

2/22/64

BYLAWS  
OF  
WATCH HILL CONDOMINIUM ASSOCIATION

The name of the corporation shall be the Watch Hill Condominium Association (the "Association").

ARTICLE I  
OBJECT

1. The purpose for which the Association is formed is to govern the Condominium Project situate in the County of Summit, State of Colorado, described in the Condominium Declaration for the Watch Hill Condominiums.

2. All present or future owners, tenants, future tenants or any other person that might use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws. The mere acquisition of any of the Units or the rental of a Unit in the Condominium Project or the mere act of occupancy of any of said Units will signify that these Bylaws are accepted, ratified and will be complied with.

3. All terms used in these Bylaws shall have the meanings ascribed to them in Article I of the Condominium Declaration for Watch Hill Condominiums.

ARTICLE II  
MEMBERSHIP, VOTING  
MAJORITY OF OWNERS, QUORUM, PROXIES

1. Membership. Any person on becoming an Owner of a Condominium Unit shall automatically become a member of the Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Condominium Unit but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and membership in the Association, or impair any rights or remedies which the Board of Managers of the Association or others may have against such former Owner and member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto.

2. Voting. The Owner or Owners of each Condominium Unit shall be entitled to one vote for each Unit owned. Except as otherwise specifically provided, an affirmative vote of the members representing a majority of the total votes present, either in person or by proxy, shall be required to transact business or to adopt decisions binding on all Unit owners.

3. Quorum. A quorum shall be constituted by members present in person or by proxy representing at least 50 per cent of all votes.

4. Proxies. Votes may be cast in person or by written proxy.

Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III  
ADMINISTRATION

1. Association Responsibilities. The Owners will constitute the Association, who will have the responsibility of administering the Project through a Board of Managers or Managing Agent.

2. Place of Meetings. Meetings of the Association shall be held at such place as the Board of Managers may determine.

3. Annual Meetings. The first annual meeting of the Association, at which time the members of the Board of Managers shall be elected, shall be held within ninety days after the closing of the purchase and sale of seventy-five per cent (75%) of all units in the Project. Thereafter, the annual meeting of the Association shall be held in the month of January on a day and at a time designated by the Board of Managers of each succeeding year.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the Association as directed by resolution of the Board of Managers or upon presentation to the Secretary of a petition signed by Owners representing at least 50 per cent of all votes. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. Any such meeting shall be held within thirty (30) days after receipt by the President of such resolution or petition.

5. Notice of Meetings. 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 it is to be held, to each Owner of record, at least ten (10) but not more than thirty (30) days prior to such meeting. The mailing of a notice by registered mail shall be considered notice served.

6. Performance of Functions by Declarant. Until seventy-five per cent (75%) of all Units in the Project have been sold, or until January 1, 1988, whichever is earlier, the rights, duties and functions of the Board of Managers shall, at the Declarant's option, be exercised by a Board of Managers consisting of three individuals appointed by Declarant who need not be Owners of Condominium Units.

ARTICLE IV  
BOARD OF MANAGERS

1. Number and Qualification. Until the first meeting of the Association, the affairs of this Association shall be governed by the Declarant. At the first meeting of the Association, there shall be elected to the Board of Managers three (3) Owners of Condominium Units and thereafter the Board of Managers shall consist of at least three persons.

2. Election of Board Members. The respective candidates for the office of Manager shall be elected by members who own Units. A majority of the

eligible votes cast, either in person or by proxy, shall determine an election of a Manager.

3. Powers and Duties. The Board of Managers shall have the power and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class Condominium Project.

4. Other Powers and Duties. Without limitation, the Board of Managers 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 Condominium Declaration, and supplements thereto.

(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 with the right to amend same from time to time. The Unit Owners may, either at any annual meeting or at a special meeting called for such purpose, amend the house rules and may adopt new house rules. House rules amended or adopted by the Owners may only be changed by the Owners. A copy of all such house rules shall be delivered or mailed to each member promptly upon adoption thereof.

