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FOR BYLAWS

OF

PANADERO VILLAS CONDOMINIUM ASSOCIATION II

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BYLAWS
OF
PANADERO VILLAS CONDOMINIUM ASSOCIATION II

ARTICLE I

GENERAL PLAN OF OWNERSHIP

Section 1.1 Name. The name of the corporation is Panadero Villas Condominium Association II, hereinafter referred to as the "Association." The principal office of the Association shall be located in the County of Huerfano, State of Colorado.

Section 1.2 Application. The provisions of these Bylaws are applicable to the multi-phase residential condominium project known as Panadero Villas Condominiums, located in the County of Huerfano, State of Colorado (the "Project"). All present and future Owners and their tenants, future tenants, employees, patrons, guests and any other person who might use the facilities of the Project in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions, and Restrictions, and Reservation of Easements for Panadero Villas Condominiums (the "Declaration") herein) recorded or to be recorded in the Office of the Huerfano County Recorder and applicable to the Project. The mere acquisition or rental of any Condominium in the Project or the mere act of occupancy of any Condominium will signify that these Bylaws are accepted, ratified, and will be complied with.

Section 1.3 Meaning of Terms. Unless otherwise specifically provided herein, the capitalized terms used in these Bylaws shall have the same meanings as are applied to such terms in the Declaration.

Section 1.4 Controlling Laws and Instruments. These Bylaws are controlled by and shall be consistent with the provisions of the Colorado Nonprofit Corporation Act, the Declaration, and the Articles of Incorporation of the Association filed with the Secretary of State of Colorado, as any of the foregoing may be amended from time to time.

ARTICLE II

VOTING BY ASSOCIATION MEMBERSHIP

Section 2.1 Voting Rights. The Association shall have two (2) classes of voting Membership, as follows:

Class A. Class A Members shall originally be all owners, except Declarant for so long as there exists a Class B Membership. Class A Members shall be entitled to one (1) vote for Unit owned by the Class A Member, as further provided in the Declaration.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to four (4) votes for each Unit owned by Declarant or proposed to be constructed by Declarant on the Annexable Territory, regardless of whether such Condominiums are subject to assessment, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earliest:

(1) Upon the recordation of deeds for the sale of ninety percent (90%) of the Condominiums in the Project and Condominiums proposed to be constructed on the Annexable Territory; or

(2) Seven (7) years from the date on which the Declaration is originally Recorded.

Section 2.2 Majority of Quorum. Unless otherwise expressly provided in these Bylaws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

Section 2.3 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least twenty-five percent (25%) of the voting power of the Membership of the Association shall constitute a quorum of the Membership. Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If the required quorum is not present in person or by proxy at any such meeting of Members, another meeting may be called, and the presence, in person or by proxy, of Members entitled to cast at least five percent (5%) of the voting power of the Association shall, except as may be otherwise provided in the Declaration, the Articles of Incorporation, or these Bylaws, constitute a quorum at such meeting.

Section 2.4 Proxies. Votes may be cast in person or by proxy. Proxies to be exercised at any meeting must be in writing and filed with the Chairman of such meeting prior to the time and proxy is exercised. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed.

ARTICLE III

ADMINISTRATION

Section 3.1 Association Responsibilities. In accordance with the provisions of the Declaration, the Association shall have the responsibility of administering the Project, maintaining the Common Property, approving the annual budget, and establishing and collecting all assessments authorized under the Declaration.

Section 3.2 Place of Meetings of Members. Meetings of the Members shall be held on the Project or such other suitable place as proximate thereto as practicable and convenient to the Members as may be designated by the Board of Directors. The Colorado Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association, but may be changed by the Association at any time, without amendment to the Articles of Incorporation by filing a statement as specified by law in the office of the Secretary of State of the State of Colorado.

Section 3.3 Annual Meetings of Members. The first annual meeting of Members shall be held within forty-five (45) days after Recordation of Deeds for the sale of sixty percent (60%) of the Condominiums in the Project, or within nine (9) months after the first Closing Date for the sale of a Condominium in the Project, whichever occurs first. Thereafter, the annual meetings of the Association shall be held on or about the anniversary date of the first annual meeting. At each annual meeting there shall be elected by written ballot of the Members a Board of Directors, in accordance with the requirements of Section 4.5 of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

Section 3.4 Special Meetings of Members. It shall be the duty of the Board to call a special meeting of the Members, as directed by resolution of a majority of a quorum of the Board of Directors, or upon a petition signed by members representing at least five percent (5%) of the total voting power of the Association. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such petition and shall state the time and place of such meeting and the purpose thereof. The special meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of such resolution or receipt of such petition. No business shall be transacted at a special meeting except as stated in the notice.

