

BYLAWS
OF
MERIDIAN LAKE PARK CORPORATION

ARTICLE I

Object

1.01 Purpose. The purpose for which this nonprofit corporation, which is herein referred to as the Association, is formed to manage, maintain and govern the property situated in the County of Gunnison, State of Colorado, which is known as the Meridian Lake Park Subdivision ("Development") and is to be constructed as a planned unit development. The planned unit development will include residential sites, condominium or townhouse units and lodges which will be the subject of sequential filings in the future; all sites and units within all filings are and shall be included within the governance and control of this corporation.

1.02 Owners Subject to Bylaws. All present or future owners, tenants, future tenants or any other person that might use in any manner the facilities of the Development located on the Development property are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the sites or units of the Development or the mere act of occupancy of any of said sites or units will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

Membership, Voting, Majority of Owners, Quorum, Proxies

2.01 Membership. Ownership of a site or unit is required in order to qualify for membership in this Association. Any person on becoming an owner of a site or unit shall automatically become a member of this Association and be subject to these Bylaws. In case of co-ownership of a site or unit, all such co-owners will constitute one member so that each site or unit will be entitled to one membership only. Such membership shall terminate without any formal Association action whenever such person ceases to own a site or unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under or in any way connected with this Association, or impair any rights or remedies which the Board of Managers of the Association or others may have against such former owner and member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto. No

certificates of stock shall be issued by the Association, but the Board of Managers may, if it so elects, issue membership cards to the site and unit owners. Such membership card shall be surrendered to the Secretary whenever ownership of the site or unit designated thereon shall terminate. A site or unit shall not be effective to confer membership privileges to its owner until such time as the subdivision plat describing such site or unit shall have been finally approved by the Board of County Commissioners for Gunnison County, but shall be so effective from and after such date, notwithstanding the fact that Meridian Lake, Inc. shall retain ownership of such site or unit. The effect of subsequent plat approvals or further subdivision of sites or units pursuant to Article IV of the Declaration of Restrictions, Covenants, Easements, Reservations and Architectural Control ("Declaration") shall be to create new memberships.

2.03 Definition of Majority. As used in these Bylaws the term "majority of owners" shall mean those owners of more than fifty percent (50%) of the sites and units in the Development.

2.04 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of owners" as defined in paragraph 2.03 of this Article shall constitute a quorum. An affirmative vote of a majority of the owners present, either in person or by proxy, shall be required to transact business.

2.05 Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

2.06 Suspension of Privileges of Membership. Notwithstanding any other provision contained herein, the Managers of the Association shall have the right to suspend the voting rights (if any) and the right to use the facilities of the Association of any member during:

- (a) Any period during which any Association assessment owed by such member remains unpaid; and
- (b) The period of any continuing violation of the restrictive covenants for the Development, after the existence of the violation shall have been declared by the Board of Managers of the Association.

ARTICLE III

Administration

3.01 Association Responsibilities. The owners of the sites and units will constitute the members of Meridian Lake Park Corporation, herein referred to as

"Association" who will have the responsibility of administering the project through a Board of Managers.

3.02 Place of Meeting. Meetings of the Association shall be held at such place and the Board of Managers may determine.

3.03 Annual Meeting. The first annual meeting of the Association shall be held within sixty days following the sale by Meridian Lake, Inc. of seventy five percent (75%) of its sites and units within the Land subject to its Declaration. Thereafter the annual meetings of the Association shall be held on a date selected by the Board of Managers between December 15 of each year and January 15 of each succeeding year. At such meetings there shall be elected by ballot of the members such members of the Board of Managers as shall there be vacant in accordance with the requirements of paragraph 4.03 of Article IV of these Bylaws. The members may also transact such other business of the Association as may properly come before them.

3.04 Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Managers or upon petition signed by at least fifty percent (50%) of the members and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. Any such meeting shall be held within thirty (30) days after receipt by the President of such resolution or petition.

3.05 Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member at least ten (10) but not more than fifty (50) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

3.06 Adjourned Meetings. 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, from time to time, until a quorum is obtained.

ARTICLE IV

Board of Managers

4.01 Number and Qualification. The affairs of the Association shall be governed by a Board of Managers composed of three persons. The number of Managers may be increased or decreased by amendment of these Bylaws; provided, however, that the number of Managers shall not be reduced to less than three nor increased to more than ten.

