

AMENDED BYLAWS

OF

*BLUE MESA LODGE CONDOMINIUM
ASSOCIATION, INC.*

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*AMENDED BYLAWS
OF
BLUE MESA LODGE CONDOMINIUM
ASSOCIATION, INC.*

RECITALS:

A. The Blue Mesa Condominiums were originally created by a Declaration recorded in Book 461, at Page 26 under reception No. 262839 of the real estate records of San Miguel County (the "Declaration"), and by a Condominium Map recorded December 22, 1989 in Plat Book 1 at Page 972 of the San Miguel County real estate records (the "Original Condominium Map"). The building subject to the foregoing documents has been referred to and is commonly known as the Blue Mesa Condominiums.

B. The Declaration was amended by an instrument titled First Amendment to the Condominium Declaration for Blue Mesa Condominium recorded September 14, 1994, in Book 534, Page 954 of the records of the San Miguel County Clerk and Recorder. The Declaration, as amended, is defined as the "Original Declaration."

C. The Original Declaration was amended and supplemented by an instrument titled Supplement to Condominium Declaration for Blue Mesa condominium recorded September 15, 1994, in Book 535, at Page 29, in the records of the Clerk and Recorder of San Miguel County, Colorado (the "Supplemental Declaration"). The Original Condominium Map was amended and supplemented by an instrument titled First Supplement to Condominium Map for Blue Mesa Condominium, recorded September 15, 1994, in Plat Book 1 at Page 1740 of the San Miguel County real estate records, (the "Supplemental Condominium Map"). The building subject to just the foregoing documents has been referred to and is commonly known as the Blue Mesa Lodge Condominiums.

D. The Blue Mesa Condominium Association, a Colorado nonprofit corporation, was originally the association of unit owners authorized to administer the entire Blue Mesa Condominium Community, as established by the Original Declaration, the Original Condominium Map, the Supplemental Declaration and the Supplemental Condominium Map, for the purposes of managing common expenses and assessments and managing and operating the entire Blue Mesa Condominium Community.

E. The Owners of Units in the entire Blue Mesa Condominium Community and the Blue Mesa Condominium Association have divided or are dividing the entire Blue Mesa Condominium Community into two separate Condominium Communities, one of which consists of solely the property subject to the Original Declaration and the Original Condominium Map, and which Condominium Community is now known as and has been referred to as the Blue Mesa Condominiums (amended). The other of which consists of solely the property subject to the

Supplemental Declaration and the Supplemental Condominium Map, and which Condominium Community is now known as and has been referred to as the Blue Mesa Lodge Condominiums.

F. The Owners of Units in the entire Blue Mesa Condominium Community and the Blue Mesa Condominium Association, as a part of amendments to the Original Declaration, the Original Condominium Map, the Supplemental Declaration and the Supplemental Condominium Map, wish to allocate management of the separate Condominium Communities to separate owner associations, with the owners association for the amended Blue Mesa Condominium Community being the Blue Mesa Condominium Association and the owners association for the Blue Mesa Lodge Condominium Community being the Blue Mesa Lodge Condominium Association, Inc. Further, the Owners of units in the entire Blue Mesa Condominium Community and the Blue Mesa Condominium Association, as a part of those amendments, wish to amend the Bylaws for the Blue Mesa Condominiums (amended) and for the Blue Mesa Condominium Association to exclude the owners of the Blue Mesa Lodge Condominiums from the Blue Mesa Condominium Association and the Blue Mesa Lodge Association wishes to adopt these Amended Bylaws, all as set forth below.

NOW, THEREFORE, the Bylaws of the Blue Mesa Condominium Association are amended to exclude the owners of the Blue Mesa Lodge Condominiums from the Blue Mesa Condominium Association, and the Blue Mesa Lodge Association adopts the Bylaws as set forth below, as to the real property described in the Supplemental Declaration and in the Supplemental Condominium Map:

ARTICLE 1 - INTRODUCTION AND PURPOSE

Section 1.1 Introduction. These are the Bylaws of the Blue Mesa Lodge Condominium Association, Inc., which Association shall operate under the Colorado Nonprofit Corporation Act, as amended, and applicable portions of the Colorado Common Interest Ownership Act, as amended ("Act").