(c) To at all times keep the Condominium Common Elements in good order, condition and repair.

(d) To insure and keep insured all of the insurable Common Elements of the Project (and also all fixtures; interior walls and partitions; decorated and finished surface of perimeter walls, floors and ceilings; doors; windows and other elements or materials comprising a part of the Condominium Units) in an amount equal to the replacement value as is provided in the Declaration. Further, to obtain and maintain comprehensive liability insurance covering claims for personal injury and property damage arising out of a single occurrence in the amount of \$1,000,000.00. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the Owners and their first mortgagees.

(e) To fix, determine, levy and collect the monthly or quarterly pro-rated assessment to be paid by each of the Owners towards the Common Expenses of the Condominium Project and to adjust, decrease or increase the amount of the monthly assessments based on current needs and past operating history. To levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies.

(f) To maintain a working capital account which shall be treated as an escrow account for each Owner.

(g) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and these Bylaws.

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

(i) To borrow funds for any purpose in connection with their duties and to execute all such instruments evidencing such indebtedness as is expressly authorized including mortgagees and other security agreements.

(j) To incur such costs and expenses, to designate and remove personnel and to enter into contracts as may be necessary to keep in good order, condition and repair all of the Common Elements and items of common personal property; provided, however, that there shall be no alterations, capital additions to, or capital improvements of the Common Elements requiring an expenditure in excess of \$5,000.00 without the prior approval of sixty-seven per cent (67%) of the Owners representing an aggregate ownership of sixty-seven per cent (67%) of the Common Elements. Any alteration, addition, or improvement to the Common Elements shall not change the percentage ownership, voting power or Common Expense obligation of any Owner.

(k) To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable.

(l) To keep and maintain full and accurate books and records showing all of the receipts, expenses, or disbursements and to permit examination thereof at any reasonable time by each of the Owners, and their mortgagees.

(m) To meet at least quarterly.

(n) Through a Managing Agent to designate the personnel necessary for the maintenance and operation of the Common Elements and the operation of the Units.

(o) To control and manage the use of the parking areas.

(p) To file corporate reports and tax returns.

(q) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable for operation of the Condominium Project.

5. No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Condominium Declaration, the Eylaws or the regulations and house rules adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Managers or the Managing Agent shall have the right to enforce the same thereafter.

6. Managing Agent. The Board of Managers may employ for the Association a Managing Agent at a compensation established by the Board to perform the duties listed in paragraph 4 of this Article IV; provided, however, that any agreement for professional management of the Project may not exceed three years and shall provide for termination by either party without cause and without payment of a

termination fee on ninety days or less written notice; however, the Board when so delegating shall not be relieved of its responsibility under the Declaration.

7. Election and Term of Office. At the first annual meeting of the Association the term of office of one Manager shall be fixed for one year; the term of office for two Managers shall be fixed for two years. At the expiration of the initial term of office for each respective Manager, his successor shall be elected to serve a term of two years. The Managers shall hold office until their qualified successors have been elected and hold their first meeting.

8. Vacancies. Vacancies on 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 vote of the majority of the remaining Managers, even though they may constitute less than a quorum; and each person so elected shall be a Manager until a successor is elected at the next annual meeting of the Association. Each vacancy shall be filled consistent with the qualifications set forth in paragraph 1 of this Article IV.

9. Removal of Managers. At any regular or special meeting of the Association duly called, any one or more of the Managers may be removed with or without cause, and, consistent with the qualifications set forth in paragraph 1 of this Article IV, a successor may then and there be elected to fill the vacancy thus created. Any Managers whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

10. Organization Meeting of Managers. The Board of Managers shall hold an organization meeting within ten days after the annual meeting of the Association at such place as shall be fixed by the Board of Managers at said annual meeting, and no notice shall be necessary to the incumbent or the newly elected Managers in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

11. 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 such meetings shall be held at least quarterly during each fiscal 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 seven days prior to the day named for such meeting.