4.02 Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a prime residential development. The Board of Managers may do all such acts and things as are not by law or by the Articles of Incorporation or these Bylaws or by the Declaration of Restrictions, Covenants, Easements, Reservations and Architectural Control recorded in Gunnison County, Colorado ("Declaration") directed to be done by the members.

4.03 Other Powers and Duties. The Board of Managers shall be empowered and shall have the duties as follows:

- (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration;
- (b) To establish, make and enforce compliance with such reasonable house rules as may be necessary for the operation, use and occupancy of this Development with the right to amend same from time to time. A copy of such rules and regulations shall be delivered to or mailed to each member promptly upon the adoption thereof;
- (c) To hold title to and to keep in good order, condition and repair all of the common areas and all items of personal property, if any, used in enjoyment of the entire premises;
- (d) To insure and keep insured all of the insurable common areas and facilities of the Development in an amount equal to their maximum replacement value which maximum replacement value shall be determined at least once annually after date of the adoption of these Bylaws by an independent appraisal of a qualified casualty insurance agent. Further, to obtain and maintain comprehensive liability insurance covering the premises in amounts not less than \$300,000 per person and \$300,000 per accident and \$50,000 property damage. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the owners of the sites and units and their first mortgagees;
- (e) To fix, determine, levy and collect the prorated assessments to be paid by each of the members towards the gross expenses of the entire Development and by majority vote of the Board to adjust,

decrease or increase the amount of the assessments, and to credit any excess of assessments over expenses and cash reserves to the members against the next succeeding assessment period. 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 assessments shall be in statement form and shall set forth the detail of the various expenses for which the assessments are being made;

- (f) To impose penalties and collect delinquent assessments by a suit or otherwise and to enjoin or seek damages from a member as is provided in the Declaration and these Bylaws;
- (g) To protect and defend the entire premises from loss and damage by suit or otherwise;
- (h) To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration and to execute all such instruments evidencing such indebtedness as the Board of Managers may deem necessary, and such indebtedness shall be the several obligation of all of the members equally, provided, however, that the Board shall not borrow more than \$500 or cause the Association to be indebted for more than \$500 at any one time without the prior approval of a majority of the members;
- (i) To enter into contracts within the scope of their duties and powers;
- (j) 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 of Managers;
- (k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the members, and upon affirmative vote of at least 50% of the members to cause a complete audit to be made of the books and accounts by an independent certified public accountant,
- (l) To prepare and deliver annually to each member a statement showing all receipts, expenses or disbursements since the last such statement;

- (m) To designate the personnel necessary for the maintenance and operation of any common areas or facilities and to delegate such of the above duties to such personnel as are appropriate, and
- (n) 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 governing and the operation of this Development.

4.04 Resident Manager. The Board of Managers may employ for the Association a Resident Manager at a compensation established by the Board, to perform such duties and services as the Board shall authorize.

4.05 Election and Term of Office. One Manager on the Board of Managers shall be elected at each annual meeting of the members of the Association for a term of three years. The Managers shall hold office until their successors have been elected and hold their first meeting. The initial Board of Directors shall hold office until the first annual meeting of the Association shall be held according to Section 3.03, whereupon the term of office of C.I. Morgenson shall terminate and his successor shall be elected. Upon the holding of the second annual meeting the term of office of Rex D. Frates shall likewise terminate and upon the holding of the third annual meeting the term of office of William J. Lacy shall likewise terminate.

4.06 Vacancies. Vacancies in the Board of Managers cause by any reason other than the removal of a Manager by a vote of the Association shall be filled by decision of the remaining Managers, even though they may constitute less than a quorum; and each person so elected shall be a Manager until a successor is elected at the next annual meeting of the Association.

