

**BY-LAWS**  
**OF**  
**ELEVATION OWNERS ASSOCIATION**

**ARTICLE I**  
**NAME, LOCATION, AND OBJECT**

The name of the corporation is Elevation Owners Association (the "Association"). The principal office of the Association shall initially be located in the Town of Mt. Crested Butte, Colorado. Meetings of Members may be held at such places within the State of Colorado as may be designated by the Board of Directors. Directors meetings may be held in such locations as the Board of Directors may determine. The purpose for which the Association is formed is to govern the properties situated in the Town of Mt. Crested Butte, Gunnison County, Colorado, described in Elevation Planned Community Declaration ("Declaration") and all amendments and supplements thereto. All terms defined in said Declaration or in the Association's Articles of Incorporation ("Articles") shall have the same meaning herein unless otherwise defined. The Association shall be a "not for profit" corporation.

**ARTICLE II**  
**MEETING OF MEMBERS**

Section 1 — Annual Meetings. The first annual meeting of the Members shall be held not later than December 31, 2008, and each subsequent regular annual meeting of the Members shall be held in each year thereafter at such date, time, and place as may be determined by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the Board of Directors may fix a different date for the annual meeting of the Members by providing at least forty-five (45) days prior written notice of the new annual meeting date, as long as the meeting is not delayed more than ninety (90) days past the previously scheduled annual meeting of the Members.

Section 2 — Special Meetings. Special meetings of the Members or any class of Members may be called at any time by the President, by a majority of the Board of Directors, or upon written request of Members holding at least twenty percent (20%) of the votes entitled to be cast on the matters to be considered at the special meeting.

Section 3 — Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of such notice, postage prepaid, or emailing a copy of such notice, at least ten (10) days and no more than fifty (50) days before such meeting to each Member entitled to vote thereat, addressed to the Member's Unit or other mailing address or email address designated in writing by such Member to the Association. Such notice shall specify the place, day, and hour of the meeting and the items on the agenda, including the general nature of any proposed amendments to the Declaration, Articles, or these By-Laws, and any proposal to remove an officer or director.

Section 4 — Quorum. The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes of all Members shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these By-Laws. A quorum shall be

deemed present throughout the meeting if a quorum is present at the beginning of such meeting. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5 — Voting Rights. Every Owner of a Unit is a Member of the Association and remains a Member for the period of his ownership of a Unit. There will be two classes of Members: Commercial Members comprised of the Owners of Commercial Units and Resort Members comprised of Owners of Resort Units. The Commercial Members and the Resort Members are collectively referred to as the “Members.” Each Unit is entitled to the number of votes set forth in the Declaration, to be exercised by the Owner or Owners thereof. When one or more persons hold an interest in the same Unit, all such Owners shall be Members and the vote for such Unit shall be cast as the Owners thereof agree. If the Owners of a Unit do not agree as to the manner in which their vote should be cast when called upon to vote, they will be treated as having abstained.

Notwithstanding the foregoing provisions of this Section 5, during the period of Declarant's control as described in the Declaration, the Declarant has the right to appoint and remove all members of the Board of Directors and all officers of the Association, with such right phasing out as to some Directors prior to termination of such right as provided in the Declaration.

Section 6 — Binding Nature of Vote. Except where otherwise provided in the Declaration, Articles or By-Laws, a simple majority vote of the Members of the Association attending an Association meeting (provided a quorum is deemed to be present as provided in Section 4 above) shall be sufficient to adopt decisions which are binding on all Members, subject to the limitations and requirements set forth in the Declaration and the Articles and except with respect to the election of Directors.

Section 7 — Member Attendance at Meetings. All meetings of the Members are open to every Unit Owner and to any person designated by a Unit Owner in writing as the Owner's representative. All Owners or a designated representative of an Owner who is designated in writing to be the Owner's representative shall be permitted to attend, listen, and speak at an appropriate time as determined by the Board prior to a vote being taken. The Board may place reasonable time restrictions on those persons speaking during the meeting. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

Section 8 — Voting by Proxy. Votes may be exercised on behalf of a Member pursuant to a proxy. The proxy shall not be valid if obtained through fraud or misrepresentation. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the Secretary or the officer or agent authorized to tabulate votes, acting in good faith, has a reasonable basis for doubt about the validity of the signature on it, or about the signatory's authority to sign for the Member.

