

BYLAWS  
OF THE  
MESA RIDGE TOWNHOME ASSOCIATION

ARTICLE I

Definitions

The terms used herein shall have the same meaning as such terms have in the Declaration of Covenants, Conditions and Restrictions for Mesa Ridge Townhomes and any supplemental declaration (collectively, the "Declaration"), to be recorded with the Clerk and Recorder of Garfield County, Colorado and in the final plat and any supplemental plat (collectively, the "Plat"), as recorded with the Clerk and Recorder of Garfield County, Colorado. Such terms shall include the common space parcels (the "Common Space Parcels") as designated in the Declaration or on the Plat; all expenses declared to be common expenses by the Declaration, these bylaws or the board of directors of the Mesa Ridge Townhome Association ("Common Expenses"); any townhome lot subject to the Declaration and known as a part of Mesa Ridge Townhomes ("Townhome Lot"); any real estate managing firm hired by the Mesa Ridge Townhome Association to perform services set forth in the Declaration ("Managing Agent"); the beneficiary of a deed of trust encumbering an interest in a Townhome Lot ("Mortgagee"); the record owner of one or more Townhome Lots ("Owner"); and any land and improvements set forth in the Declaration and the Plat and known as Mesa Ridge Townhomes (the "Project").

ARTICLE II

Offices

The principal office of the corporation (the "Association") shall be 73G Sipprelle Drive, Battlement Mesa, Colorado 81635. The Association also may have offices and may carry on its purposes at such other places within and outside the State of Colorado as the board of directors (the "Board") may from time to time determine.

## ARTICLE III

### Membership, Voting, Quorum and Proxies

1. Membership. The members of the Association (the "Members") shall be determined as set forth in the articles of incorporation from time to time.

2. Voting Rights. The voting rights of the Members shall be as set forth in the articles of incorporation and these bylaws from time to time.

3. Quorum. Except as otherwise provided in these bylaws, the presence in person or by proxy of Members entitled to vote more than 20 percent of the total votes of the Members shall constitute a quorum.

4. Proxies. Votes may be cast in person or by proxy. Every proxy must be executed in writing by the Member or his duly authorized attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date of its execution unless otherwise provided in the proxy.

5. Majority Vote. At any meeting of Members where a vote is required, if a quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the Members unless the vote of a greater number is required by law, the articles of incorporation, the Declaration, or these bylaws as from time to time in force and effect.

## ARTICLE IV

### Administration

1. Annual Meetings. The annual meeting of the Members for the purpose of electing directors and for the transaction of such other business as may come before the meeting shall be held at a time designated by the Board following recordation of the Declaration in Garfield County, Colorado. If the day fixed for the annual meeting shall be a legal holiday in Colorado, such meeting shall be held on the next succeeding business day.

2. Special Meetings. Special meetings of the Members for any purpose, unless otherwise prescribed by statute, may be called by the president or by the Board, and shall be called by the president at the request of Members entitled to vote 30 percent or more of the total votes of the Members.

3. Place of Meetings. The Board may designate any place, either within or outside Colorado, as the place for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or outside Colorado, as the place for such meeting. If no designation is made, or if a special meeting shall be called otherwise than by the Board, the place of meeting shall be the principal office of the corporation in Colorado.

4. Notice of Meetings. Written or printed notice of any meeting of the Members, stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally or by mail to each Member entitled to vote at such meeting not less than 10 nor more than 50 days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member at his address as it appears in the records of the Association. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members, the Board may set a record date for such determination of Members in accordance with the laws of Colorado. If requested by the person or persons lawfully calling such meeting, the secretary shall give notice thereof at corporate expense.

4 DAYS

5. Informal Action by Members. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Members, and may be stated as such in any articles or document filed with the Secretary of State of Colorado.

6. Voting. In the election of the Board each Member shall have the right to vote in the manner set forth in the articles of incorporation as from time to time in force and effect. Cumulative voting shall not be allowed.

7. Managing Agent. If a managing agent has been appointed to carry out the duties and responsibilities of the Association as set forth in the Declaration, said managing agent shall be entitled to notice of all Association meetings and shall be entitled to attend the Association's meetings and it may designate such person(s) as it desires to attend such meeting on its behalf.

