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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTH MT. CRESTED BUTTE

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTH MT. CRESTED BUTTE

This Declaration of Covenants, Conditions and Restrictions for North Mt. Crested Butte is made this 3rd day of July, 2002, by CBMR Real Estate, LLC, a Colorado limited liability company.

ARTICLE I
DECLARATION

1.1 **Declaration.** Declarant owns the real property hereinafter defined as the Property and intends to develop the Property as part of a resort community in the Town. To further the general purposes herein expressed, Declarant, for itself, its successors and assigns, hereby declares that the Property, including any property added to the Property as hereinafter provided shall, at all times, be owned, held, used, occupied, sold and conveyed subject to the provisions of this Declaration and to the covenants, conditions, restrictions, reservations, easements, Assessments, charges and liens herein contained, which shall run with the Property and burden and benefit Declarant, all other parties having any right, title or interest in the Property, or any portion thereof, and their respective successors, assigns, heirs, devisees and personal representatives.

ARTICLE II
CERTAIN DEFINITIONS

2.1 **Articles.** Articles means the Articles of Incorporation of North Mt. Crested Butte Property Owners Association, as the same may be amended from time to time.

2.2 **Assessment.** Assessment means a monetary assessment, which may be a Common Assessment, a Special Assessment, a Specific Assessment or a Real Estate Transfer Assessment, that is levied by the Association pursuant to the terms of this Declaration.

2.3 **Association.** Association means North Mt. Crested Butte Property Owners Association, a Colorado nonprofit corporation, and its successors and assigns.

2.4 **Association Documents.** Association Documents means this Declaration, the Plat, the Articles, the Bylaws, and the Rules and Regulations, as the same may be amended from time to time.

2.5 **Board of Directors.** Board of Directors means the board of directors of the Association, as more particularly described and defined in this Declaration and the Bylaws.

2.6 **Bylaws.** Bylaws means the Bylaws of North Mt. Crested Butte Property Owners Association, as the same may be amended from time to time.

2.7 **CCIOA.** CCIOA means the Colorado Common Interest Ownership Act, as codified at Colorado Revised Statutes §§ 38-33.3-101 et seq.

2.8 **Common Assessment.** Common Assessment means an Assessment levied on all of the Lots subject to Assessment to fund the Common Expenses as more particularly described in Section 5.2.

2.9 **Common Expenses.** Common Expenses means all costs, expenses and liabilities incurred by or on behalf of the Association, including, but not limited to, costs, expenses and liabilities for administering and enforcing the terms of this Declaration; provided, however, that Common Expenses does not include expenses of the Association recovered through Special Assessments, Specific Assessments or Real Estate Transfer Assessments. The Association will not necessarily have any Common Expenses.

2.10 **Consideration.** Consideration is defined in Section 5.5(g)(iv).

2.11 **Declarant.** Declarant means, collectively, CBMR Real Estate, LLC, a Colorado limited liability company, and any party that (i) acquires all or substantially all of the Property and (ii) prior to or at the time of such acquisition is designated by a written instrument as a successor or assignee of Declarant under this Declaration. Such instrument may specify the extent and portion of the rights or interests as a Declarant which are being assigned, in which case CBMR Real Estate, LLC shall retain all other rights as Declarant.

2.12 **Declarant Control Period.** Declarant Control Period means the period beginning on the date the Association is formed and ending on the first to occur of (j) 60 days after Declarant no longer owns any portion of the Property; or (ii) the date on which Declarant, in its sole discretion, voluntarily terminates the Declarant Control Period pursuant to a recorded statement of termination executed by Declarant. If Declarant terminates the Declarant Control Period pursuant to the preceding clause (ii), Declarant may require that, for the balance of what would have been the Declarant Control Period had Declarant not terminated it, certain actions of the Association or the Board, as described in the recorded statement of termination, be approved by Declarant before they become effective.

2.13 **Declaration.** Declaration means this document and all amendments or supplements hereto hereafter recorded in the real property records of Gunnison County, Colorado, together with all Plans for the Property.

2.14 **Director.** Director means a director of the Association who serves on the Board of Directors.

2.15 **Extra Declarant Rights.** Extra Declarant Rights is defined in Section 6.2.

2.16 **Fair Market Value.** Fair Market Value is defined in Section 5.5(a)(iii).

2.17 **Guest.** Guest means any family member, customer, agent, employee, independent contractor, guest or invitee of an Owner and any person or persons, entity or entities who have any right, title or interest in a Lot which is not the fee simple title to the Lot (including a tenant or subtenant), and any family member, customer, agent, employee, independent contractor, guest or invitee of such person or persons, entity or entities.