Section 1.2 Purposes. The purposes for which the Blue Mesa Lodge Condominium Association was formed are to preserve and enhance the value of the properties of members and to govern the Condominium Community and the Common Elements of the "Blue Mesa Lodge Condominiums," a Condominium Community situated in the County of San Miguel, State of Colorado, as the Blue Mesa Lodge Condominium Community was originally created pursuant to the Supplemental Declaration and the Supplemental Map as those instruments have now been or are in the process of being amended by an Amended Declaration of the Blue Mesa Lodge Condominiums, as that Amended Declaration and Supplemental Map may be further amended from time to time. Terms which are defined in the Amended Declaration of the Blue Mesa Lodge Condominiums shall have the same meaning herein, unless defined otherwise in these Bylaws.

Section 1.3 Persons Subject to Bylaws. All present or future Owners, tenants, future tenants, guests or any person that might use or occupy, in any matter, the facilities within the Blue Mesa Lodge Condominium Community, are subject to the terms and provisions of these Bylaws, and the other governing documents ("Documents") of the Blue Mesa Lodge Condominium Community. The mere acquisition, rental or use of a Unit will signify that the Documents of the Blue Mesa Lodge Condominium Community are acceptable, ratified and will be complied with.

ARTICLE 2 - BOARD

Section 2.1 Number and Qualification.

(a) The affairs of the Blue Mesa Lodge Condominium Community and the Blue Mesa Lodge Condominium Association shall be governed by an Executive Board which shall consist of three persons. If any Unit is owned by a partnership, corporation, limited liability company, trust or any other entity, any officer, partner, trustee or employee of that Unit Owner shall be eligible to serve as a Director and shall be deemed to be a Unit Owner for the purposes of these Bylaws. At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

(b) The terms of at least one-third of the Directors shall expire annually.

(c) The Executive Board shall elect the officers. The Directors and officers shall take office upon election.

Section 2.2 Powers and Duties. The Executive Board may act in all instances on behalf of the Blue Mesa Lodge Condominium Association, except as provided in the Amended Declaration of the Blue Mesa Lodge Condominiums and these Bylaws or applicable portions of the Act. The Executive Board shall have, subject to the limitations contained in the Amended Declaration of the Blue Mesa Lodge Condominiums, and applicable portions of the Act, the powers and duties necessary for the administration of the affairs of the Blue Mesa Lodge Condominium Association and of the Blue Mesa Lodge Condominium Community, including the following powers and duties:

- (a) Adopt and amend Bylaws and Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;

- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Amended Declaration of the Blue Mesa Lodge Condominiums, Bylaws or Rules in the Association's name, on behalf of the Blue Mesa Lodge Condominium Association or two or more Unit Owners on matters affecting the Blue Mesa Lodge Condominium Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act;
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
- (m) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy reasonable fines for a violation of the Amended Declaration of the Blue Mesa Lodge Condominiums, Bylaws, Rules and Regulations of the Blue Mesa Lodge Condominium Association;
- (n) Impose a reasonable charge for the preparation and recording of amendments to the Amended Declaration of the Blue Mesa Lodge Condominiums or statements of unpaid assessments;
- (o) Provide for the indemnification of the Association's Officers and the Executive Board and maintain Directors' and Officers' liability insurance;

(p) Exercise any other powers conferred by the Amended Declaration of the Blue Mesa Lodge Condominiums or Bylaws;

(q) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Blue Mesa Lodge Condominium Association;

(r) Exercise any other power necessary and proper for the governance and operation of the Blue Mesa Lodge Condominium Association; and

(s) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee.

Section 2.3 Manager. The Executive Board may employ a manager for the Blue Mesa Lodge Condominium Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the manager only the powers granted to the Executive Board by these Bylaws under Section 2.2, subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget. Regardless of any delegation to a manager or managing agent, the members of the Executive Board shall not be relieved of responsibilities under the Amended Declaration of the Blue Mesa Lodge Condominiums, the Articles of Incorporation, these Bylaws or Colorado law.

