

BY-LAWS
OF
VAIL DAS SCHONE CONDOMINIUM
ASSOCIATION

SECTION 1.

OBJECT

1-1 The purpose for which this Association is formed is to govern the condominium property situated in the County of Eagle, State of Colorado, which property is described on the attached Exhibit "A", which by this reference is made a part hereof, and which property has been submitted to the provisions of the Condominium Ownership Act of the State of Colorado by a Declaration entitled "Declaration for Vail Das Schone Condominiums."

1-2 All present or future owners, tenants, future tenants or any other person using the facilities of the project in any manner are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the condominium units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these By-Laws are accepted, ratified, and will be complied with.

SECTION 2.

MEMBERSHIP, VOTING, MAJORITY
OF OWNERS, QUORUM, PROXIES

2-1 Members. Membership in this Association shall consist of the following:

Any person acquiring an interest in the real property other than a mortgagee, beneficiary under trust deeds, or as a lien claimant, shall automatically become a member of this Association. Upon the sale or transfer of a unit by an owner, his membership shall terminate.

2-2 Voting. Voting shall be in accordance with the provisions of the Articles of Incorporation of Vail Das Schone Condominium Association.

2-3 Majority of Unit Owners. As used in these By-Laws the term "majority of unit owners" shall mean unit owners who own more than fifty percent (50%) of the undivided percentage interest in the general common elements.

2-4 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of more than fifty percent (50%) of the votes of the membership of the Association, shall constitute a quorum. An affirmative vote of a majority of the votes entitled to be cast at a meeting, determined by the presence of the voters or by proxy, shall be required to transact business.

2-5 Proxies. Votes may be cast in person or by proxy. Proxies shall be in writing and the signatures must be witnessed or acknowledged. Proxies must be filed with the Secretary before the appointed time of each meeting.

SECTION 3.

ADMINISTRATION, MEETINGS OF MEMBERS

3-1 Association Responsibilities. The owners of the units

will be the members of the Association, who will have the responsibility of administering the project through a Board of Directors.

3-2 Place of Meetings. Meeting of the Association shall be held at such place as the Board of Directors may determine.

3-3 Annual Meetings. The first and latter annual meetings of the Association shall be held on the dates given on Exhibit "A". At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 4-5 of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

3-4 Special Meetings. The President shall call a special meeting of the owners when so directed by resolution of the Board of Directors or upon presentation to the Secretary of a petition signed by a majority of the owners. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths of the unit owners either in person or by proxy.

3-5 Notices. Notices of annual and special meetings shall be given by the President or Secretary of the Association by regular mail addressed to the registered addresses of the owners of the units at least fifteen (15) days prior to the date set for such meeting. Any such notice shall state the date, time and place of the meeting, and if the meeting is a special meeting, the purposes thereof. Waiver of notice, either in person or by proxy, and signed either before, at or after any meeting, shall be a valid substitute for service. The certificate of the President or Secretary that notice was duly given shall be prima facie evidence thereof.

3-6 Adjourned Meeting. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called.

3-7 Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of managers.
- (g) Unfinished business.
- (h) New business.

SECTION 4.

BOARD OF DIRECTORS (Powers and Meetings)

4-1 Number and Qualifications. The affairs of this Association shall be governed by a Board of Directors composed of not less than three nor more than seven persons. The persons named in Exhibit "A" shall act in such capacity, and shall manage the affairs of the Association until the first annual meeting and until their successors are elected.

4-2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of

the affairs of the Association and for the operation and maintenance of a first-class project.

4-3 Other Powers and Duties. The Board of Directors shall be empowered and shall have the following duties:

4-3-1 To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration referred to in Section 1-1.

4-3-2 To establish, make and enforce compliance with such reasonable House Rules as may be necessary for the operation, use and occupancy of this condominium project with the right to amend same from time to time.

4-3-3 To keep or cause to be kept, in good order, condition and repair all of the general and limited common elements and all items of common personal property, if any.

4-3-4 To insure and keep insured all of the insurable general common elements of the property (and also fixtures; interior walls and partitions; decorated and finished surfaces of perimeter walls, floors and ceilings, doors, windows and other elements or materials comprising a part of the units) in an amount equal to their maximum replacement value as provided in the Declaration. Maximum replacement value shall be determined every two years by one or more written appraisals. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts not less than \$100,000 per person and \$300,000 per accident and \$50,000 property damages. 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 condominium units and their first mortgagees:

4-3-5 To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the owners toward the gross expenses of the entire premises and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments. 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 monthly or other assessments shall be mailed to the registered mailing address of the owner not later than on the first day of each month.

4-3-6 To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these By-Laws.

4-3-7 To protect and defend the entire premises from loss and damage by suit or otherwise.

4-3-8 To borrow funds but only when so authorized by 75% written consent and authority of all of the unit owners and the Declarant, if Declarant has a vote, and when so authorized to execute all such instruments evidencing such indebtedness as is expressly authorized. Any such authorized indebtedness shall be the several obligation of all of the unit owners only in the same proportion as their interest in the general common elements.

