

**BYLAWS
OF
PARK EAST SUBDIVISION HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE 1
GENERAL**

1.1 **Purpose.** These Bylaws are adopted for the regulation and management of the affairs of Park East Subdivision Homeowners Association, Inc. (the "Association"). The Association has been organized as a Colorado nonprofit corporation and constitutes the Association as set forth in the Declaration of Protective Covenants for Park East Subdivision, City of Glenwood Springs, Garfield County, Colorado ("Declaration").

1.2 **Effect.** All present or future Owners, tenants, or any other person having an interest in any lot within the Park East Subdivision (hereinafter referred to as a "Lot" or "Lots") are and shall be subject to the regulations set forth in these Bylaws. The acquisition or rental of any Lot, or the act of occupancy of any Lot, will signify that these Bylaws are accepted, ratified and will be complied with by such occupant.

1.3 **Terms.** Terms used herein which are defined in the Declaration shall have the same meaning and definition as in the Declaration.

1.4 **Controlling Laws and Instruments.** These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Nonprofit Corporation Act, the Colorado Common Interest Ownership Act, the Declaration and the Articles of Incorporation of the Association, as any of the foregoing may be amended from time to time.

**ARTICLE 2
MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES**

2.1 **Members.** Membership in the Association shall consist of the following:

a. Any person acquiring an interest in a Lot, including Declarant (as defined in the Declaration) but not a mortgagee, beneficiary under trust deed, or a lien claimant, shall automatically become a member of this Association, subject to the provisions of the Articles of Incorporation and these Bylaws. No person or entity other than an Owner, as defined in the Declaration, may be a member of the Association. On the sale or transfer of a Lot by an Owner, his membership in the Association shall terminate, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in connection with the Association during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto. A membership in the Association and the shares of a member in the assets of the Association shall not be assigned, encumbered or transferred in any manner, except appurtenant to transfer of title to a Lot to which the membership pertains; provided, however, that the right of membership may be assigned to the holder of

a mortgage, deed of trust, or other security instrument on a property as further security for a loan secured by a lien on the property. A transfer of membership shall occur automatically on transfer of title to the Lot to which the membership pertains;

b. Declarant, as to a special membership after it ceases to be the Owner of any Lot in Park East.

The Association shall be a membership association without certificates or shares of stock. There shall be two classes of membership in the Association: (i) Owners of Lots shall have a Class "A" voting membership, and (ii) Declarant shall have a Class "B" nonvoting membership that shall be activated at such time as Declarant ceases to be the Owner of any Lots and may be relinquished at any time thereafter upon written notice to the Association.

2.2 **Voting.** The Owner or Owners of each Lot, as Class "A" voting members, shall be entitled to one vote for each Lot so owned. If title to a Lot is held by more than one person, such Owners shall provide written notice to the Association appointing and authorizing one person to attend all annual and special meetings of members and thereat to cast the vote applicable to the Lot. No fractional voting shall be permitted. Such written notice shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that, within thirty (30) days after such revocation, amendment or termination, the Owners shall reappoint and authorize one person to attend all annual and special meetings as provided in this Section 2.2. If the several Owners of any Lot are unable or unwilling to designate a particular Owner to vote, the membership appurtenant to such Lot shall not be entitled to vote on any Association matter until such designation is made. Subject to the right reserved in Declarant as set forth herein and in the Declaration to appoint and remove members of the Board, in any election of the Board, every Owner entitled to vote shall have the right to cast one vote for each vacancy or question presented to the membership. No cumulative voting shall be allowed.

2.3 **Majority of Lot Owners.** As used in these Bylaws, the term "majority of Lot Owners" shall mean fifty-one percent (51%) of the voting rights. The affirmative votes of a majority of the total of all Members entitled to vote on any matter shall constitute approval of such matter.

2.4 **Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of fifty one percent (51%) of the voting interests of the membership of the Association shall constitute a quorum. An affirmative vote of a majority of the votes entitled to be cast at a meeting, determined by the presence of the voters or by proxy, shall be required to transact business.

2.5 **Proxies.** Votes may be cast in person or by proxy. Proxies shall be in writing, and the signatures must be witnessed or acknowledged. Proxies must be filed with the Secretary before the appointed time of each meeting. No proxy shall be valid for a period longer than eleven (11) months after the date thereof.

2.6 **Records.** All property Owners shall have the right to inspect the books and records of the Association at reasonable times upon reasonable advance notice to the Secretary.

ARTICLE 3
ADMINISTRATION, MEETINGS OF MEMBERS

3.1 **Association Responsibilities and Powers.** The Owners of the Lots will constitute the members of the Association, which will have the responsibility of administering the subdivision through its Board of Directors. Each Owner agrees that the Association has all the powers granted it under the Act, the Declaration and the Colorado Revised Nonprofit Corporation Act and any replacements or amendments thereto.

3.2 **Place of Meetings.** Meetings of the Association shall be held at such place as the Board of Directors may determine.

