

BY-LAWS
OF
SOMERSET CONDOMINIUMS ASSOCIATION

ARTICLE I

Identity

These are the By-Laws of Somerset Condominiums Association, herein called Association, a corporation not for profit organized under the laws of the State of Colorado. The Association has been organized for the purpose of administering a condominium which condominium is identified by the name Somerset Condominiums.

ARTICLE II

Offices

Section 1. Principal Office. The principal office of the Association shall be located at 5895 East Evans Avenue, Denver, Colorado 80222.

Section 2. Other Offices. The Association may establish such other offices at such other places as the Board of Directors may from time to time designate.

ARTICLE III

Eligibility for Membership

Section 1. Membership in the Association. Membership in the Association, except for membership of the Declarant and the first Board of Directors, shall be limited to record owners of condominium units constructed on the property described in Exhibit A and subject to a Condominium Declaration for Somerset Condominiums.

Section 2. Record Ownership. One membership in the Association shall be issued for each condominium unit owned. Such membership shall be in the name of the record owner of the condominium unit, and the record owners of all condominium units collectively shall constitute the total membership.

Section 3. Jointly Owned Units. In the event any condominium unit is owned by two (2) or more persons, whether by joint tenancy, tenancy in common, or otherwise, all such owners shall be members, however, each partial owner shall have only the right to vote that percentage of one vote as his interest in such condominium unit bears to one hundred (100%) percent.

Section 4. Additional Memberships. No membership shall be issued to any other person or persons except as they may be issued in substitution for outstanding memberships assigned to record owners of condominium units.

Section 5. Termination of Membership. A person, who for any reason, ceases

to be an owner of a condominium unit, shall cease to be a member of this Association. A person who is delinquent in the payment of dues and assessments or fails to comply with the rules and regulations promulgated by the Association in accordance with the powers given the Association in the Condominium Declaration for Somerset Condominiums shall similarly cease to be a member; provided, however, should said default be fully and completely remedied, said person may be reinstated as a member of the Association upon application and approval of a majority of the members of the Board of Directors who may require such terms and conditions as they deem appropriate for reinstatement.

ARTICLE IV

Meetings of Members

Section 1. Annual Meetings. Annual meetings of the members of the Association shall be held on the first Monday of the month of February each year, or at such other times as the members may by a majority vote approve. If the day fixed for the annual meeting shall be a legal holiday in the State of Colorado, such meeting shall be held on the next succeeding business day. At such meeting, there shall be elected a Board of Directors in accordance with the requirements of these By-Laws, and the members shall also transact such other business of the Association as may properly come before them.

Section 2. Special Meetings. Special meetings of the members for any purpose may be called by the President, a majority of the Board of Directors, or upon a Petition signed by not less than two-fifths (2/5ths) of the members. Such Petition shall state the purpose of such proposed meeting. At any special meeting, no business shall be transacted except as stated in the notice of such meeting, unless by consent of four-fifths (4/5ths) of the members present at such special meeting, either in person or by proxy.

Section 3. Notice of Meetings. Written or printed notices stating the place, day and hour of any meeting, annual or special, of members shall be delivered either personally or by mail to each member entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before the date of such meeting. In case of a special meeting, or when required by statute or by these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail, ad-

dressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 4. Quorum. The presence, either in person or by proxy, of at least fifty-one (51%) percent of the members of record shall constitute a quorum of the members for all purposes unless the representation of a larger group shall be required by law, by the Condominium Declaration, by the Articles of Incorporation or by these By-Laws and in that event, representation of the number so required shall constitute a quorum.

Section 5. Voting Rights. Except as provided in Section 3 of Article III, each member being present in person or by proxy shall be entitled to one vote for each condominium unit owned by said member. The percentages established in paragraph 5 of the Condominium Declaration shall be applicable to voting rights unless such percentages are increased or decreased pursuant to paragraph 31 of the Condominium Declaration. The vote of the members representing fifty-one (51%) percent of the voting rights present at a meeting where a quorum is present shall decide any question brought before such meeting, unless the question is one upon which, by express provision by law, by the Articles of Incorporation, by the Condominium Declaration, or by these By-Laws, a different vote is required, in which case such express provision shall govern and control, and no member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association.