4-3-9 To enter into contracts within the scope of their duties and powers.

4-3-10 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 Directors.

4-3-11 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 owners.

4-3-12 To prepare and deliver annually to each owner a statement showing in at least summary form all receipts, expenses or disbursements since the last such statement.

4-3-13 To meet at least semi-annually.

4-3-14 To designate the personnel necessary for the maintenance and operation of the general and limited common elements.

4-3-15 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 communal aspect of condominium ownership.

4-4 Management Agent. The Board of Directors may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 4-3 hereof. Any management agreement shall be subject to paragraph 9.4 of the Declaration.

4-5 Election and Term of Office. At the organizational meeting of the Association, the initial Directors of the corporation shall be elected for a term which will expire on the first annual meeting of the Association. At each annual meeting, a Board of Directors shall be elected for a term of one year, and they shall serve until their successors have been elected and hold their first meeting.

4-6 Vacancies. Vacancies in the Board of Directors by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected in the next annual meeting of the Association.

4-7 Removal of Directors. At any regular meeting or at any special meeting called for that purpose, any one or more of the Directors may be removed with or without cause, by a majority of all of the unit owners, and a successor then and there may be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

4-8 Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten days at election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

4-9 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the Directors but at least two such meetings shall be held during each fiscal year.

Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three days prior to the day named for such meeting.

4-10 Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each Director, 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 Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two Directors.

4-11 Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4-12 Quorum. At all meetings of the Board of Directors a majority thereof shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such 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 Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

SECTION 5.

OFFICERS

5-1 Designation. The officers of the Association shall be a President, a Vice-President, a Secretary-Treasurer, all of whom shall be elected by and from the Board of Directors.

5-2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board. One person may hold concurrently any two offices. The office of Vice-President need not be filled.

5-3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

5-4 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5-5 Vice-President. The Vice-President shall have all the powers and authority and perform all of 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.

5-6 Secretary. The Secretary shall keep the minutes of meetings of the Board of Directors and minutes of meetings of the Association; he shall have charge of such books and papers as the Board of Directors 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 registered mailing addresses. Such list shall also show opposite each member's name the number of other appropriate designation of the apartment unit owned by such member. 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.

5-7 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 same, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

SECTION 6.

INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every manager or officer, heirs, executors and administrators, against all loss, costs and expense, 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 or officer 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 wilful 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 wilful misconduct in the performance of his duty as such manager or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such manager or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason of 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 Section 6 contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium 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 under and by virtue of the Condominium Declaration for Vail Das Schone Condominiums as a member or owner of a condominium unit covered thereby.

SECTION 7.

OBLIGATIONS OF THE OWNERS

7-1 Assessments. Except as otherwise provided in the Condominium Declaration for Vail Das Schone Condominiums, all owners shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses, and payment thereof shall be made not later than on the tenth day following

the mailing of the monthly or quarterly statement to the registered mailing address of the owner. All assessments shall be fixed at a uniform rate for all condominium units and shall be due monthly or quarterly in advance. 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 By-Laws, if and only if he shall have fully paid all assessments made or levied against him and the condominium unit owner by him.

7-2 Maintenance and Repair.

7-2-1 Except as provided in the Declaration, every owner must perform promptly at his own expense all maintenance and repair work within his own unit and limited common elements which if omitted would affect the project in its entirety or in part belonging to other owners.

7-2-2 All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephones, sanitary installations, doors, windows, electrical fixtures, and all other accessories, equipment and fixtures including any air-conditioning equipment belonging to the unit and including appurtenant limited common elements, shall be at the owner's expense.

7-3 Mechanic's Lien. Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of mechanic's lien filed against other units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's unit. In the event suit for foreclosure of mechanic's lien is commenced, then within ninety days thereafter such owner shall be required to deposit with the Association cash or negotiable securities equal to the amount of such claim plus interest for one year together with the sum of One Hundred Dollars. Such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursements of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment or settlement. Any deficiency shall be paid forthwith by the subject owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his condominium unit which may be foreclosed as is provided in the Declaration.

7-4 General.

7-4-1 Each owner shall comply strictly with the provisions of the Condominium Declaration for Vail Das Schone Condominiums.

7-4-2 Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Val Das Schone Condominiums project was built.

7-5 Use of Units - Internal Changes.

7-5-1 Units shall be utilized for such purposes only as may be permitted in the Declaration.

7-5-2 An owner shall not make internal modifications or alterations to his unit or installations located therein without previously notifying the Association in writing through the Managing Agent, or if no Managing Agent is employed, then through the President of the Board of Directors. The Association shall have the obligation to answer within ten days after receipt of such notice, and failure to do so within such time shall mean that

there is no objection to the proposed modification or alteration.

7-6 Use of General Common Elements and Limited Common Elements. Each owner may use the general common elements and the limited common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners.

7-7 Right of Entry.