12. Special Meetings. Special meetings of the Board of Managers may be called by the President on five days' notice to each Manager, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) 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 on the written request of at least two Managers.

13. 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, no notice shall be required and any business may be transacted at such meeting.

14. 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.

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

#### ARTICLE V FISCAL MANAGEMENT

Any Owner, or mortgagee, of a Condominium Unit may inspect the records of receipts and expenditures of the Board of Managers during weekday business hours at a location to be set forth by the Board of Managers, and, upon ten days written notice to the Managing Agent or Board of Managers and payment of a reasonable fee, any 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 VI COMMITTEES

The Board of Managers may appoint the following committees: Executive Committee, Nominations Committee, Maintenance Committee, Audit Committee, and such other committees as in the judgment of the Board of Managers are necessary.

#### ARTICLE VII OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Managers, and such assistant officer positions as the Board of Managers may, from time to time, direct be filled. Assistant officers need not be Board members. The Office of Assistant Secretary need not be a member of the Association or a Board member.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the organization meeting of each Board and shall hold the office at the pleasure of the Board.

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 any special meeting of the Board called for such purpose.

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 Managers. 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, except as is otherwise provided in these

Bylaws, from among the Owners from time to time as he may in his discretion decide is appropriate.

5. Vice-President. The Vice-President shall have the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties.

6. Secretary. The Secretary shall keep all the minutes of the meetings of the Board of Managers and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Managers may direct; and he 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 registered mailing addresses. Such list shall also show opposite each member's name the number or other appropriate designation of the Unit owned by such member. 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.

7. Treasurer. The Treasurer shall cause to be furnished to him monthly a copy of the receipts and disbursements in proper accounting form. The Treasurer may delegate the responsibility for the deposit of all monies and all valuable effects to the Managing Agent, and the Treasurer, from time to time, shall review such deposits.

ARTICLE VIII  
INDEMNIFICATION OF  
OFFICERS, MANAGERS AND MANAGING AGENT

1. Indemnification. The Association shall indemnify each Manager, officer, Managing Agent, their respective successors, personal representatives and heirs, against all losses, costs and expenses, including counsel fees, reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party by reason of being or having been a Manager, officer or Managing Agent of the Association, except as to matters as to which such person(s) 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 as to which 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 Managers, officer or Managing Agent in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Manager, officer or Managing Agent may be entitled. All liability, loss, damage, cost and expense incurred or 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 a Common Expense.

ARTICLE IX  
OBLIGATION OF THE OWNERS

1. Assessments. All Owners shall be obligated to pay the monthly

assessments imposed by the Association to meet all the expenses incurred by this Association. An Owner shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of Owners, within the meaning of these Bylaws, if and only if he shall have fully paid all assessments made or levied against him and the Condominium Unit owned by him.

2. Notice of Lien or Suit. An Owner shall give notice to the Association of every lien or encumbrance upon his Condominium Unit other than for taxes and special assessments, and notice of every suit or other proceeding which may affect the title to his Condominium Unit and such notice shall be given within five days after the Owner has knowledge thereof.

3. Maintenance and Repair.

(a) Every Owner shall be obligated for the expense of all maintenance and repair work within his own Unit, which, if omitted, would affect the habitability of the Unit. The Managing Agent shall cause the necessary work to be accomplished in order to maintain the Unit in a first class condition.

(b) All maintenance and repairs of internal installations (those utilities within a Unit commencing at a point where they enter a Unit and which service only that Unit) within the Unit such as water, light, gas, power, sewage, telephone, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures including furniture and other items of personal property, shall be at the Unit Owner's expense.

(c) An Owner shall be obligated to reimburse the Association or Unit Owner promptly upon receipt of a statement for any expenditures incurred by the Association or other Unit Owner or both in repairing, replacing or restoring any Common Element or the interior or any part of a Unit damaged as a result of his negligence or the negligence of his tenants or agents.

4. Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of a mechanic's lien filed against other Condominium Units and the appurtenant Common Elements for labor, materials, services or other products incorporated in the Owner's Unit. In the event such a lien is filed and/or a suit for foreclosure of mechanic's lien is commenced, the Board of Managers may require such Owner to deposit with the Association cash or negotiable securities equal to one and one-half of the amount of such claim plus interest for one year together with the sum of One Hundred Fifty Dollars, which latter sum may be used by the Association for any losses, costs and expenses incurred, including attorney's fees. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursement of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment of settlement. Any deficiency shall be paid forthwith by the subject Owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the Owner and a lien against his Condominium Unit which may be foreclosed as is provided in the Declaration. All costs, losses and expenses incurred by the Association shall be forthwith reimbursed to it by such Owner(s).

5. General.

(a) Each Owner shall comply strictly with the provisions of all legal and other documents affecting his Unit and the Common Elements, including these Bylaws.

(b) Each Owner shall always endeavor to observe and promote the cooperative purpose for which the Condominium Project was built.

6. Use of Units - Internal Changes. All Units shall be utilized only for residential purposes by the Owner, invitees and Tenants and as limited by the Condominium Declaration for the Project.

7. Use of Common Elements. Each Owner may use the Common Elements of the completed Condominium Project in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners.

8. Right of Entry.

(a) An Owner hereby grants the right of entry to the Managing Agent or to any person authorized by the Board of Managers in case of an emergency originating in or threatening his Unit, whether the Owner is present at the time or not.

(b) An Owner shall permit other Owners, or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that request for entry is made in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

9. Other Liens Prohibited. No liens other than mechanic's liens, assessment liens and tax liens may attach to any of the Common Elements. An Owner shall take no action which would or may result in the creation of any lien other than a mechanic's lien, assessment lien or tax lien against another Unit or the Common Elements then existing in which the Unit Owner has a percentage ownership.

ARTICLE X  
RECREATIONAL FACILITIES

The Association has the right in the future to acquire and establish recreational facilities and may adopt rules and regulations regarding the use and operation thereof, and establish reasonable charges for the use thereof in the future, but shall have no affirmative obligation to do so.

ARTICLE XI  
SERVICES

The Association shall initially provide the following services to be paid for from the Common Expenses, which may be amended or supplemented from time to time

by the Board of Managers:

1. Snow removal from the General Common Elements.
2. Grounds maintenance
3. Trash removal.
4. Lighting of Common Elements.
5. Water and Sewer Services.

ARTICLE XII  
AMENDMENTS TO BYLAWS

1. Bylaws. These Bylaws and the Articles of Incorporation may be amended by majority vote of the Board of Managers of the Association at a meeting duly called for such purpose. A majority of the Unit Owners may, at any annual meeting, or a special meeting called for such purpose, amend these Bylaws. Any such amendment adopted by the Unit Owners may only be changed by the Unit Owners.

2. Agency Approval. Until such time as the Declarant has conveyed, leased, or rented seventy-five (75%) of the Condominium Units within the Project, or December 31, 1988, whichever event first occurs, the approval of the Veterans Administration or the Federal Housing Administration of the U.S. Department of Housing and Urban Development, if such agencies or entities have insured, guaranteed, or own any mortgages on Condominium Units located at the Project, shall be required for any amendments to the Articles of Incorporation or these Bylaws.

ARTICLE XIII  
MORTGAGES; SALES

1. Notice to Association. An Owner who intends to sell or mortgage his Unit shall notify the Association through the Managing Agent or the Secretary of the Board of Managers prior thereto, giving the name and address of his Purchaser or mortgagee. The Association shall maintain such information in its files.

2. Registration of Mailing Address. The Owner of each Condominium Unit shall have one and the same registered mailing address to be used by the Managing Agent or the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the address of the Unit, unless said Owner by written notice to the Association specified another mailing address to be used by the Association and/or Managing Agent.