Section 3.5 Notice of Meetings to Members. It shall be the duty of the Secretary to send a notice of each annual or special meeting by first-class mail, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record and to the first Mortgagees of such Members who have filed a written request for notice with the Secretary, at least ten (10) but not more than thirty (30) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after such notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place on the Common Areas, and such notice shall be deemed served upon a Member upon posting if no address for such Member has been then furnished the Secretary. The Board of Directors may fix a date in the future as a record date for the determination of the Members entitled to notice of any meeting of Members. If a record date is fixed, it shall be not more than sixty (60) days nor less than ten (10) days prior to the date of the meeting. When a record date is so fixed, only Members who, on the record date for notice of the meeting, are entitled to vote on the books and records of the Association thereat shall be entitled to notice of the meeting; however, any Person who can show that he became a Member following transfer of or issuance of the Membership certificate on the books of the Association after the record date shall be entitled to vote at the meeting.

Section 3.6 Adjourned Meetings. If any duly noticed meeting of Members cannot be organized because a quorum is not present, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less

than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least fifteen percent (15%) of the voting power of the Association. Such an adjourned meeting may be held without notice thereof as provided in this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken. If, however, such an adjourned meeting is actually attended, in person or by proxy, by Members having less than twenty-five percent (25%) of the voting power of the Association, notwithstanding the presence of a quorum, no matter may be voted upon except such matters notice of the general nature of which was given pursuant to Section 3.5 hereof. If a meeting of Members is adjourned for more than thirty (30) days from the original meeting date, or if the Members adjourn a meeting without specifying a date for holding the adjourned meeting, the quorum and notice requirements for the holding of such adjourned meeting shall then be the same as the notice and quorum requirements prescribed for regular meetings.

Section 3.7 Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of elections (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business. Meetings of Members shall be chaired by the most senior officer of the Association present at such meeting. For purposes of this Section 3.7, the order of seniority of officers shall be President, Vice-President, Secretary and Treasurer.

Section 3.8 Action Without Meeting. Any action, which may be taken at a meeting of the Members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the Members. Ballots shall be solicited in the same manner as provided in Section 3.5 for the giving of notice of meetings of Members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the Member specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of a number of ballots which equals or exceeds the quorum which would be

required if the action were taken at a meeting and a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast shall constitute approval by written ballot.

Section 3.9 Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and notice, shall be as valid as though had at a meeting duly held after regular all and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 3.10 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1 Number and Qualification. The property, business and affairs of the Association shall be governed and managed by a Board of Directors composed of five (5) Persons, each of whom, except for those appointed and serving as first Directors, must either be the Owner of a Condominium in the Project or an agent of such Owner. At the first annual meeting of the Members after the cessation of Class B Membership, Directors shall be elected as provided in Section 4.5 of these Bylaws. If an agent of Declarant or any Owner is elected to the Board, then Declarant or such to replace such Director during his term of office. The authorized numbered of Directors may be changed by a duly adopted amendment to the Bylaws. Directors shall not receive any salary or compensation for their services as Directors unless such compensation is first approved by the vote or written consent of Members representing at least a majority of the voting power of the Association; provided, however, that (1) nothing herein contained shall be construed to preclude any Director from serving the Association in some other capacity

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and receiving compensation therefor, and (2) any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.2 Powers and Duties. The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, by these Bylaws or by the Declaration directed to be exercised and done exclusively by the Members. The Board of Directors shall not enter into any contract for a term in excess of two (2) years, without the vote or written consent of the Members representing at least a majority of the voting power of the Association, except for (1) any contract with a utility company providing utilities to the Project, and (2) prepaid casualty or liability insurance policies of not more than three (3) years' duration, provided that the policies permit short-term cancellation by the Association.

Section 4.3 Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties:

(a) The power and duty to select, appoint and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, the Articles, the Declaration and these Bylaws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) The power and duty to conduct, manage and control the affairs and business of the Association, and to make and enforce such Rules and Regulations therefor consistent with law, with the Articles, the Declaration and these Bylaws, as the Board may deem necessary or advisable.