7-7-1 An owner shall grant the right of entry to the Managing Agent or to any other person authorized by the Board of Directors in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

7-7-2 An owner shall permit the other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

7-8 Rules and Regulations.

7-8-1 No resident of the project shall place any advertisement, or posters of any kind in or on the project except as authorized by the Association. Provided, however, that this shall not apply to the Association or the Declarants.

7-8-2 Owners and occupants of condominium units shall exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and in using or playing or permitting to be used or played, musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such manner as may disturb or tend to disturb owners, tenants or other occupants of condominium units.

7-8-3 It is prohibited to hang garments, rugs and other materials from the windows or from any of the facades or balconies of a building or any of the improvements.

7-8-4 It is prohibited to throw garbage or trash outside the disposal installations provided for such purposes.

7-8-5 No owner, resident or lessee shall install wiring for electrical or telephone installation, television antenna machines or air-conditioning units on the exterior of the project or that protrude through the walls or the roof of the project except as expressly authorized by the Association.

7-8-6 All pets, at all times, must be carried or on a leash while on any part of the common elements.

7-8-7 The owner of each pet is responsible for cleaning any dirt or soilage occasioned by the pets on the common elements as well as any damage to the property.

7-8-8 Pets are not permitted on the landscaped areas of the project.

7-8-9 There is to be no parking except in the designated areas.

7-8-10 The Association assumes no responsibility for damage done to automobiles parked in the designated areas.

7-8-11 Noisy vehicles shall not be permitted on the premises.

7-8-12 No repair or cleaning of vehicles on premises.

7-8-13 The Board of Directors or the Managing Agent reserves the power to establish, make and enforce compliance with such additional Rules as may be necessary for the operation, use and occupancy of his condominium project with the right to amend same from time to time.

7-9 Power of Attorney. Each owner shall, upon becoming an owner of a condominium unit, execute a power of attorney in favor of the Association, irrevocably appointing the Association his attorney-in-fact to maintain, repair and improve the buildings and general and limited common elements, and to deal with the owner's condominium unit upon its destruction or obsolescence as is provided in the Declaration. The purpose of such execution shall be more fully to evidence such appointment, but failure to execute such power of attorney shall in no way derogate from the appointment provided in said Declaration.

SECTION 8.

AMENDMENTS

These By-Laws may be amended by the Association members at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by 75% of the owners. The notice of such meeting shall contain a summary of the proposed changes, or a copy of such proposed changes. No material amendment to these By-Laws will be made unless all first mortgagees give their approval to said amendment in writing.

SECTION 9.

MORTGAGES

9-1 Notice to Association. An owner who mortgages his unit shall notify the Association through the Managing Agent, if any, or the President of the Board of Directors, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Units."

9-2 Notice of Unpaid Assessments. The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit, and shall give mortgagees' and other notices as are required by the Declaration.

SECTION 10.

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND REQUIRED PROXIES

10-1 Proof of Ownership. Any person on becoming an owner of a condominium unit shall furnish to the Managing Agent or Board of Directors 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.

10-2 Registration of Mailing Address. The owners of each condominium 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 a 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 a condominium unit owner or owners shall be furnished by such owners to the Secretary within five days after transfer or title, such registration shall be in written form and signed by all of the owners of the condominium unit or by such persons as are authorized by law to represent the interests of (all of) the owners thereof. If no such address is registered or if all of the owners cannot agree, then the address of the unit shall be the registered address until another registered address is furnished as permitted under this Section. Registered addresses may be changed from time to time by similar designation.

10-3 Required Proxies. If title to a condominium 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 of members and thereat to cast whatever vote the owner himself might cast if he were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that within thirty days after such revocation, amendment or termination, the owner shall reappoint and authorize one person or alternate persons to attend all annual and special meetings as is provided by this Section 10-3.

10-4 The requirement contained in this section shall be first met before an owner of a condominium unit shall be deemed in good standing and entitled to vote at any special or annual meeting of members.

SECTION 11.

COMPLIANCE

These By-Laws are intended to comply with the requirements of the Colorado Condominium Ownership Act. If any of these By-Laws conflict with the provisions of said statute, the provisions of the statute will apply.

SECTION 12.

This Association is not organized for profit. No member, member of the Board of Directors, or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations 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 Directors; provided, however, always (1) that reasonable compensation may be paid to any member or manager while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member or Director 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.

SECTION 13.

SEAL

The corporate seal shall consist of concentric circles

with the name of the corporation and the word "Colorado" between and with the word "Seal" in the center.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals this _____ day of _____, 197__ at _____, Colorado.

BOARD OF DIRECTORS

_____(SEAL)

_____(SEAL)

_____(SEAL)

The undersigned Secretary of Vail Das Schone Condominium Association, a Colorado corporation not for profit, does hereby certify that the above and foregoing By-laws were duly adopted by the Board of Directors as the By-Laws of said corporation on the _____ day of _____, 197__, and that they do now constitute the By-Laws of said corporation.

Dated: _____

Secretary