Section 2.4 Removal of Directors. The Owners, by a vote of at least two-thirds of the votes at any meeting of the Owners at which a quorum is present, may remove a Director.

Section 2.5 Vacancies. Vacancies in the Executive Board, caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 2.6 Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Unit Owners shall be held after the annual meeting or at a time and place to be set by the Executive Board. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7 Special Meetings. Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least three business days' notice to each

Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.8 Location of Meetings/Open Meetings. All meetings of the Executive Board shall be held within the Telluride area, unless all Directors consent in writing to another location. All meetings are open to attendance by the members, as provided by applicable law.

Section 2.9 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Executive Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10 Quorum of Directors. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, unless there are less than three directors, in which case, all directors must be present to constitute a quorum. At a meeting at which a quorum is present, the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Executive Board unless there are less than three directors, in which case, unanimity of the directors is required to constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11 Consent to Corporate Action. If all the Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Blue Mesa Lodge Condominium Association, and the number of the Directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Executive Board.

Section 2.12 Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

Section 2.13 Compensation. No Director shall receive any compensation from the Blue Mesa Lodge Condominium Association for acting as such unless approved by a majority in interest of the votes in the Blue Mesa Lodge Condominium Association at a regular or special meeting of the Blue Mesa Lodge Condominium Association. Any Director may be reimbursed for expenses incurred on behalf of the Blue Mesa Lodge Condominium Association upon

approval of a majority of the other Directors. Nothing herein shall prohibit the Blue Mesa Lodge Condominium Association from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Blue Mesa Lodge Condominium Association in a capacity other than as a Director pursuant to a contract or agreement with the Blue Mesa Lodge Condominium Association, provided that such Director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested Director.

ARTICLE 3 - OWNERS

Section 3.1 Membership. Ownership of a Unit is required in order to qualify for membership in this Blue Mesa Lodge Condominium Association. Membership is more fully addressed in the Articles of Incorporation and the Amended Declaration of the Blue Mesa Lodge Condominiums.

Section 3.2 Annual Meeting. Annual meetings of Owners shall be held during each of the Association's fiscal years, at such time of the year and date as determined by the Executive Board and set forth in the notice. At these meetings, the Directors shall be elected by ballot of the Owners, in accordance with the provisions of these Bylaws the Amended Declaration of the Blue Mesa Lodge Condominiums and Articles of Incorporation. The Unit Owners may transact other business as may properly come before them at these meetings. Failure to hold an annual meeting shall not work a forfeiture or dissolution of the Blue Mesa Lodge Condominium Association.

Section 3.3 Special Meetings. Special meetings of the Blue Mesa Lodge Condominium Association may be called by the president, by a majority of the members of the Executive Board or by a majority in interests of the Unit Owners.

Section 3.4 Place of Meetings. Meetings of the Unit Owners shall be held in the Blue Mesa Lodge Condominium Community, or in the Telluride area, and may be adjourned to a suitable place convenient to the Owners, as may be designated by the Executive Board or the president.

Section 3.5 Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Unit Owners to be hand-delivered or sent prepaid by United States Mail to the mailing address of each Unit or to the mailing address designated in writing by the Unit Owner, not less than 10 nor more than 50 days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

Section 3.6 Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.7 Adjournment of Meeting. At any meeting of Unit Owners, a majority in interests of the Unit Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8 Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of memberships of the Executive Board (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Executive Board (when required);
- (h) Unfinished business; and
- (i) New business.

Section 3.9 Voting.

(a) If only one of several owners of a Unit is present at a meeting of the Blue Mesa Lodge Condominium Association, the owner present is entitled to cast all the votes allocated to the Unit. If more than one of the owners are present, the votes allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of those owners. There is majority agreement if any one of the owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

(b) Votes allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Blue Mesa Lodge Condominium Association. A proxy is void if it is not dated or purports to be

revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.