Section 6. Adjournment of Meetings. If the number of members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the Chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time without notice other than an announcement at the meeting, until the necessary number of members shall be in attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

Section 7. Proxies. A member may appoint only his or her spouse or any joint owner of his condominium unit or any other member as a proxy. Any proxy must be

filed with the secretary before the appointed time of each meeting or upon the calling of the meeting to order, on a proxy form provided by the Association.

Section 8. Waiver of Notice. Any member may at any time waive any notice required to be given under these By-Laws, or by statute or otherwise. The presence of a member in person at any meeting of the members shall be deemed such a waiver.

Section 9. First Meeting. Notwithstanding anything to the contrary contained herein, until the Declarant has completed and sold all of the condominium units or until Declarant elects to terminate its control of the condominium, whichever shall first occur, there shall be no meeting of members of the Association unless a meeting is called by the Board of Directors.

ARTICLE V

Board of Directors

Section 1. Number and Qualification. The business, common elements, and affairs of the Association shall be managed, controlled, and conducted by a Board of Directors, consisting of not less than three (3) nor more than nine (9) members, the exact number to be determined at the time of election. Each director shall be a member in good standing of the Association, except as hereinafter provided.

Section 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 may do all such acts and things as are now by law or by the By-Laws directed to be exercised and done by the members. The powers of the Board of Directors shall include, but not be limited to, all of the rights and duties of the Board of Directors as set forth elsewhere in these By-Laws, and the Articles of Incorporation, and in the Condominium Declaration for Somerset Condominiums, and shall also include the power to promulgate such rules and regulations pertaining to such rights and duties as may be deemed proper and which are consistent with the foregoing, and the power to enforce such rules and regulations including the imposition of sanctions and penalties and the power to administer and enforce the covenants, conditions, restrictions and terms and conditions of these By-Laws, the Articles of Incorporation and the Condominium Declaration. The Board of Directors may delegate such duties as appear in the best interests of the Association and to the extent permitted by the laws of the State of Colorado.

Section 3. Election and Term of Office. Election of directors shall be conducted at the annual members' meeting. A nominating committee consisting of five

(5) members shall be appointed by the Board of Directors not less than thirty (30) days prior to the annual meeting. The Board of Directors shall determine the number of directors to be elected prior to appointment of the nominating committee, and shall inform the appointed nominating committee of such determined number. The committee shall nominate one person for each directorship. Additional nominations for directors may be made from the floor at the annual members' meeting. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. The term of at least one-third (1/3rd) of the members of the Board of Directors shall expire annually, and the term of the remaining members shall be designated by the Board of Directors prior to such election.

Section 4. Vacancies. Except as to vacancies provided by removal of directors by members, vacancies on the Board of Directors shall be filled by vote of the majority of the remaining directors even though they may consist of less than a quorum and each person so elected shall be a director until his successor is elected by the members at the next annual meeting.

Section 5. Removal of Directors. At any regular or special meeting of the members, any one or more of the directors may be removed with or without cause at any time by the affirmative vote of seventy-five (75%) percent of the voting rights of record and a successor may then be elected by the members to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. This section shall not be applicable to Declarant's appointees.

Section 6. Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken.

Section 7. Declarant Appointees. Until the Declarant has completed and sold all of the condominium units, or until the Declarant elects to terminate its control of the condominium, whichever shall first occur, the Board of Directors of the

Association appointed by Declarant shall serve, and in the event of vacancies, the Declarant shall fill the vacancies.

ARTICLE VI

Directors' Meetings

Section 1. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of such election at such time and place as shall be fixed 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.

Section 2. 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 four (4) 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 (3) days prior to the day named for the meeting.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by the President on seven (7) 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 fifty (50%) percent of the directors.

Section 4. Waiver of Notice. Before or at 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.

Section 5. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

Section 6. Adjournments. The Board of Directors may adjourn any meeting from day to day or for such time as may be prudent or necessary in the interests of

the Association, provided that no meeting may be adjourned for a period longer than thirty (30) days.

Section 7. 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 8. Other Powers. The Board of Directors shall, in addition to the other powers and duties set forth herein, be charged with the following powers and duties:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Condominium Declaration for Somerset Condominiums.