4.07 Removal of Managers. At any regular or special meeting duly called, any one or more of the Managers may be removed with or without cause by a majority of the members, and a successor may then and there be elected to fill the vacancy thus created. Any Manager whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

4.08 Organizational Meeting. The first meeting of a newly elected Board of Managers shall be held within fifteen (15) days of election at such place as shall be fixed by the Managers at the meeting at which such Managers were elected, and no notice shall be necessary to the newly elected Managers in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

4.09 Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined, from time to time, by a majority of the

Managers, but at least one such meeting shall be held each year. Notice of regular meetings of the Board of Managers shall be given to each Manager, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

4.10 Special Meetings. Special meetings of the Board of Managers may be called by the President on three (3) days notice to each Manager, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Managers.

4.11 Waiver of Notice. Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meetings.

4.12 Board of Managers' Quorum. At all meetings of the Board of Managers, a majority of the Managers shall constitute a quorum for the transaction of business, and the acts of the majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board of Managers. It, at any meeting of the Board of Managers, there be 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.

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

ARTICLE V

Officers

5.01 Designation. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Managers.

5.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. One person may hold concurrently the

office of Vice-President and Secretary, Vice-President and Treasurer or Secretary and Treasurer, but the President shall serve only in the office of President.

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

5.04 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Managers. He shall have all of the general powers and duties which are usually vested in the office of president of a nonprofit corporation, including but not limited to the power 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 or as may be established by the Board or by the members of the Association at any regular or special meetings.

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

5.06 Secretary. The Secretary shall keep all the minutes of the meetings of the Board of Managers and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the unit owned by such member, the undivided interest in the general common elements and a description of the limited common elements assigned for exclusive use in connection with such unit. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

5.07 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He 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 Managers, and shall pay all charges and obligations of the Association before the same shall become delinquent.

ARTICLE VI

Indemnification of Officers and Managers

The Association shall indemnify every manager, officer, managing agent, their respective successors, personal representatives and heirs, against loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a manager, officer or managing agent of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such manager, officer or managing agent. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided however, that nothing in this Article VI contained shall be deemed to obligate the Association to indemnify any member or owner of a unit who is or has been a manager or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him.

ARTICLE VII

Amendments

These Bylaws may be amended by the Association at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by 75% of the members and the notice of said meeting shall specify the nature of any proposed amendment or amendments.

ARTICLE VIII

Evidence of Ownership, Registration of Mailing Address and Required Proxies

8.01 Proof of Ownership. Except for those owners who initially purchase a site or unit from Meridian Lake, Inc., any person on becoming an owner of a unit or site shall furnish to the Resident Manager or Board of Managers a photocopy or a certified copy of the recorded instrument vesting that person with an interest or ownership which

instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or at a special meeting of members unless this requirement is first met.

8.02 Registration of Mailing Address. The owners of each site or unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of an owner or owners shall be furnished by such owners to the Secretary within five (5) days after transfer of title, or after a change of address and such registration shall be in writing and signed by all of the owners of the site or unit or by such persons as are authorized by law to represent the interest of all of the owners thereof.

8.03 Association Address. The address of the Association shall be as specified by the Board of Managers at the first meeting of the Board, and notice thereof shall be given to all owners and first mortgagees.

8.04 Required Proxies. If title to a site or unit is held by more than one person or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such owners shall execute a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings and thereat to cast whatever vote the owner himself might cast if he were personally present. Such proxy shall be filed with the Association and shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law.

ARTICLE IX

Obligations of the Owners

9.01 Assessments. Except as is otherwise provided in the Declaration, all members shall be obligated to pay the assessments imposed by the Association to meet the common expenses as defined in such Declaration. The assessments shall be equally apportioned among such members and shall be due in advance and payable on the first day of each month, or more frequently as may be determined by the Board of Managers. Contributions for assessments shall be prorated if the ownership of a site or unit commences on a day other than the first day of an assessment period. A member shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of members, within the meaning of these Bylaws, if and only if he shall have fully paid all assessments made or levied against him and the site or unit owned by him.

9.02 Compliance with Declaration. Each owner shall comply strictly with the provisions of the Declaration. Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which this Development was built.

9.03 Rules and Regulations. The Board of Managers, pursuant to paragraph 4.03(b) of Article IV of these Bylaws, reserves the power to establish, make and enforce compliance with such house rules and regulations as may be necessary for the operation, use and occupancy of this Development with the right to amend same from time to time.

ARTICLE X

Character of Association

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

ARTICLE XI

Conveyances and Encumbrances

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