3. Required Proxies. If title to a Condominium Unit is held by more than one person or by a firm, corporation, partnership, cooperative association, association, or other legal entity, or any combination thereof, such Owners shall execute a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings of members and thereat to cast the Unit's vote. Such proxy shall be effective and remain in force unless voluntarily revoked, amended, or sooner terminated by operation of law; provided, however, that within thirty days after such revocation, amendment or termination, the Owner shall reappoint and authorize one person or alternate persons to attend all annual and special meetings as is provided by this paragraph 3. The requirements herein

contained in this Article XIII shall be first met before an Owner shall be deemed in good standing and entitled to vote at any annual or special meeting of members.

ARTICLE XIV  
ABATEMENT AND ENJOYMENT  
OF VIOLATIONS BY UNIT OWNERS

1. Abatement and Enjoinment. The violation of any rule or regulation adopted by the Board of Managers, or the breach of any Bylaw, or the breach of any provisions of the Declaration, shall give the Board of Managers or the Managing Agent the right, in addition to any other rights set forth therein, (a) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Managers or Managing Agent shall not be deemed guilty in any manner of trespass or any other civil or legal violation; and (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XV  
NON-PROFIT

This Association is not organized for profit. No member, member of the Board of Managers, or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the fund or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Managers; provided, however, always (1) that reasonable compensation may be paid to any member, director, officer or Manager while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member or Manager 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.

ARTICLE XVI  
EXECUTION OF DOCUMENTS

The persons who shall be authorized to execute any and all instruments of conveyance under the provisions of the Declaration shall be the President and the Secretary or Assistant Secretary of the Association, and the same persons shall be authorized to execute promissory notes as is provided in paragraph 4(1) of Article IV of these Bylaws.

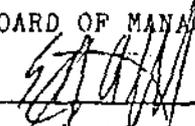
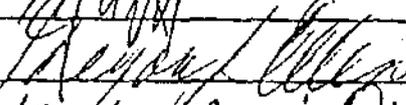
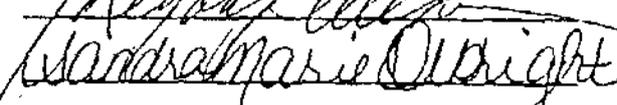
ARTICLE XVII  
ATTORNEY IN FACT

Owners shall have the right to irrevocably constitute and appoint the beneficiary of a deed of trust their true and lawful attorney to vote their Unit membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominee any and all rights, privileges and powers that they have as Unit Owners under the Certificate of Incorporation and Bylaws of this

Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of notice by the beneficiary with the Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of a default under the deed of trust or the failure, neglect or refusal of the Association, the Managing Agent or the Unit Owners to carry out their duties as set forth in the Declaration. A release of the beneficiary's deed of trust shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Condominium Unit Owners, as mortgagors, of their duties and obligations as Condominium Unit Owners or to impose upon the beneficiary of the deed of trust the duties and obligations of a Unit Owner.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 12th day of July, 1984.

BOARD OF MANAGERS

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
Marianne O'Rourke

KNOW ALL MEN BY THESE PRESENTS: That the undersigned Secretary of the corporation does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Managers of said corporation as the Bylaws of said corporation on the 12th day of July, 1984, and that they do now constitute the Bylaws of said corporation.

ATTEST

  
\_\_\_\_\_  
Secretary

SECOND AMENDMENT TO THE CONDOMINIUM DECLARATION  
FOR WATCH HILL CONDOMINIUMS

WHEREAS, Colorado First Construction Co., a Colorado corporation executed a Condominium Declaration for Watch Hill Condominiums dated July 12, 1984 and recorded July 13, 1984 at Reception No. 280847 of the Summit County, Colorado records (hereinafter the "Declaration"); and recorded a Building B Supplement to the Condominium Declaration for Watch Hill Condominiums dated July 12, 1985 and recorded July 16, 1985 at Reception No. 300039 of the Summit County, Colorado records (hereinafter the "Building B Supplement"); and recorded a Special Amendment to the Condominium Declaration for Watch Hill Condominiums dated July 19, 1985 and recorded September 23, 1985 at Reception No. 303793 of the Summit County, Colorado records; and