(b) To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use, and occupancy of this condominium project with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each member promptly upon the adoption thereof.

(c) To keep in good order, condition and repair all the general and limited common elements and all items of personal property, if any, used in the enjoyment of the entire premises.

(d) To purchase and maintain in full force and effect fire and extended coverage insurance, to the extent reasonably obtainable, insuring the condominium units, other insurable improvements to the common elements and fixtures, equipment and personal property acquired by the Association for the benefit of the Association and its members in an amount equal to one hundred (100%) percent of the replacement value of such property excluding from such replacement, the value of land, foundations, lawns, trees, shrubbery, fencing (unless insured) and television antennas. Replacement value shall be determined annually. Further, to purchase and maintain in full force and effect, workmen's compensation and employer's liability insurance upon all employees of the Association and comprehensive general liability insurance in behalf of the Association and its members with limits for bodily injury liability of not less than one million (\$1,000,000.00) dollars single limit or broad form coverage,

and with a limit for property damage liability of not less than one hundred thousand (\$100,000.00) dollars with respect to each accident.

(e) To fix, determine, levy and collect the assessments to be paid by each of the owners to meet the common expenses as determined by the Board of Directors, and by majority vote of the Board to adjust, decrease or increase the amount of such assessments. Such assessment shall be determined on an annual basis, payable in twelve (12) equal monthly installments. 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 in itemized statement form, shall set forth in detail all of the various expenses for which the assessments are being made and shall be mailed to the registered mailing address of each owner not later than on the first day of each month.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Condominium Declaration and these By-Laws.

(g) To protect and defend the entire premises from loss and damage by suit or otherwise.

(h) To borrow money and pledge the assets of the Association as security therefor, but may not borrow in excess of five thousand (\$5,000.00) dollars without the authorization of the affirmative vote of two-thirds (2/3rds) of the voting rights in the Association.

(i) To establish a bank account and/or bank accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.

(j) To enter into contracts within the scope of their duties and powers.

(k) To designate the personnel necessary for the maintenance and operation of the general and limited common elements, including the hiring of a managing agent.

(l) To enforce the terms and provisions of the Articles of Incorporation, these By-Laws, the Condominium Declaration, and the rules and regulations established by it, which enforcement may include sanctions, prohibit the use of all or part of the common elements, the right to control occupancy of any unit rented by an owner, and the right to impose financial penalties.

(m) In general, to carry on the administration of the Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of condominium ownership.

(n) To evict any tenant and/or occupant of a unit, other than a non-defaulting owner, if such tenant and/or occupant violates the rules and regulations promulgated by the Board of Directors or whose conduct is objectionable.

ARTICLE VII

Officers

Section 1. Designation. The principal officers of the Association shall be a President who shall be a director, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, who shall additionally have the power to appoint such other officers as they may deem in the best interest of the Association. The powers and duties of such officers shall be as follows:

(a) President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association.

(b) Vice President. The Vice President shall in the absence or disability of the President exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be determined by the Board of Directors.

(c) Secretary. The Secretary shall keep the minutes of all proceedings of the Board of Directors and the members. He shall attend to giving and serving of all notices to the members and directors and other notices required by law. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Board of Directors or the President.

(d) Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of Treasurer.

Section 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.

Section 3. Removal of Officers. Upon an affirmative vote of two-thirds (2/3rds) of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. Compensation. No compensation shall be paid to officers for their services as officers. No remuneration shall be paid to an officer for services performed by him for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

ARTICLE VIII

Powers, Rights and Duties of the Association and Members Thereof

The Association and its members shall have all the powers, rights, duties and obligations set forth in the Articles of Incorporation, these By-Laws, the rules and regulations adopted pursuant thereto, and as set forth in the Condominium Declaration for Somerset Condominiums.

ARTICLE IX

Corporate Seal

The Board of Directors shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the custody and control of the secretary.

ARTICLE X

Miscellaneous

Section 1. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by a certified public accountant. Based on such reports the Association will have available for inspection by its members a statement of the income and disbursements of the Association for each fiscal year.