(c) The power but not the duty to change the principal office for the transaction of the business of the Association from one location to another within the County in which the Project is located, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Section 3.2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may

deem best, provided that such seal shall at all times comply with the provisions of law.

(d) With the approval of Members representing at least a majority of the voting power of the Association, the power but not the duty to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(e) The power and duty to fix and levy from time to time Annual Assessments, Special Assessments, and Reconstruction Assessments upon Members, as provided in the Declaration; to fix and levy from time to time in any Fiscal Year Capital Improvement Assessments applicable to that year only for capital improvements; and to determine and fix the due date for the payment of such Assessments and the date upon which the same shall become delinquent.

(f) The power and duty to enforce the provisions of the Restrictions and other agreements of the Association.

(g) The power and duty to contract for and pay fire, casualty, errors and omissions, blanket liability, malicious mischief, vandalism, and other insurance, insuring the Members, the Association, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on the Common Areas). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained on behalf of the Association by the Board or by agents of the Association.

(h) The power and duty to contract for and pay maintenance, gardening, utilities, materials and supplies, and services to the Association and Owners as provided in the Declaration, and to employ personnel necessary for the operation of the Project including legal and accounting services, and to contract for and pay for Improvements on the Common Areas.

(i) The power but not the duty to delegate its powers according to law and to adopt these Bylaws.

(j) The power but not the duty to grant easements where necessary for utilities, sewer facilities and other public purposes over the Common Areas to serve the Project.

(k) The power and duty to adopt such Rules and Regulations as the Board may deem necessary for the management of the Project, which Rules and Regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a duly called meeting, and (2) they are either mailed or otherwise delivered to each member, and they are posted in a conspicuous place in the Common Areas, or Recorded. Such Rules and Regulations may concern, without limitation, use of the Common Property; signs; parking restrictions; minimum standards of property maintenance; and any other matter within the jurisdiction of the Association as provided in the Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these Bylaws, and the Rules and Regulations may not be used to amend any of said documents.

(l) The power and duty to keep, or cause to be kept, a complete record of all acts and corporate affairs of the Association and to present a statement thereof to the Members at the annual meeting of the Members and at any other time that such statement is requested by members representing at least twenty-five percent (25%) of the total voting power of the Association.

(m) The power but not the duty to sell property of the Association; provided, however, that the prior vote or written approval of the Members entitled to cast at least a majority of the voting power of the Association must be obtained to sell during any Fiscal Year property of the Association having an aggregate fair market value greater than fifteen percent (15%) of the budgeted gross expenses of the Association for that Fiscal Year.

Section 4.4 Management Agent. The Board of Directors may engage for the Association a Manager 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 4.3 hereof.

Section 4.5 Election and Term of Office. At the first annual meeting of the Members, and thereafter at each annual meeting of the Members, new Directors shall be elected by written ballot of the Owners as provided in these Bylaws, and all positions on the Board of Directors shall be filled at that election. If an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at any special meeting of the Members held for that purpose. Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Commencing with the first annual meeting of the Members held, the two (2) elected Directors receiving the highest number of votes shall each be elected for a term of two (2) years, and the elected Director receiving the fewest number of votes shall be elected for a term of one (1) year. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expirations of the terms of past directors. Following the first annual meeting, the term of office for each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be for two (2) years. The term of office of each Director elected to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which he may serve. Each Member may accumulate his votes for the election and removal of Directors. At any election of the Board, the Owner (or Owners) of each Condominium shall be entitled to cast a number of votes equal to the number of Directors to be elected at such meeting. Such Owner (or Owners) may cast all of such votes for a single candidate or may distribute the votes among as many candidates as he sees fit.

Section 4.6 Books, Audit. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with accurate accounting principles. As further provided in Section 5.7 of the Declaration a pro forma operating statement (Budget) for each Fiscal Year shall be distributed to the Members not less than sixty (60) days before the beginning of the Fiscal Year. The Board shall also prepare and distribute to each Member (and to any institutional first Mortgagee of a Condominium in the Project upon request), within ninety (90) days of the last day of the Association's Fiscal Year, an annual report as provided in Section 5.7 of the Declaration.