WHEREAS, there is an inconsistency in the assessment for common expenses provision of the Declaration and in the Building B supplement; and

WHEREAS, pursuant to Paragraph 29(a) of the Declaration, this Condominium Project can no longer be enlarged; and

WHEREAS, Paragraph 22(a) of the Declaration provides that the Declaration may be amended if seventy-five per cent(75%) of the Owners and sixty-seven per cent(67%) of the First Mortgagees of Condominium Units consent and agree to such amendment by instrument(s) duly recorded; and

WHEREAS, the Owners and First Mortgagees now wish to amend this declaration to eliminate this inconsistency;

NOW THEREFORE, the undersigned seventy-five per cent(75%) of the Owners and sixty-seven per cent(67%) of the First Mortgagees hereby amend the Declaration and the Building B Supplement as follows:

Paragraph 29(e) of the Declaration and the sentence from the Building B Supplement "The Common Expenses of each Condominium Unit shall be determined by multiplying the total amount of funds needed by a fraction, the numerator of which shall be one, and the denominator of which shall be the total number of Condominium Units submitted to this Project." shall be eliminated in their entirety and are replaced with the following:

The assessments for Common Expenses shall be divided among all the Units as follows: 1) those costs and expenses for water and sewer service and for the Managing Agents shall be borne equally by all the Units; 2) all other costs and expenses shall be borne by the Owners according to the percentage of ownership of the Common Elements as stated in Exhibit A hereto.

EXHIBIT A  
TO THE SECOND AMENDMENT TO THE CONDOMINIUM DECLARATION  
FOR WATCH HILL CONDOMINIUMS

Fractional Interest in the Common Elements of the Owner of Each Unit:

<u>UNIT NO.</u>	<u>FRACTIONAL INTEREST</u>
95111	3.87%
95112	3.89%
95113	5.19%
95114	2.61%
95115	3.89%
95121	5.17%
95122	5.19%
95123	6.49%
95124	3.99%
95125	5.19%
95211	3.87%
95212	3.89%
95213	2.61%
95214	5.19%
95215	3.89%
95216	3.87%
95221	5.17%
95222	5.19%
95223	3.99%
95224	6.49%
95225	5.19%
95226	5.17%



# STATE OF COLORADO

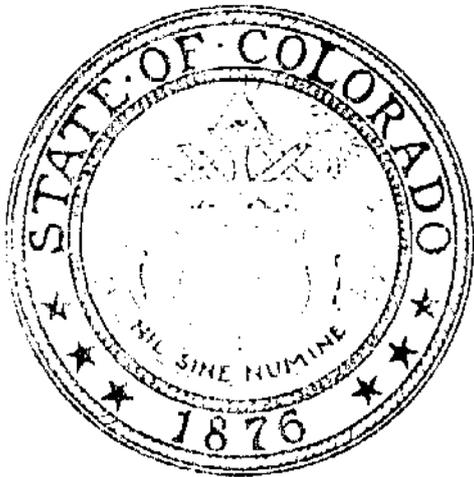


DEPARTMENT OF  
STATE

CERTIFICATE

*I, NATALIE MEYER, Secretary of State of the State of Colorado hereby certify that the prerequisites for the issuance of this certificate have been fulfilled in compliance with law and are found to conform to law.*

*Accordingly, the undersigned, by virtue of the authority vested in me by law, hereby issues* A CERTIFICATE OF INCORPORATION  
TO WATCH HILL CONDOMINIUM ASSOCIATION, A NONPROFIT CORPORATION.