(c) The vote of a partnership, corporation, limited liability company or other entity or business trust may be cast by any officer, partner, manager, employee or agent of that corporation or business trust in the absence of express notice of the designation of a specific person by the executive board of directors or bylaws of the owning entity corporation or business trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or other entity or business trust owner is qualified to vote.

(d) Votes allocated to a Unit owned by the Blue Mesa Lodge Condominium Association may not be cast.

Section 3.10 Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy at any meeting of Unit Owners, but no less than owners representing voting interests of at least fifty percent (50%) of the votes in the Blue Mesa Lodge Condominium Association, shall constitute a quorum at that meeting.

Section 3.11 Majority In Interests or Majority Vote. The vote of a majority in interest of the votes present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required in the Amended Declaration of the Blue Mesa Lodge Condominiums, these Bylaws, the Articles of Incorporation or by law.

Section 3.12 Unit Owner Addresses for Notices. Unless a Unit Owner shall have notified the Blue Mesa Lodge Condominium Association by registered or certified mail of a different address, any notice required to be given, or otherwise given by the Blue Mesa Lodge Condominium Association under these Bylaws to any Unit Owner or any other written instrument to be given to any Unit Owner, may be mailed to such Unit Owner in a postage prepaid envelope and mailed by first class, registered or certified mail to the address of the Unit shown upon the Association's records as being owned by such Unit Owner. If more than one Unit Owner owns a particular Unit, then any notice or other written instrument may be addressed to all of such Owners and may be mailed in one envelope in accordance with the foregoing. Any notice or other written instrument given by the Blue Mesa Lodge Condominium Association in accordance with the foregoing will be deemed to have been given on the date that it is mailed.

Section 3.13 Rules at Meeting. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and Unit Owners. In the absence of such rules, Robert's Rules of Order shall be used.

ARTICLE 4 - OFFICERS

Section 4.1 Designation. The principal officers of the Blue Mesa Lodge Condominium Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 Election of Officers. The officers of the Blue Mesa Lodge Condominium Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board. They shall hold office at the pleasure of the Executive Board.

Section 4.3 Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose.

Section 4.4 President. The president shall be the chief executive officer of the Blue Mesa Lodge Condominium Association. The president shall preside at all meetings of the Unit Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Unit Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Blue Mesa Lodge Condominium Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Amended Declaration of the Blue Mesa Lodge Condominiums and these Bylaws on behalf of the Blue Mesa Lodge Condominium Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint some other Director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Executive Board or by the president.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Unit Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Amended Declaration of the Blue Mesa Lodge Condominiums and the Bylaws on behalf

of the Blue Mesa Lodge Condominium Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Blue Mesa Lodge Condominium Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Blue Mesa Lodge Condominium Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Blue Mesa Lodge Condominium Association in banks designated by the Executive Board. Reserve funds of the Blue Mesa Lodge Condominium Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

Section 4.8. Agreements, Contracts, Deeds, Checks, Etc. Except as provided in Sections 4.4, 4.6, 4.7, and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Blue Mesa Lodge Condominium Association shall be executed by any officer of the Blue Mesa Lodge Condominium Association or by any other person or persons designated by the Executive Board.

Section 4.9 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Blue Mesa Lodge Condominium Association, if any, or, in their absence, any officer having access to the books and records of the Blue Mesa Lodge Condominium Association may prepare, certify, and execute statements of unpaid assessments in accordance with Section 316 of the Act. The Blue Mesa Lodge Condominium Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Executive Board. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

ARTICLE 5 - ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board or the breach of any provision of the Documents shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

(a) to enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Documents. The Executive Board shall not be deemed liable for any manner of trespass by this action; or

(b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 Fines for Violation. By resolution, following notice and hearing, the Executive Board may levy reasonable fines per day for each day that a violation of the Documents or Rules persists after notice and hearing, but this amount shall not exceed that amount necessary to insure compliance with the rule or order of the Executive Board.