All books, records and papers of the Association shall be made available for inspection and copying by any Member of his duly appointed representative at the principal office of the Association or at such other place within the Property as the Board may prescribe. The Board shall establish reasonable rules with respect to (1) notice to be given to the custodian of the records by the Member desiring to make the inspection, (2) hours and days of the week when such an inspection may be made and (3) payment of the cost of reproducing copies of documents requested by a Member. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, and the physical properties owned or controlled by the Association. The right of the inspection by a Director shall include the right to make extracts and copies of documents.

Section 4.7 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association may be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Members of the Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place. Failure to fill a vacancy shall not diminish the authority of the Board of Directors, which may proceed to conduct business with the number of Directors remaining in office.

Section 4.8 Removal of Directors. Any regular or special meeting of the Members duly called, any one (1) or more of the Directors may be removed with or without cause by a majority vote of the Members of the Association, and a successor may then and there 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. If any or all of the Directors are so removed at a meeting, new Directors may be elected at the same meeting.

Section 4.9 Organization Meeting of Board. The first regular ("organization") meeting of a newly elected Board of Directors shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the Directors at the meeting at which such Directors were elected for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the

newly elected Directors in order legally to constitute such meeting; provided that (1) a majority of the whole Board shall be present when the time and place are announced at the membership meeting, and (2) the meeting of the Members at which the newly constituted Board was elected.

Section 4.10 Regular Meetings of Board. Regular meetings of the Board of Directors shall be open to all Members; provided that Members who are not Directors may not participate in any deliberation or discussions at such regular meetings unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Regular meetings may be held at such time and place within the Project (or at a place as close thereto as possible) as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meetings shall be held no less frequently than quarterly. Notice of the time and place of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least ninety-six (96) hours prior to the date named for such meeting, and shall be posted at a prominent place or places within the Common Property.

Section 4.11 Special Meetings of Board. Special meetings of the Board of Directors shall be open to all Members, provided that Members who are not Directors may not participate in any deliberation or discussions at such special meetings, unless expressly so authorized by a vote of a majority of a quorum of the Board of Directors. Special meeting may be called by the president (or, if he is absent or refuses to act, by the Vice President) or by any two (2) Directors. At least ninety-six (96) hours' notice shall be given to each Director or alternative Director, as applicable, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting, and shall be posted at least ninety-six (96) hours prior to such meeting at a prominent place or places within the Common Areas. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be evidence that due notice of such meeting was given to such Director, as required by law and as provided herein.

Section 4.12 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive

personal 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 by him of personal notice of the time and place thereof. If all the Directors are present at any meeting of the Board, no personal notice to Directors shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if (1) a quorum be present, (2) notice to the Members of such meeting was posted as provided in Section 4.10, and (3) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 4.13 Action Without Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors, and such consents shall be filed with the records of the Association.

Section 4.14 Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present. The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personal matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 4.15 Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds may be a Common Expense of the Association.

Section 4.16 Committees. The Board of Directors, by resolution, may from time to time designate such advisory and other committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination of the Committee, and other administrative matters as deemed appropriate by the Board.

ARTICLE V

OFFICERS

Section 5.1 Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be Directors. One Person may hold more than one (1) office.

Section 5.2 Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the Organization Meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors, until he resigns or is removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

Section 5.3 Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors call for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 5.4 Compensation. Officers, agents and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board; provided, however,

that no officer shall receive any compensation for services performed in the conduct of the Association's business unless such compensation is approved by the vote or written consent of Members representing at least a majority of the voting power of the Association; and provided further, that (1) nothing herein contained shall be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefor, and (2) any officer may be reimbursed for his actual expenses incurred in the performance of his duties. Appointment of any officer, agent or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee.

Section 5.5 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Section 4.16, to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Association. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws of the Association.

Section 5.6 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled, refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these Bylaws of the Association.

Section 5.7 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board of Directors may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given,

notices of meetings of the Members of the Association and of the Board of Directors required to be given by law or these Bylaws. The Secretary shall maintain a record book of Members, listing the names and addresses of Members as furnished to the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Condominium is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 5.8 Treasurer. The Treasurer shall be the chief financial officer of the Association and shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE VI

OBLIGATIONS OF THE MEMBERS

Section 6.1 Assessments.

(a) All Members are obligated to pay, in accordance with the provisions of the Declaration, all Assessments imposed by the Association, to meet all Common Expenses of the Association.