Section 2. Records and Inspection of Books. The Board of Directors shall keep, or cause to be kept, the records of receipts and expenditures affecting the general and limited common elements of the condominium. These records and all other financial records required by Section 38-33-107 of the Colorado Revised Statutes 1973, as amended, shall be available at convenient weekday business hours for inspection

by members and their mortgagees. Upon ten (10) days' notice and receipt of the payment of a reasonable fee to be set from time to time by the Board of Directors, the Board of Directors shall furnish or cause to be furnished to any member a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such member.

Section 3. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the Association by any two officers of the Association.

Section 4. Amendment by the Members. The fiscal year of the Association shall be determined by the Board of Directors and shall be subject to change by the Board of Directors should Association practice subsequently necessitate such change.

ARTICLE XI

Amendment of the By-Laws

These By-Laws may be amended by the affirmative vote of at least two-thirds (2/3rds) of the voters of the entire membership of the Association at any regular or special meeting. Amendments may be proposed by the Board of Directors or by petitions signed by at least fifty-one (51%) percent of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon, provided, these By-Laws may not be amended insofar as such amendment would be inconsistent with the recorded restrictions of the property nor may the By-Laws be amended to eliminate any of the particulars of Section 38-33-106 of the Colorado Revised Statutes 1973, as amended.

ARTICLE XII

Amendment of the Articles of Incorporation

The Articles of Incorporation may be amended by the affirmative vote of at least two-thirds (2/3rds) of the voters of the entire membership of the Association at any regular or special meeting. Amendments may be proposed by the Board of Directors or by petitions signed by at least fifty-one (51%) percent of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon, provided, the Articles of Incorporation may not be amended insofar as such amendment would be inconsistent with the recorded restrictions of the property, nor may the Articles of Incorporation

be amended to eliminate any of the particulars of Section 38-33-106 Colorado Revised Statutes 1973, as amended.

ARTICLE XIII

Indemnification of Directors and Officers

Any person who may become a director or officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any claim, demand, action or proceeding to which he may be made a party, or in which he may become involved, or in connection with any settlement thereof, by reason of his being or having been such a director or officer of the Association, except in cases where he shall be finally adjudged in such action or proceeding to be liable for his gross negligence or willful misconduct in the performance of his duties as such director or officer. The right of indemnification herein provided shall be in addition to, and not exclusive of, all other rights to which such director or officer may be entitled by law, vote of the members or otherwise. It is provided, however, that such director or officer shall not be so indemnified in the event of a settlement of any such action, suit or proceeding unless (1) such settlement shall be approved by the court having jurisdiction of such action, suit or proceeding, or (2) such settlement shall have been made upon the written opinion of independent legal counsel, selected by or in a manner determined by the Board of Directors, to the effect that there is no reasonable ground of liability for gross negligence or willful misconduct on the part of such director or officer.

ARTICLE XIV

Procedures for Complaint

Any member complaining of any condition arising out of his membership in this Association and/or his ownership of a unit in Somerset Condominiums shall follow the procedure outlined below:

(a) Any complaint, regardless of its nature shall be reduced to writing and delivered to the Secretary of the Association.

(b) Within twenty (20) days of the receipt of such complaint, a special meeting of the Board of Directors shall be held to review such complaint. At such meeting the complainant shall present his grievance either personally or through his attorney. The Board of Directors shall have the right to have its attorney present at such meeting.

(c) Within thirty days of the special meeting and the hearing of such complaint, the Board of Directors shall make its determination of the issues and within ten (10) days of the Board's decision the Secretary shall give written notice of such decision to the parties involved in the complaint by mailing such notice to their last known address.

(d) In the event the complainant or anyone else affected by such decision does not accept the Board's determination, he and/or they may take such further legal action as may be available to them.

Compliance with the procedures outlined above shall be a condition precedent to the bringing of any legal action.

ARTICLE XV

Order of Business at Meetings

The order of business at all regularly scheduled meetings of the Board of Directors or the members shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

Any person desiring to address the meeting regarding a matter of new business shall give notice of such desire in writing to the Secretary at least three (3) days prior to such meeting, setting forth the nature of the matter to be brought before the meeting.

The foregoing were adopted as the By-Laws of Somerset Condominiums Association, a corporation not for profit under the laws of the State of Colorado, by the Board of Directors on the ____ day of _____, 1979.

COPY

Secretary

