendment.

8.2 Declaration. Amendments to the Declaration shall be prepared by an attorney licensed to practice in the state of Colorado. A copy of each amendment to the Declaration shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration in accordance with Colorado law and in accordance with the provisions of the Declaration governing amendments. The certificate shall be executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the public records of Eagle County.

#### IX. SEVERABILITY AND CONFORMITY TO STATE LAW

These Bylaws are to be governed by and construed according to the laws of the State of Colorado. If it should appear that any of the provisions hereof are in conflict with the Declaration or any rule of law or statutory provision of the State of Colorado, then such provisions of these Bylaws shall be deemed inoperative and null and void insofar as they may be in conflict therewith, and shall be deemed modified to conform to the Declaration or such rule of law.

#### X. MISCELLANEOUS

10.1 Definitions. The capitalized terms used in these Bylaws shall have the same meaning as the identical terms defined in the Declaration, unless the context otherwise requires.