REQUIRED

## ARTICLE V

### Board of Directors

1. Number, Tenure and Qualifications. (a) The number of directors of the Association shall be not less than three, but may be increased to such greater number, not to exceed five, as may be fixed from time to time by resolution of the Board or Members. The Board shall be divided into three classes, each class to be as nearly equal in number as possible. The term of office of the Class A directors shall expire at the 1989 annual meeting, the term of the Class B director at the 1990 annual meeting, and the term of the Class C director at the 1991 annual meeting. Thereafter, each director shall hold office for a term of three years and thereafter until his successor shall have been elected and qualified, or until his earlier death, resignation or removal. Directors must be at least eighteen years old but need not be residents of Colorado. Directors shall be removable in the manner provided by the articles of incorporation and the laws of the State of Colorado.

2. Resignations; Vacancies. Any director may resign at any time by giving written notice to the president or to the secretary of the Association. Such resignation shall take effect at the time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the Board (by reason of resignation, death, or an increase in the number of directors but not by reason of removal) may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A director elected to fill a vacancy shall be elected to serve for the unexpired term of his or her predecessor in office.

3. General Powers. The Board shall have and may exercise all the powers of the Association except such as are expressly conferred upon the Members, either in their capacity as members of the Association or as Owners of Townhome Lots, or by the articles of incorporation, the Declaration or these bylaws.

4. Additional Powers and Responsibilities. In addition to its general powers, the Board shall have the authority and the responsibility, acting through the Association's officers:

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

(b) To adopt and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Project, including but not limited to any Common Space Parcels included within the Project. Such rules and regulations may provide for charges for the use of any Common Space Parcels and may allow any Common Space Parcels to be used by non-members when, in the discretion of the Association's officers, such use is reasonable and appropriate. Such rules and regulations may be adopted and amended by a majority vote of the Board.

(c) To enter into, make, amend, perform and carry out, or cancel and rescind any agreement to provide for the construction and use of any recreational facilities on the Project and for the fair and equitable sharing of the costs of operation and maintenance between Members and non-members when, in the discretion of the Association's officers, such use is reasonable and appropriate.

(d) To maintain in good order, condition and repair all of the Common Space Parcels and all items of personal property used in the enjoyment of the Project.

(e) To obtain and maintain insurance in connection with the Project, insuring the interests of the Owners, the Association and Mortgagees' in the Project in the manner and in amounts provided in the Declaration.

(f) To fix, determine, levy and collect assessments provided for in the Declaration to be paid by each of the Owners to meet each of the Common Expenses defined in the Declaration, and to create a contingency reserve therefor based upon a good faith estimate of the costs of maintenance and repair of the Common Space Parcels, the cost of utilities and other services to be provided by the Association, the cost of insurance required by the Declaration and proposed capital expenditures. At the first meeting of the Board after the beginning of the Association's fiscal year, the Board shall adopt an estimated budget for that year. The estimated budget shall include, but shall not be limited to, an estimate of the costs of maintenance and repair of the Common Space Parcels, the cost of utilities and other services to be provided by the Association, the cost of insurance required by the Declaration, proposed capital expenditures and any reserves deemed necessary by the Board. For the Association's first fiscal year, estimates of the Common Expenses shall be based on a good faith estimate of those costs and may be based on the costs incurred by similar associations in the general locale of the Project. Thereafter, the Common Expenses shall be estimated on the basis of the previous year's costs with such

adjustments as the Board considers appropriate. The budget also shall include an estimate, based on such previous year's estimates, of the share of the Common Expenses attributable to each Townhome Lot. Special assessments may be levied whenever in the opinion of the Board it is necessary or advisable to do so (i) to meet increased operating or maintenance expenses or costs, (ii) to provide for emergencies, and (iii) to construct, reconstruct, repair or replace a capital improvement upon a Common Space Parcel including fixtures and personal property related thereto; however, the right to levy special assessments for capital expenses arising from damage or destruction of the Project is restricted by the provisions of the Declaration concerning damage or destruction. All assessments shall be in itemized statement form, shall set forth the detail of the various expenses for which the assessments are being made and shall be made on such periodic basis as the Board, in its discretion, may determine.