### **ARTICLE III**

#### **BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE**

Section 1 — Initial Number and Qualification of Directors. The Board of Directors shall consist of seven (7) Directors. Four Directors shall be Commercial Members and three Directors shall be Resort Members, except that, if a Unit is owned by an entity, a Director may be an officer, director, member, manager, agent or representative of such entity as designated by the governing body or person for such entity. Notwithstanding the foregoing, members of the Board of Directors and officers elected by the

Declarant can be any person that the Declarant chooses. The number of Directors may not be changed without the express consent of a majority of the Commercial Members and a majority of the Resort Members.

Section 2 — Directors After Termination of Declarant's Control. Not later than the termination of the Period of Declarant's Control, as provided in the Declaration, the Owners of Units shall elect a Board of Directors of seven (7) members, all of whom shall serve a term of one (1) year, with the Commercial Members electing four (4) Directors and the Resort Members electing three (3) Directors.

Section 3 — Term of Office. After the initial election of members of the Board of Directors by the Owners, all members of the Board of Directors shall serve for a term of one (1) year and until their successors have been elected and qualified.

Section 4— Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of all of the class of Members who elected such Director, at a meeting called for that purpose. Notwithstanding the foregoing, prior to the termination of the Period of Declarant's Control, Declarant will have the sole right to remove Directors, with such right phasing out as to some Directors prior to such termination as provided in the Declaration. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining Members of the Board who were elected by the same class of Members who had elected such Director and shall serve for the unexpired term of his predecessor.

Section 5 — Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6 — Agendas; Meeting Attendance. Agendas for meetings of the Board shall be made reasonably available for examination by all Members of the Association or their representatives. All regular and special meetings of the Association's Board, or any committee thereof, shall be open to attendance by all Members of the Association or their representatives. For regular and special meetings of the Board, Owners who are not Board members may not speak or participate in any deliberation or discussion by the Board members unless expressly authorized to do so by a vote of the majority of the quorum of the Board. The Board may place reasonable time restrictions on those persons permitted to speak during the meeting. The Board may provide for a reasonable number of persons to speak on each side of an issue.

Section 8 — Executive Sessions. Notwithstanding any other provisions of these By-Laws regarding attendance at meetings, the members of the Board or any committee thereof may hold an executive or closed door session and may restrict attendance to executive Board members and such other persons requested by the Board during a regular or specially announced meeting or a part thereof. The matters to be discussed at such an executive session shall include, but not be limited to, personnel matters, attorney-client communications, acquisition of property, and other matters deemed to be confidential by the Board.

#### **ARTICLE IV** **NOMINATION AND ELECTION OF DIRECTORS**

Section 1 — Nomination. Nomination for election to a position on the Board of Directors may be

made by any Member who has a right to vote for the position being nominated, no more than two (2) weeks prior to any meeting in which the position shall be elected. Nominations may also be made from the floor at the annual meeting. There shall be at least as many nominations for election to each open position on the Board of Directors as shall be needed to fill the number of vacancies in the position that are to be filled.

The provisions of this Article shall not apply to Directors appointed by Declarant during the Period of Declarant's Control as described in the Declaration.

Section 2 — Election. Election to the Board of Directors shall be by secret written ballot if requested by any Member. All votes shall be counted by a neutral party, such as the Association's management company, or by a committee of volunteer Members who are not a candidate or a Board member. The volunteers shall be selected by the person presiding over the meeting in a fair manner at an open meeting. At such elections, each Member having a right to vote for the position being filled or the Member's proxy may cast, with respect to such position, as many votes as such Member is entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes for each position shall be elected. Cumulative voting is not permitted. The Board shall have the right to reject a proxy if it has a reasonable basis to believe that the proxy was fraudulently obtained. The results of a vote shall be reported without reference to the names, addresses, or other identifying information about the Members who voted.

## **ARTICLE V**

### **MEETINGS OF DIRECTORS AND COMMITTEES**

Section 1 — Annual Meetings. A meeting of each newly-elected Board of Directors may be held without notice in each year immediately following the annual meeting of Members.

Section 2 — Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held on the next day which is not a legal holiday.