(b) All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 6.2 Maintenance and Repair.

(a) Every Member must perform promptly, at his sole cost and expense, such maintenance and repair work

on his Unit as is required under the provisions of the Declaration.

(b) As further provided in the Declaration, each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Property which is damaged through the fault of such member or his employees, patrons, guests or tenants. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Declaration.

ARTICLE VII

AMENDMENTS TO BYLAWS

These Bylaws may be amended by the Association at a duly constituted meeting of the Members for such purpose. No amendment to these Bylaws shall take effect unless approved by at least a majority of the voting power of the Association present, in person or by proxy, at a duly constituted regular or special meeting of the Members; provided, however, that such majority shall in no event be less than twenty-five percent (25%) of the voting power of the Association and; provided further that these Bylaws may be amended by a majority of the entire Board, at any time prior to the first closing date for the sale of a Condominium in the Project.

ARTICLE VIII

MORTGAGEES

Section 8.1 Notice to Association. Upon request by the Association, a Member who Mortgages his Condominium shall notify the Association through the Manager, or through the Secretary if there is no Manager, the name and address of his Mortgagee. Each Member shall likewise notify the Association, upon request, as to the release or discharge of any such Mortgage.

Section 8.2 Notice of Unpaid Assessments. The Board of Directors of the Association shall, at the request of a Mortgagee of a Condominium report any unpaid assessments due from the Owner of such Condominium, in accordance with the provisions of the Declaration.

ARTICLE IX

CONFLICTING PROVISIONS

If any provision of these Bylaws conflicts with any provisions of the laws of the State of Colorado, such conflicting provision shall be null and void upon final court determination to such effect, but all other provisions of these Bylaws shall remain in full force and effect. In case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Board may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine levied against, any present or former Director, officer, employee or agent of the Association to the extent and under the circumstances provided in the Declaration.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Execution of Documents. The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, committee member, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 11.2 Inspection of Bylaws. The Association shall keep in its office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members and all first Mortgagees in accordance with Section 4.6(b) hereof.

Section 11.3 Fiscal Year. The Fiscal Year of the Association shall be determined by the Board of Directors, and having

been so determined, is subject to change from time to time as the Board of Directors shall determine.

Section 11.4 Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of ownership of any Condominium by a Member shall be recorded in the book, together with the date on which such ownership was transferred.

ARTICLE XII

NOTICE AND HEARING PROCEDURE

Section 12.1 Suspension of Privileges. In the event of an alleged violation of the Restrictions, and after written notice of such alleged failure is delivered (in the manner prescribed in the Declaration) to the Member of any agent of the Member ("respondent") alleged to be in default, the Board of Directors shall have the right, after affording the respondent an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all Directors on the Board, to take any one or more of the following actions ("Sanctions"): (1) levy a Special Assessment as provided in the Declaration; (2) suspend or condition the right of said Member to use any Common Property; (3) suspend said Member's voting privileges; or (4) Record a notice of noncompliance encumbering the Condominium of the respondent. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same become delinquent) may be imposed for so long as the violation continues. No Sanction against a Member arising from the alleged violation shall take effect prior to the expiration of (a) fifteen (15) days after the Member's receipt of the complaint pursuant to Section 12.2, and (b) five (5) days after the scheduled hearing required herein. The failure of the Board to enforce the Restrictions shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by the Restrictions before that Member may resort to a court of law for relief with respect to any alleged violation of the Restrictions by another Member; provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Annual

Assessments, Special Assessments, Capital Improvement Assessments or Reconstruction Assessments.

Section 12.2 Written Complaint. A hearing to determine whether any Sanction should be imposed against a respondent shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, and a reference to the specific provisions of the Restrictions which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent in accordance with the notice procedures set forth in the Declaration, together with a statement which shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint was delivered to you, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address:

You may, but need not be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact

_____."

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, event if he does not file a Notice of Defense.