2.18 **Lot.** A physical portion of the Property, whether improved or unimproved, that is or may be separately owned or conveyed pursuant to the ordinances, resolutions and regulations of the Town and the State of Colorado. Each Lot shall be legally described and identified on the Plat. Without limiting the generality of the preceding sentence, the term Lot shall include any superblocks, plots, tracts or similar portions of the Property that are described by the preceding sentence and that have not been further subdivided into smaller Lots, though such further subdivision is likely to occur. In addition, and without limiting the foregoing, the term Lot shall include any condominium unit within a legally established "condominium" (as defined in CCLQA). The term Lot shall not include any property dedicated to any governmental or quasi-governmental entity.

2.19 **Member.** Member means each person or entity who is a member of the Association pursuant to this Declaration.

2.20 **Membership.** Membership means a membership in the Association.

2.21 **Owner.** Owner means the record holder of legal title to the fee simple interest in a Lot or interest therein, including contract sellers, but excluding (i) contract purchasers, (ii) the Association and (iii) those having such interest merely as security for the performance of an obligation. Each Owner of a Lot shall also be the holder of the Membership in the Association appurtenant to ownership of such Lot. The term Owner shall include Declarant to the extent it is the record owner of fee simple title to a Lot.

2.22 **Person.** Person means any natural person, corporation, partnership, limited liability company, association, trustee or any other entity recognized as being capable of owning real property under the laws of the state of Colorado.

2.23 **Plat.** Plat means a subdivision plat approved by the Town pursuant to its subdivision regulations that depicts all or any portion of the Property and is filed in the real estate records of Gunnison County, as any such plat is amended or supplemented from time to time. The Plat shall be deemed to include any subdivision plats, plat amendments or condominium maps covering any portion of the Property that are recorded from time to time.

2.24 **Property.** Property means any and all real property subject to this Declaration as described on Exhibit A and all appurtenances and improvements thereon, along with any additional property included by Declarant as part of the Property from time to time in accordance with Section 6.2(a).

2.25 **Real Estate Transfer.** Real Estate Transfer is defined in Section 5.5(a)(i).

2.26 **Real Estate Transfer Assessment.** Real Estate Transfer Assessment is defined in Section 5.5.

2.27 **Rules and Regulations.** Rules and Regulations means any instruments adopted by the Association for the regulation and management of the Property or any portion thereof, as the same may be amended from time to time.

2.28 **Special Assessment.** Special Assessment means an Assessment levied in accordance with Section 5.3.

2.29 **Specific Assessment.** Specific Assessment means an Assessment levied in accordance with Section 5.4.

2.30 **Town.** Town means the Town of Mt. Crested Butte, a Colorado municipality.

2.31 **Transferee.** Transferee is defined in Section 5.5(e)(3).

ARTICLE III LIMITATIONS

3.1 **Limitations.** It being the intent of Declarant that the Property not be a "common interest community" as defined in CCIOA, the following limitations shall apply to this Declaration and the Association:

(a) No Owner, by virtue of such Owner's ownership of a Lot, shall be obligated under this Declaration to pay for real estate taxes, insurance premiums, maintenance or improvements of other real property described in this Declaration; and

(b) The Association shall be prohibited from owning or leasing any real property, and shall not establish, own, lease, license or operate any "common elements" as defined in CCIOA; provided that the Association may purchase a Lot at a foreclosure sale held pursuant to Section 5.8(b), subject to the limitations in such Section 5.8(b).

3.2 **CCIOA Exemption Declaration.** By virtue of the limitations in Section 3.1 above, this Declaration does not establish the Property as a "common interest community" as defined in CCIOA. Accordingly, the Lots are not "units" as defined in CCIOA; Declarant is not a "declarant" as defined in CCIOA; the Association is not an "association" or a "unit owners' association" as defined in CCIOA; and this Declaration is not a "declaration" as defined in CCIOA. Therefore, CCIOA does not apply to this Declaration, the Association or Declarant, and the terms of this Declaration and the other Association Documents shall be read, construed and interpreted accordingly.

ARTICLE IV ASSOCIATION

4.1 **Creation of the Association.** The Association has been or shall be formed by Declarant for the purposes of administering the terms of this Declaration and otherwise performing the functions of the Association as described in this Declaration.

4.2 **Membership.** Every Owner, including Declarant, shall be a Member. When an Owner consists of more than one Person, all such Persons will, collectively, constitute one Member of the Association and all such Persons shall be jointly and severally obligated to perform the responsibilities of Owner. Membership will automatically terminate when a Person

ceases to be an Owner, whether through sale, transfer, intestate succession, testamentary disposition, foreclosure or otherwise. The Association will recognize a new Owner as a Member upon presentation of satisfactory evidence of the sale, transfer, succession, disposition, foreclosure or other transfer of a Lot to such Owner. Membership may not be transferred, pledged or alienated in any way, except to a new Owner upon conveyance of a Lot. Any attempted prohibited transfer of a Membership will be void and will not be recognized by the Association.