Section 3 — Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors after not less than three (3) days' notice to each Director.

Section 4 — Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 5 — Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining one or more written consents describing the action taken, signed by each Director, either voting for, voting against, or abstaining from voting on the action, or waiving the right to demand that the action not be taken without a meeting. Any action so approved by at least a majority of the Directors shall have the same effect as though taken at a meeting of the Directors.

Section 6 — Telephone Meetings. Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or other similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting. If notice of a Directors' meeting is given, such notice

need not specify that one or more Directors may participate in such meeting by means of conference telephone or similar communications equipment.

Section 7 — Conflicts of Interest. If any contract, decision, or other action taken by or on behalf of the Board of Directors would financially benefit any member of the Board of Directors or any person who is a parent, grandparent, spouse, child, or sibling of a member of the Board of Directors or a parent or spouse of any of those persons, that member of the Board of Directors shall declare a conflict of interest for that issue. The member shall declare the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member may participate in the discussion, but shall not vote on that issue. Any action taken in violation of this provision is void.

Section 8 — Proxy Voting by Directors. A Director may cast a vote by proxy if the proxy is signed by a Director authorizing another Director to cast a vote that is directed to be cast in a certain way in the proxy on a specific matter coming before the Board of Directors.

## **ARTICLE VI** **OFFICERS AND THEIR DUTIES**

Section 1 — Enumeration of Offices. The officers of this Association shall be a President, Secretary, and Treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board may create from time to time by resolution.

Section 2 — Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3 — Term. After expiration of the Period of Declarant's Control, the officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year and until his successor is elected to office unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4 — Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5 — Resignation and Removal. Any officer may be removed from office, with or without cause, by a majority vote of the members of the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 — Vacancies. A vacancy in any office may be filled by appointment by a majority of the members of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7 — Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8 — Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes or authorize a designated agent to co-sign all checks and promissory notes.

(b) Vice President. If a Vice President is elected by the Board, the Vice President shall preside at all meetings of the Board of Directors in the absence of the President, and shall aid the President in seeing that all orders and resolutions of the Board are carried out; and shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act.

(c) Secretary. The Secretary, or a designated agent, shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal of the Association (if any) and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association, together with addresses; and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer, or a designated agent, shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account and financial records of the Association; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year when directed to do so by the Board of Directors; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at a duly convened meeting meeting, and deliver a copy of each to the Members.

Section 9 — Amendments to Declaration. Whenever an Amendment to the Declaration has been approved under the provisions of the Declaration, the President or any Vice President may prepare, execute, certify, and record the Amendment on behalf of the Association, and the Secretary or Assistant Secretary (if one is elected) may affix the seal of the Association and attest to such execution.

## **ARTICLE VII** **BOOKS AND RECORDS**

The Association shall keep accurate and complete books and records of its receipts and expenditures (including receipts and expenditures affecting the Common Elements and shall keep minutes of the proceedings of the Board of Directors, any committees of the Board, and Members for a period of two (2) years; and shall keep at its registered or principal office in Colorado a record of the names and addresses of the Members entitled to vote. Current copies of the Declaration, Articles and By-Laws of the Association, rules and regulations governing the Association, resolutions adopted by the Board or the Members, written communications to Members for a period of two (2) years, list of the names and addresses of current members of the Board of Directors and officers of the Association, the most recent annual report of the Association, all audits/financial reviews for a period of two (2) years, and other books, records and financial statements of the Association, and the records of receipts and expenditures of the Board of Directors, shall be kept at the principal office of the Association and shall be made available to Owners, First Mortgagees of Units, and insurers or guarantors of any First Mortgage. The word "available," as used herein, shall at least mean available for inspection and copying, upon request made in good faith and for records that are relevant to a proper purpose, during normal business hours of the

Association or under other reasonable circumstances. The Association shall charge a fee to the person requesting such review and copying.

## **ARTICLE VIII** **ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual common expense assessments and special and other assessments and fines which are secured by a lien upon the Unit of the Owner against whom the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, or such other rate as may be established by the Board from time to time, and the Association may assess a monthly late charge thereon in such amount or at such rate as may be established by the Board from time to time. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his Unit.