3.3 **Annual Meetings.** The annual meeting of the Association shall be held on the first day of whatever month of the year that the Board of Directors shall designate. Such designation shall be made on or before May 1 of each year. The first annual meeting shall be held no later than October 1, 2000. At such meetings, directors shall be elected by ballot of the members in accordance with the requirements of the Declaration and these Bylaws. The Owners may also transact such other business of the Association as may properly come before them and adopt or amend administrative rules and regulations governing the operation and use of the common elements.

3.4 **Special Meetings.** The President shall call a special meeting of the members when so directed by resolution of the Board of Directors, or upon presentation to the Secretary of a petition signed by ten percent (10%) of the members. No business shall be transacted at a special meeting, except as stated in the notice, unless by unanimous consent of the property Owners either in person or by proxy.

3.5 **Notices.** Notices of annual and special meetings shall be given by the President or Secretary of the Association by regular mail addressed to the registered addresses of the members at least fifteen (15) days prior to the date set for such meeting. Any such notice shall state the date, time and place of the meeting, and, if the meeting is a special meeting, the purposes thereof. Waiver of notice, either in person or by proxy, and signed either before, at or after any meeting, shall be a valid substitute for service. The certificate of the President or Secretary that notice was duly given shall be prima facie evidence thereof.

3.6 **Adjourned Meeting.** If any meeting of members cannot be organized because a quorum has not attended, the members who are present either in person or by proxy may adjourn the meeting to a time not less than thirty (30) days from the time the original meeting was called.

ARTICLE 4
BOARD OF DIRECTORS
(POWERS AND MEETINGS)

4.1 Number and Qualification. The affairs of this Association shall initially be governed by a Board of Directors composed of three (3) persons. At the termination of Declarant's control, as set forth in the Declaration, the Board shall consist of five (5) persons who are Lot Owners at the time of election (hereinafter referred to as the "Board"). The members of the Association may change the number of members of the Board within the limits imposed by the Articles of Incorporation of the Association at any annual or special meeting called for that purpose.

4.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association.

4.3 Other Powers and Duties. The Board shall be empowered, and shall have the following duties:

 a. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration;

 b. To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Common Ownership Area, with the right to amend the same from time to time;

 c. To keep the Common Ownership Area in good order, condition and repair;

 d. To insure and keep in force insurance as provided in the Declaration;

 e. To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the Owners toward the gross expenses of the Association; and, by majority vote of the Board, to adjust, decrease or increase the amount of the monthly assessments. 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. All monthly or other assessments shall be mailed to the registered mailing address of the Owner not later than on the first day of each month;

 f. To set aside, from time to time, those sums it deems expedient as a reserve fund to meet contingencies, and for any other Association purposes;

 g. To collect delinquent assessments by suit, foreclosure 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 Common Ownership Area from loss and damage by suit or otherwise;
- i. To borrow funds and to execute all such instruments evidencing such indebtedness as is expressly authorized;
- j. To enter into contracts within the scope of their duties and powers;
- k. To establish a bank account for the common treasury, and for all separate funds which are required and deemed to be advisable by the Board;
- l. To keep and maintain full and accurate books and records showing all of the receipts, and expenses or disbursements, and to permit examination thereof at any reasonable time by each of the Owners and/or their mortgagees;
- m. To prepare and deliver annually to each Owner a statement showing in at least summary form all receipts, expenses or disbursements since the last such statement;
- n. To meet at least annually;
- o. To appoint various committees and to hire employees and determine the compensation to be paid to such employees;
- p. To designate and remove the personnel necessary for the maintenance and operation of the Common Ownership Area; and
- q. In general, to carry on the administration of this Association, and to do all of those things necessary and reasonable in order to carry out the communal aspect of property ownership.

4.4 Election and Term of Office. At the organizational meeting of the Association, the initial directors of the corporation shall be elected by Declarant for a term which will expire on the first annual meeting of the Association. Each member so elected (or, in the case of a member which shall not be a natural person, a natural person appointed by such member to serve as a director) shall be a director at all times. By instrument signed by Declarant and duly recorded in the real estate records of Garfield County, Colorado, Declarant may relinquish its control over the Board of Directors sooner than the time period set forth in the Declaration. After the period in which Declarant has the exclusive right to appoint a majority of the members of the Board, the Board shall be controlled as provided in the Declaration and Article 2.2 hereof.

4.5 **Vacancies.** Vacancies in the Board 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 in the next annual meeting of the Association.

4.6 **Removal of Directors.** At any regular meeting, or at any special meeting called for that purpose, any one (1) or more of the directors may be removed with or without cause by a majority of the members, and a successor then and there may be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

4.7 **Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings of the Board 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.

4.8 **Special Meetings.** Special meetings of the Board may be called by the President on three (3) days' notice to each director 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 shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

4.9 **Waiver of Notice.** Before, at or after any meeting of the Board, 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 be a waiver of notice of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

4.10 **Quorum.** At all meetings of the Board, a majority thereof 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. If, at any meeting of the Board, there is 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.

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