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

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

(i) To borrow funds in order to pay for any expenditure or outlay authorized by these bylaws, the Articles and the Declaration and to execute all such instruments evidencing such indebtedness as the Board may deem necessary or advisable.

(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 or may be deemed advisable by the Board.

(l) To maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Association. Any Member or a Mortgagee or beneficiary of a deed of trust covering a Townhome Lot may inspect such records at convenient weekday business hours. Upon ten days' notice to the manager or Managing Agent or Board and payment of a reasonable fee, any Owner, Mortgagee, prospective Mortgagee, purchaser or other prospective transferee of a Townhome Lot shall be furnished a written statement setting forth the amount of any unpaid Common Expenses, if any, with respect to such Townhome Lot, the date on which payment of any

such assessment became or shall become due, the amount of unpaid special assessments and the unpaid per diem charges, if any, and the amount of any credit for prepaid expenses.

(m) To prepare and deliver annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement.

(n) To designate and remove personnel necessary for the operation, maintenance, repair and replacement of the Project.

5. Managing Agents. The Board may employ one or more managers or Managing Agents or both for the Association at a compensation established by the Board to perform such duties and services as the Board shall authorize including but not limited to the duties listed in Section 4 of this Article V. Any such delegation shall not, however, relieve the Board of its responsibility under the Declaration.

6. Regular Meetings. Regular meetings of the Board may be held without call or formal notice at such places within the State of Colorado, and at such times as the Board may from time to time by vote determine. Any business may be transacted at a regular meeting. The regular meeting of the Board for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of members, or at any special meeting of members at which a Board of Directors is elected.

7. Special Meetings. Special meetings of the Board may be held at any place within Colorado at any time when called by the president, or by two or more directors, upon giving at least three days' prior written notice of the time and place thereof to each director by leaving such notice with him or at his residence or usual place of business, by mailing or telegraphing it prepaid and addressed to him at his post office address as it appears on the books of the Association, or by telephone. Notices need not state the purposes of the meeting. No notice of any adjourned meeting of the directors shall be required. *email*

8. Quorum. A majority of the number of directors fixed by these bylaws shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time. When a quorum is present at any meeting, a majority of the directors in attendance shall, except where a larger number is required by law, by the articles of incorporation or by these bylaws, decide any question brought before such meeting.

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 by him except when a director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

10. Informal Action by Board. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Board.

11. Compensation of Board. The Board is authorized to make provision for reasonable compensation to its directors.

## ARTICLE VI

### Officers and Agents

1. General. The officers of the Association shall be a president (who shall be chosen from the members of the Board), one or more vice presidents, a secretary and a treasurer. The Board may appoint such other officers, assistant officers, committees and agents, including assistant secretaries and assistant treasurers, as it may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board. One person may hold any two offices, except that no person may simultaneously hold the offices of president and secretary. In all cases where the duties of any officer, agent or employee are not prescribed by these bylaws or by the Board, such officer, agent or employee shall follow the orders and instructions of the president.

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



3. Vacancies. A vacancy in any office, however occurring, when caused by the removal of a director by the vote of the Members, may be filled by the Board for the unexpired portion of the term.

4. President. The president shall be a member of the Board and shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board. He or she shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees.

5. Vice Presidents. The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the Board. In the absence of the president, the vice president designated by the Board or (if there be no such designation) designated in writing by the president shall have the powers and perform the duties of the president. If no such designation shall be made, all vice presidents may exercise such powers and perform such duties.

6. Secretary. The secretary shall:

(a) Keep the minutes of the proceedings of the Members, any executive committee and the Board;

(b) See that all notices are duly given in accordance with the provisions of these bylaws, the Declaration and as required by law;

(c) Be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board;

(d) Keep at the Association's registered office or principal place of business within or outside Colorado a record containing the names and registered addresses of all Members, the designation of the Townhome Lot owned by each Member, and if such Townhome Lot is mortgaged, the name and address of the Mortgagee; and

(e) In general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the Board or the president. The assistant secretaries, if any, shall have the same powers and duties, subject to the supervision of the secretary.