Section 12.3 Notice of Hearing. If the Notice of Defense is timely filed, the Board shall deliver in the manner prescribed by the notice procedures set forth in the Declaration a notice of

hearing, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days, but not later than ninety (90) days, after the Complaint is mailed or delivered to the respondent as provided in Section 12.2. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of the Panadero Villas Condominium Association at _____

_____ on the _____ day of _____, 19____, at the hour of _____, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

Section 12.4 Hearing. If the Notice of Defense is timely filed, the hearing shall be held before the Board in executive session on the date specified in the notice of hearing delivered to the respondent. If the Notice of Defense is not timely filed, the respondent's right to a hearing shall be deemed waived and the Board, in executive session, may proceed upon the Complaint without a hearing. Prior to the effectiveness of any Sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director or other person who mailed or delivered such notice. The notice requirement shall be deemed satisfied if the respondent appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of PANADERO VILLAS CONDOMINIUM ASSOCIATION II, a Colorado corporation ("Association"); and

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2. The foregoing Bylaws comprising 22 pages including this page constitute the Bylaws of the Association duly adopted at a Special Meeting of the Board of Directors of the Association held on _____, 19__.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this ____ day of _____, 19__.

Secretary

(SEAL)

WP2-RLBR-0191\PANADERO.BYL
011691/jac

EXHIBIT "D"

LEGAL DESCRIPTION OF ANNEXABLE TERRITORY

All of that certain real property located in Huerfano County, State of Colorado, described as follows:

- A. The property described on attached Schedule D-1.
- B. Tract 13 Panadero Development Filing No. 3, a plat of which was filed March 16, 1983 as Map No. 207, Pocket 4, Folder No. 2, Reception No. 289999 in the office of the Clerk and Recorder of Huerfano County, Colorado.
- C. Tract 11 Panadero Development Filing No. 3, a plat of which is filed March 16, 1983 as Map No. 207, Pocket 4, Folder No. 2, Reception No. 289999 in the office of the Clerk and Recorder of Huerfano County, Colorado.

SCHEDULE "D-1"

PROPERTY DESCRIPTION

A parcel of land located in the County of Huerfano, State of Colorado, to-wit:

A parcel of land being part of Tract 12, Panadero Development Filing No. 3, a plat of which was filed March 16, 1983, as Map No. 207, Pocket 4, Folder No. 2, Reception No. 289999 in the office of the Clerk and Recorder of Huerfano County, Colorado, and being more particularly described as follows:

Beginning at the northwest corner of said Tract 12; thence S 00-00-10 E, along the west line of said Tract 12, a distance of 111.42 feet to a point on the northerly right of way line of the 24.00 foot access road in said Tract 12; thence along the said northerly right of way line, the following ten (10) courses:

1. on the arc of a curve to the left, thru a central angle of 41-42-51, whose radius is 108.00 feet, an arc distance of 78.63 feet;
2. N 49-10-00 E, a distance of 33.00 feet;
3. on the arc of a curve to the right, thru a central angle of 62-13-00, whose radius is 91.00 feet, an arc distance of 98.82 feet;
4. S 68-37-00 E, a distance of 76.00 feet;
5. on the arc of a curve to the right, thru a central angle of 38-36-08, whose radius is 92.00 feet, an arc distance of 94.10 feet;
6. on the arc of a curve to the right, thru a central angle of 43-13-06, whose radius is 109.00 feet, an arc distance of 82.22 feet;
7. N 89-59-30 E, a distance of 33.00 feet;
8. on the arc of a curve to the left, thru a central angle of 74-59-50, whose radius is 66.00 feet; an arc distance of 86.39 feet;
9. on the arc of a curve to the right, thru a central angle of 74-59-50, whose radius is 34.00 feet, an arc distance of 44.30 feet;
10. N 89-59-50 E, a distance of 182.60 feet to a point on the easterly line of said Tract 12; thence N 8-03-51 E, along the said easterly line of Tract 12, a distance of 39.89 feet, to the northeast corner of said Tract 12; thence N 89-51-03 W, along the north line of said Tract 12, a distance of 710.17 feet to the point of beginning, containing 1.19 acres, more or less.

10M 1029

EXHIBIT "E"
FRACTIONAL OWNERSHIP INTEREST
OF EACH CONDOMINIUM IN THE COMMON AREAS
PHASE I

<u>UNIT NUMBER</u>	<u>FRACTIONAL OWNERSHIP INTEREST</u>
101	.05789
102	.06842
103	.06842
104	.05789
201	.05789
202	.06318
203	.06318
204	.05789
301	.05789
302	.06842
303	.06842
304	.05789
401	.05789
402	.06842
403	.06842
404	.05789