ARTICLE 6 - INDEMNIFICATION

Section 6.1 Actions Other Than By Or In The Right of The Blue Mesa Lodge Condominium Association. The Blue Mesa Lodge Condominium Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Blue Mesa Lodge Condominium Association) by reason of the fact that he is or was a director or officer of the Blue Mesa Lodge Condominium Association, who is or was serving at the request of the Blue Mesa Lodge Condominium Association in such capacity, against expenses (including expert witness fees, attorney fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Blue Mesa Lodge Condominium Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Blue Mesa Lodge Condominium Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful.

Section 6.2 Actions By Or In The Right of The Blue Mesa Lodge Condominium Association. The Blue Mesa Lodge Condominium Association shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Blue Mesa Lodge Condominium Association to procure judgment in its favor by reason of the fact that such person is or was a director or

officer of the Blue Mesa Lodge Condominium Association or is or was serving at the request of the Blue Mesa Lodge Condominium Association in such capacity, against expenses (including expert witness fees, attorney fees and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Blue Mesa Lodge Condominium Association; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty in the Blue Mesa Lodge Condominium Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

Section 6.3 Successful on the Merits. To the extent that a director, manager, officer, project manager, employee, fiduciary or agent of the Blue Mesa Lodge Condominium Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in the first two sections of this Article, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorney fees and costs) actually and reasonably incurred by him or her in connection therewith.

Section 6.4 Determination Required. Any indemnification under the first two sections of this Article (unless ordered by a court) and as distinguished from the third section of this Article, shall be made by the Blue Mesa Lodge Condominium Association only as authorized by the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such individual has met the applicable standard of conduct. Such determination shall be made by the Board of Directors by majority vote of a quorum consisting of those members of the Board who were not parties to such action, suit or proceeding or, if a majority of disinterested members of the Board of Directors so directs, by independent legal counsel and a written opinion or by members entitled to vote thereon.

Section 6.5 Payment in Advance of Final Disposition. The Blue Mesa Lodge Condominium Association shall pay for or reimburse the reasonable expenses incurred by a former or current director or officer who is a party to a proceeding in advance of final disposition of the proceeding if the director or officer furnishes to the Blue Mesa Lodge Condominium Association a written affirmation of the director's good faith belief that he or she has met the standard of conduct described in the first two sections of this Article, the director or officer furnishes to the Blue Mesa Lodge Condominium Association a written understanding, executed personally or on the director's or officer's behalf to repay the advance if it is ultimately determined that the director or officer did not meet the standard of conduct and a determination is made that the facts then known to those making the determination would not preclude indemnification under this article. The undertaking required in this paragraph shall be an unlimited general obligation of the director or officer but need not be selected and may be accepted without reference to financial ability to make repayment.

Section 6.6 No Limitation of Rights. The indemnification provided by this Article shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or disinterested members of the Board of Directors, or otherwise, nor by any rights which are granted pursuant to C.R.S. §§ 38-33.3-101, *et seq.*, and the Colorado Nonprofit Corporation Act, as amended.

Section 6.7 Directors and Officers Insurance. The Blue Mesa Lodge Condominium Association may purchase and maintain insurance on behalf of any person who is or was a member of the Board of Directors or an officer of the Blue Mesa Lodge Condominium Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Blue Mesa Lodge Condominium Association would have the power to indemnify such individual against such liability under provisions of this Article.

ARTICLE 7 - RECORDS

Section 7.1 Records and Audits. The Blue Mesa Lodge Condominium Association shall maintain financial records. The cost of any audit shall be a Common Expense.

Section 7.2 Examination. All records maintained by the Blue Mesa Lodge Condominium Association or the Manager shall be available for examination and copying by any Unit Owner, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3 Records. The Blue Mesa Lodge Condominium Association or its manager or managing agent, if any, may keep the following records:

- (a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Blue Mesa Lodge Condominium Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;
- (b) An account for each Unit Owner showing any other fees payable by the Unit Owner;
- (c) A record of capital expenditures approved by the Executive Board;
- (d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with

the amount of those portions of reserves designated by the Blue Mesa Lodge Condominium Association for a specific project;

(e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Blue Mesa Lodge Condominium Association;