7. Treasurer. The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the Board. The Treasurer shall keep the financial records and books of account of the Association. He or she shall receive and give receipts and acquittances for moneys paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity. He or she shall perform all other duties incident to the office of the Treasurer and, upon request of the Board, shall make such reports to it as may be required at any time. The Treasurer shall, if required by the Board, give the Association a bond in such sums and with sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his or her duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association. The Treasurer shall have such other powers and perform such other duties as may from time to time be prescribed by the Board or the president. The assistant treasurers, if any, shall have same powers and duties, subject to the supervision of the treasurer.

## ARTICLE VII

### Obligations of the Members

1. Assessments. Each Member shall pay his or her share of all assessments imposed by the Association to meet the Common Expenses. Each assessment shall be allocated among the Members as set forth in the Declaration. If a Townhome Lot is owned by two or more Members, each of such co-Members shall be jointly and severally liable for the portion of the assessment attributable to such Townhome Lot. Assessments shall be made monthly, or on such other periodic basis as the Board may determine and shall be due and payable on the date specified in the assessment notice. At the time of the closing of title for the purchase of a Townhome Lot, the purchasing Owner shall pay to the Association the assessments attributable to such Townhome Lot. All unpaid assessments may bear interest (at a rate determined from time to time by the Board) or such late charge as the Board may from time to time determine and shall be secured by a lien on the Townhome Lot owned by the defaulting Owner in accordance with the provisions of the Declaration.

2. Maintenance and Repair.

(a) Every Member shall perform or cause to be performed at his own expense all maintenance and repair work within his Townhome and to any Party Wall (as described in the Declaration) located therein necessary to maintain the Townhome and Party Wall in a good and habitable state of repair.

(b) All repairs of internal installations in a Townhome such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures belonging to a Townhome, together with the maintenance and repair of any and all glass and Party Walls (as described in the Declaration) shall be at the Member's expense.

(c) Each Member shall reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any Common Space Parcels damaged by the negligence or intentional acts of such Member or his tenants, invitees, licensees, agents or employees.

3. Compliance with Declaration, Articles, Bylaws and Rules. Each Member shall comply with all of the provisions of the Declaration, the articles of incorporation and bylaws of the Association and any rules and regulations issued by the Board. If a member fails to comply, the Association shall have the power, during the period of such delinquency, (a) to cause utility service to a delinquent Member's Townhome Lot and Townhome to be suspended, and (b) to suspend a Member's voting privileges.

ARTICLE VIII

Evidence of Ownership, Registration of Mailing Address and Lien Holders

1. Proof of Ownership. Any person upon becoming an Owner of a Townhome Lot shall furnish to the Association a photocopy or a certified copy of the recorded instrument vesting that person with an interest or ownership. Such copy shall remain in the files of the Association. An Owner shall not be deemed a Member in good standing and shall not be entitled to vote at any annual or special meeting of Members unless this requirement is first satisfied. The Association

may issue membership certificates to its Members. Such certificates shall not be deemed to be shares of stock on the Association.

2. Registration of Mailing Address. If a Townhome Lot is owned by two or more Owners, such Co-Owners shall designate one address as the registered address required by the Declaration. An Owner or Owners shall notify the secretary of his or their registered address within five days after any transfer of title or change of address. Such notice shall be written and signed by all of the Owners to which it relates or by such persons authorized to sign on behalf of such Owners.

3. Liens. Any Owner who mortgages or grants a deed of trust covering his Townhome Lot shall notify the Board of the name and address of the Mortgagee or beneficiary of the deed of trust and shall file conformed copies of the note and security instrument with the Board. The Board shall maintain such information in a book entitled "Liens on Lots". The Board, when giving notice to an Owner of default in paying an assessment or other charge or fee due to the Association, shall send a copy of such notice to each Mortgagee or beneficiary of a deed of trust covering such Owner's Townhome Lot whose name and address has theretofore been furnished to the Board.