*Natalie Meyer*  
SECRETARY OF STATE

DATED: JULY 16, 1984

2/22/84

461

NOT FOR PROFIT

FILED

JUL 16 1984

STATE OF COLORADO  
DEPARTMENT OF STATE

ARTICLES OF INCORPORATION  
OF

94 JUN 13 AM 10:30 WATCH HILL CONDOMINIUM ASSOCIATION

The undersigned natural person hereby establishes a nonprofit corporation pursuant to the Colorado Nonprofit Corporation Act and adopts the following Articles of Incorporation.

ARTICLE I  
NAME

The name of this corporation shall be Watch Hill Condominium Association, (the "Association").

ARTICLE II  
DURATION

This Association shall have perpetual existence.

ARTICLE III  
PURPOSES

The objects and purposes for which this Association is formed are as follows:

1. To be and constitute the Association to which reference is made in the Condominium Declaration for Watch Hill Condominiums (the "Declaration"), to be recorded in the records of the Clerk and Recorder of Summit County, Colorado, and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association.

2. To provide an entity for the furtherance of the interests of all Owners of Condominium Units with the objective of establishing and maintaining the Condominium Project with the highest possible quality and value and enhancing and protecting its value, desirability, and attractiveness.

ARTICLE IV  
POWERS

In furtherance of its purposes, the Association shall have all of the powers conferred upon corporations not for profit by the statutes and common law of the State of Colorado in effect from time to time, including all of the powers necessary or desirable to perform the obligations and duties and exercise the rights and powers of the Association under the Declaration subject to the Declaration and the Bylaws which will include, but shall not be limited to, the following:

1. To make and collect assessments against members of the Association for the purpose of payment of the Common Expenses (including all expenses incurred in exercising its powers or performing its functions);

2. To manage, control, operate, maintain, repair, and improve the Common Elements;

3. To enforce the terms, covenants, restrictions, conditions, uses, limitations, and obligations set forth in the Declaration and in the Bylaws of the Association and to make and enforce rules and regulations as provided therein;

4. To engage in activities which will actively foster, promote and advance the interests of all Owners of Condominium Units, including the Declarant;

5. To acquire (by gift, purchase, or otherwise) own, improve, operate, maintain, convey, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association.

6. To borrow money with the written consent of seventy-five per cent (75%) of the Owners of the Units, and, with such Owners written consent, to mortgage, pledge, encumber or hypothecate any or all of the Association's real or personal property as security for money borrowed or debts incurred.

#### ARTICLE V MEMBERSHIP

1. The Association shall be a membership Association without certificates or shares of stock. There shall be one class of membership, and each Owner of an interest in a Condominium Unit shall be a member.

2. Each member shall have the voting rights set forth in the Declaration on all matters in which members are entitled to vote. Each member, or group of members, owning a Condominium Unit shall be entitled to one vote for each Unit owned.

3. A member of this Association shall not assign, encumber or transfer his membership in any manner and shall automatically cease to be a member upon termination of his ownership interest in a Condominium Unit.

4. Upon conveyance of a Condominium Unit to a new Owner or group of Owners, each such new Owner shall automatically become a member of this Association.

5. Members shall have the right to be or become Owners of more than one Condominium Unit.

6. The Association may suspend the voting rights of a member for failure to comply with the rules and regulations of this corporation or with any other obligations of Owners of Condominium Units under the Declaration or Bylaws of the Association.

7. The Bylaws of the Association shall contain provisions setting forth the rights, privileges, duties and responsibilities of its members.

#### ARTICLE VI BOARD OF MANAGERS

1. The business and affairs of this Association shall be conducted, managed and controlled by a Board of Managers. The Board of Managers shall consist of that number of persons set forth in the Bylaws of the Association, all of whom shall be members of the Association. Notwithstanding anything to the contrary provided herein, until the Units within the Project have been sold (meaning that

title to said Condominiums has been conveyed by the Declarant), or until January 1, 1988, whichever is earlier, the members of the Board of Managers shall be appointed by the Declarant and need not be Owners of Condominium Units; provided, however, that Declarant shall have an option at any time to turn over control of the Board of Managers to the Owners upon sixty (60) days' prior written notice.