## **ARTICLE IX** **CORPORATE SEAL**

The Association may have a seal in circular form having within its circumference the words "Elevation Owners Association."

## **ARTICLE X** **AMENDMENTS**

Section 1 — Amendment. Except as provided otherwise by the Declaration, the Articles, or applicable law, these By-Laws can be amended by action of either a majority of the Board of Directors or a majority of the Commercial Members and a majority of the Resort Members. Any amendment affecting the number of Directors or voting for Directors may be amended only with the consent of the Owners of all of the Commercial Units.

Section 2 — Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

## **ARTICLE XI** **MISCELLANEOUS**

The fiscal year of the Association shall be a calendar year, or such other fiscal year as may be determined by the Board of Directors.

**CERTIFICATION**

IN WITNESS WHEREOF, the undersigned, being the Secretary of the Association, hereby certified that the foregoing By-Laws were duly adopted by the Board of Directors of Elevation Owners Association as of the \_\_\_\_\_ day of November, 2007.

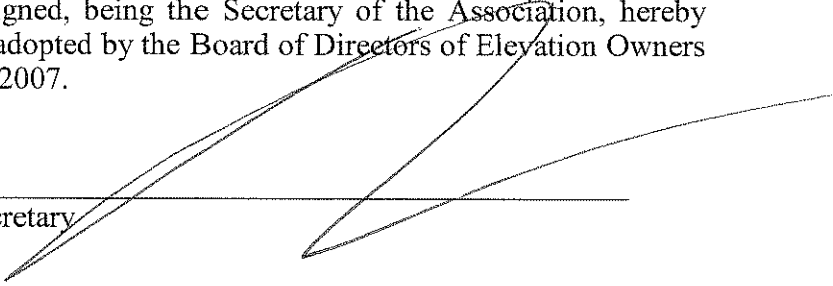
\_\_\_\_\_  
Secretary



**CERTIFICATION**

IN WITNESS WHEREOF, the undersigned, being the Secretary of the Association, hereby certified that the foregoing By-Laws were duly adopted by the Board of Directors of Elevation Owners Association as of the \_\_\_\_\_ day of November, 2007.

\_\_\_\_\_  
Secretary

A large, stylized handwritten signature in black ink is written over a horizontal line. The signature is cursive and somewhat abstract, with long, sweeping strokes that extend to the right and then loop back down to the left.

2007-2008 Approved Budget

Operating Funding

Income

Interest Income	12,000.00
Commercial Units Assessments	268,474.00
Residential Units Assessments	1,226,056.00
Total Income	1,506,530.00

Expense

Administrative

A&G Salaries & Wages	187,500.00
Accounting / Administrative Fees	36,000.00
Insurance	60,000.00
Management Fee	48,186.00
Master Resort HOA Assessment - Comm	14,004.00
Master Resort HOA Assessment - Reside.	18,000.00
Miscellaneous	3,000.00
Professional Fees	6,900.00
Owner Communications/Website	0.00
Supplies Office	3,000.00
Telephone/Internet	86,700.00
Custodial Services	120,000.00
Concierge Vehicle	7,500.00
Security	24,000.00
Total Administrative	614,790.00

Maintenance

Building Repairs & Maintenance	24,000.00
Cleaning	6,400.00
Elevators	22,600.00
Equipment Maintenance/Repair	1,200.00
Fire Alarm Maintenance/Repair	4,180.00
Garage Door Maintenance/Repair	3,600.00
Guest laundry equipment	0.00
HVAC Maintenance/Repair	3,600.00
Life Safety Repairs	0.00
Light Bulbs	18,000.00
Pest Control	3,000.00
Plumbing Maintenance/Repair	3,000.00
Pool & Spa Parts and Supplies	15,300.00
R&M Salaries	180,000.00
Removal of Waste	30,000.00
Window Cleaning	10,000.00
Total Maintenance	324,880.00

Utilities

Electric	186,000.00
Gas	93,100.00
Water	66,000.00
Satellite TV	33,600.00

<b>Total Utilities</b>	378,700.00
<b>Contingency</b>	36,000.00
<b>Replacement Fund Expense - Residential</b>	220,200.00
<b>Replacement Fund Expense - Commercial</b>	30,000.00
<b>Total Expense</b>	1,574,570.00