## ARTICLE IX

### Liens

1. Liens on Lots and Obligations Assumed. Each Owner may place a lien on his Townhome Lot including his interest in the Common Space Parcels appurtenant to his Townhome Lot, to secure payment of indebtedness or for other purposes. A Townhome Lot, including the Common Space Parcels appurtenant to that Townhome Lot, may be subject to only the following additional liens: liens for taxes and special assessments as provided by law, liens for Common Expense assessments and per diem charges as provided in the Declaration and mechanic's liens as provided by law. It is not anticipated that a purchaser of a Townhome Lot will assume any obligations on his Townhome Lot except for property taxes levied on his Townhome Lot for the year in which the purchase occurs. However, a purchaser of a Townhome Lot will be jointly and severally liable with his seller for any unpaid assessments at the time the Townhome Lot is purchased. Purchasers are advised to request a statement of assessments due as provided in these bylaws and the Declaration when the Townhome Lot is purchased.

2. Appointment of Lien Holder as Attorney-in-Fact. Members shall have the right irrevocably to constitute and appoint the Mortgagee or the beneficiary of a deed of trust as their true and lawful attorney-in-fact to vote their membership in the Association at any and all meetings of the Association and to vest in the Mortgagee or the beneficiary any and all rights, privileges and powers that they have as Members under the articles of incorporation and these bylaws or by virtue of the Declaration. Such proxy shall become effective upon the filing of notice by the Mortgagee or the beneficiary with the secretary of the Association at such time or times as the Mortgagee or the beneficiary shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Association, the Board or the Owners to carry out their duties as set forth in the Declaration. A release of the mortgage or the beneficiary's deed of trust shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Members, as mortgagors, of their duties and obligations as Members or to impose upon the Mortgagee or the beneficiary of the deed of trust the duties and obligations of a Member.

## ARTICLE X

### Amendments

1. Directors. Except as by law, the articles of incorporation, the Declaration or these bylaws limited or committed to action by the members, the Board shall have power to make, amend and repeal the bylaws of the Association at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is present or represented. However, if the Members shall make, amend and repeal any bylaw, the directors shall not thereafter amend the same in such manner as to defeat or impair the objective of the Members in taking such action.

2. Members. The Members may, by the affirmative vote of the holders of at least 51 percent of the votes of the Members, unless expressly made subject to a higher voting requirement by law, the articles of incorporation, the Declaration or these bylaws, make, alter, amend and repeal the bylaws of the Association at any annual meeting or at any special meeting called for that purpose at which a quorum shall be represented.

ARTICLE XI

Miscellaneous

1. Seal. The corporate seal of the Association shall be circular in form and shall contain the name of the Association and the words "Seal, Colorado".

2. Right of Entry. The manager or managers and any person authorized by the Board shall have the right to enter each Townhome and access any Townhome Lot in case of any emergency originating in or threatening such Townhome or Townhome Lot whether or not the Owner or occupant is present at the time. Such authorized persons shall also have the right to enter each Townhome or Townhome Lot to perform maintenance and repair work as prescribed by these bylaws and the Declaration.

3. Fiscal Year. The fiscal year of the Association shall be the calendar year unless another fiscal year is established from time to time by the Board.

4. Services. Attached hereto as Schedule A is a list of services provided by the Association, paid for out of the assessments for Common Expenses.

SCHEDULE A

Services paid for out of the regular periodic assessment

1. Water and sewer service to the extent not individually metered to Owners.
2. Snow removal from driveways, parking areas, walkways and steps within the Project.
3. Insurance, more fully described in the Declaration.
4. Repair and maintenance of the Common Space Parcels, exterior of Townhomes and Townhome Lots.
5. Street maintenance services, including snow removal, sweeping and pavement maintenance.
6. Heating and utility service for the Common Space Parcels.
7. Landscaping of the Common Space Parcels and Townhome Lots.
8. Administrative costs and property management fees.
9. Audit and tax preparation fees.
10. Legal fees.
11. Contribution to and maintenance of reserve funds.
12. Trash removal fees.
13. Real estate taxes to the extent not individually billed to Owners.
14. Services determined by the Board to be appropriate or necessary to further the purposes of the Association.