(f) The current operating budget;

(g) A record of any unsatisfied judgments against the Blue Mesa Lodge Condominium Association and the existence of any pending suits in which the Blue Mesa Lodge Condominium Association is a defendant;

(h) A record of insurance coverage provided for the benefit of Unit Owners and the Blue Mesa Lodge Condominium Association;

(i) A record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declarations of which the Executive Board has knowledge;

(j) A record of any violations, with respect to any portion of the Blue Mesa Lodge Condominium Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Executive Board has knowledge;

(k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;

(l) Balance sheets and other records required by Colorado corporate law;

(m) Tax returns for state and federal income taxation;

(n) Minutes of proceedings of Unit Owners, Directors, committees of Directors and waivers of notice; and

(o) A copy of the most current versions of the Amended Declaration of the Blue Mesa Lodge Condominiums, Articles of Incorporation, Bylaws, Rules, and resolutions of the Executive Board, along with their exhibits and schedules.

ARTICLE 8 - MISCELLANEOUS

Section 8.1 Notices. All notices to the Blue Mesa Lodge Condominium Association or the Executive Board shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Blue Mesa Lodge Condominium Association, or to such other address as the

Executive Board may designate by written notice to all Unit Owners. Except as otherwise provided, all notices to any Unit Owner shall be sent to the Unit Owner's address as it appears in the records of the Blue Mesa Lodge Condominium Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The Executive Board shall establish the fiscal year of the Blue Mesa Lodge Condominium Association.

Section 8.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 Office. The principal office of the Blue Mesa Lodge Condominium Association shall be on the Property or at such other place as the Executive Board may from time to time designate.

Section 8.5 Working Capital Fund. A working capital fund is established pursuant to the Amended Declaration of the Blue Mesa Lodge Condominiums. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then shall be contributed to the Blue Mesa Lodge Condominium Association at the time the sale of the Unit is closed. Until paid to the Blue Mesa Lodge Condominium Association, the contribution to the working capital fund shall be considered an unpaid Common Expense Assessment.

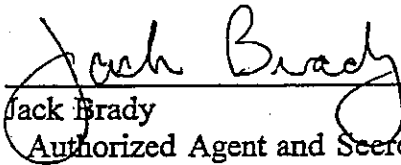
Section 8.6 Reserves. As a part of the adoption of the regular budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements that it is obligated to maintain, based upon age, remaining life and the quantity and replacement cost of major Common Element improvements.

ARTICLE 9 - AMENDMENTS TO BYLAWS

Section 9.1 Vote of the Members. The Bylaws may be amended only by vote of a majority in interest of the members present, in person or proxy, at a meeting at which a quorum is present.

Section 9.2 Restrictions on Amendments. No amendment of the Bylaws of this Blue Mesa Lodge Condominium Association shall be adopted which would affect or impair the validity or priority of any Security Interest covering any Unit or which would materially change the provisions of the Bylaws with respect to a first lien Security Interest or the interest of an institutional mortgagees of record.

ATTEST: Certified to be the Bylaws of the Blue Mesa Lodge Condominium Association, Inc., as of September 1, 1997, adopted by the undersigned, being an authorized officer of the Blue Mesa Condominium Association and an agent for owners of the entire Blue Mesa Condominium Community. The undersigned, hereby certifies and verifies that the approval to amend the Bylaws of the Blue Mesa Condominium Association, as set forth above for the Blue Mesa Lodge Condominiums and the Blue Mesa Lodge Condominium Association, Inc., has been obtained from all Owners of those Condominium Units constituting a total of one hundred percent (100%) of the percentage interests in the Common Elements, as set forth in the Original Declaration and the Supplemental Declaration; has been obtained from the Blue Mesa Condominium Association and that the above Bylaws have been adopted by the Blue Mesa Lodge Condominium Association board of directors and the Owners of Units in the Blue Mesa Lodge Condominiums.



Jack Brady Date 25 AUGUST 1997
Authorized Agent and Secretary of the
Blue Mesa Lodge Condominium Association, Inc.