2. Except as provided in Paragraph 1 above, members of the Board of Managers shall be elected by the members of the Association in the manner set forth in the Bylaws of the Association.

3. Managers may be removed and vacancies filled in the manner set forth in the Bylaws of the Association.

4. The names and addresses of the members of the first Board of Managers who shall serve until their successors are duly qualified, are as follows:

<u>NAME</u>	<u>ADDRESS</u>
1. E. J. Olbright	P.O. Box 98, Dillon, Colorado 80435
2. Greg Ellena	P.O. Box 98, Dillon, Colorado 80435
3. Sandra Olbright	P.O. Box 98, Dillon, Colorado 80435

Any vacancies in the Board of Managers occurring before the first election of Managers shall be filled by the remaining Managers.

#### ARTICLE VII OFFICERS

The Board of Managers may appoint a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers as the Board believes will be in the best interests of the Association. The officers shall have such duties as may be prescribed in the Bylaws of this Association and shall serve at the pleasure of the Board of Managers.

#### ARTICLE VIII CONVEYANCES AND ENCUMBRANCES

Corporate property may be conveyed or encumbered by authority of the Board of Managers or by such person or persons to whom such authority may be delegated by resolution of the Board. Conveyances and encumbrances shall be by an instrument executed by the President or a Vice-President and attested by the Secretary or an Assistant Secretary, or executed by such other person or persons to whom such authority may be delegated by the Board.

#### ARTICLE IX INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Association shall be at 112 Dillon Mall, Dillon Plaza Building, Suite 305, Dillon, Colorado 80435. The initial registered agent shall be Greg Ellena.

ARTICLE X  
AMENDMENTS

Amendments to these Articles of Incorporation shall be adopted in the manner set forth in the Bylaws of the Association; provided, however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with the provisions of the Declaration.

ARTICLE XI  
MANAGER'S FUNCTIONS

The Association, by its Board of Managers, may obtain and pay for the services of a Managing Agent to administer and manage the affairs of this Association and be responsible for the operation, maintenance, repair and the improving of the Common Elements and all of the exterior portions of the improvements and to keep the same in good, attractive and sanitary condition, order and repair. The cost of such services shall be borne by the members as provided in the Declaration and in the Bylaws of the Association. Maintenance of the Common Elements, billing and collection of Common Expenses, preparation of an operation budget, maintenance of files, books and records, the employment of personnel to perform such duties and other services and functions may be performed by the Managing Agent.

ARTICLE XII  
GENERAL

The Association is formed exclusively to provide for the management, maintenance and care of the Condominium Project within the meaning of Section 528 of the Internal Revenue Code. The Association is not formed for pecuniary profit or financial gain and no part of the Association's net earnings, profits or income is distributable to or shall inure to the benefit of its members, directors or officers or any other private individual except to the extent permitted under the Colorado Nonprofit Corporation Act and Section 528 of the Internal Revenue Code.

ARTICLE XIII  
DISSOLUTION

Upon the dissolution of the Association, the balance of all assets after payment of all liabilities and obligations of the Association shall be disposed of exclusively for purposes within these Articles of Incorporation or Section 528 of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE XIV  
INCORPORATOR

Michael L. Canning, acting as the incorporator under the Colorado Nonprofit

Corporation Act, whose address is 620 Main Street, Frisco, Colorado 80443, signs and acknowledges these Articles of Incorporation for such Association on the date indicated hereinbelow.

INCORPORATOR:

Connie S. Meade  
Connie S. Meade

July 12, 1984  
Date of Execution

STATE OF COLORADO     )  
                                  )ss.  
County of Summit        )

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of July, 1984 by Connie S. Meade.

My commission expires: 6-14-88

Linda M. Wilson  
Notary Public  
Box 200, Frisco, Colo 80443  
Address