4.3 **Allocation of Votes.** In all matters submitted to a vote of the Members of the Association, each Lot is allocated one vote; provided, however, that no vote shall be exercised for any Lot owned by the Association and no vote shall be exercised for any property which is exempt from Assessment under Section 5.9.

4.4 **Board of Directors.** The affairs of the Association shall be governed by the Board of Directors, which may, by resolution, delegate any portion of its authority to an executive committee or an officer, executive manager or Director of the Association. Except in those circumstances when a vote of the Members is required by the Association Documents or by law, the Board of Directors shall have complete authority to make all decisions and take all actions on behalf of the Association. The Board of Directors shall be appointed and elected, as applicable, in accordance with the following provisions:

(a) During the Declarant Control Period, the Board of Directors shall be comprised of three Directors, and Declarant shall have the right to appoint and remove all of the Directors during the Declarant Control Period.

(b) No Director appointed by Declarant shall be required to be an Owner or the authorized representative of an Owner.

(c) Any Director appointed by Declarant may be removed, with or without cause, only by Declarant and shall not be subject to removal by a vote of the Members.

(d) After the termination of the Declarant Control Period, the Owners shall elect a Board of Directors of at least three Directors. At such time, the Owners may, by amending the Bylaws according to their terms, decide to enlarge the size of the Board of Directors to more than three Directors and to divide the Members into various classes that will each elect one or more Directors to represent such classes on the Board of Directors.

4.5 **Bylaws.** The qualifications and number of Directors, the term of office of Directors, the manner in which Directors shall be elected and the manner in which Directors shall be replaced upon removal or resignation shall be further set forth in the Bylaws; provided that the Bylaws shall contain provisions that are identical in all substantive respects to the above provisions of Section 4.4, which provisions shall not be amended during the Declarant Control Period without the written consent of Declarant.

4.6 **Powers and Rights of the Association.** The Association shall have and may exercise any right or privilege given to it expressly in this Declaration or, except to the

extent limited by the terms and provisions of this Declaration, given to it by law and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including without limitation the rights to:

- (i) adopt and amend the Bylaws and Rules and Regulations of the Association;
- (ii) adopt and amend budgets for revenues, expenditures and collect Assessments;
- (iii) subject to Section 3.1, provide services to the Lots and the Owners and undertake any functions permitted by law that benefit the Lots and/or the Owners;
- (iv) hire and terminate managing agents and other employees, agents and independent contractors;
- (v) institute, defend or intervene in litigation or administrative proceedings in its own name or behalf of itself or two or more Owners on matters affecting the Property, the Association or this Declaration;
- (vi) make contracts and incur liabilities for the benefit of the Owners and/or the Property;
- (vii) impose charges for late payments of Assessments, recover reasonable attorneys' fees and disbursements and other costs of collection for Assessments and other actions to enforce the rights of the Association, regardless of whether or not suit was initiated, and levy reasonable fines and penalties for violations of the Association Documents;
- (viii) impose reasonable charges for the preparation and recording of amendments to the Declaration or statements of unpaid Assessments;
- (ix) provide for the indemnification of the Association's officers and directors and maintain directors' and officers' liability insurance;
- (x) assign its right to future income, including without limitation, its right to receive Assessments to secure financing for Association purposes;
- (xi) enter into contracts with any county, city, town or special district by which the Association agrees to pay over to such entity any portion of the funds generated by the Real Estate Transfer Assessment for the purpose of supporting any undertaking or paying for any services that the Board of Directors determines do benefit or will benefit the Owners and/or the Property;
- (xii) obtain and pay for legal, accounting and other professional services; perform any function by, through or under contract or arrangements, licenses, or other arrangements with any governmental or private entity as may be necessary or desirable; and

(xiv) enjoy and exercise any other power or authority which nonprofit corporations or entities similar to the Association may now or hereafter enjoy or exercise in the State of Colorado,

ARTICLE V ASSESSMENTS AND LIENS

5.1 **Creation of Assessments.** The Association shall have the authority to levy and collect four types of Assessments: (a) Common Assessments as described in Section 5.2; (b) Special Assessments as described in Section 5.3; (c) Specific Assessments as described in Section 5.4; and (d) Real Estate Transfer Assessments as described in Section 5.5. Each Owner, by accepting a deed for any Lot, is deemed to covenant and agree to pay these Assessments pursuant to the terms and conditions of this Declaration.

5.2 **Common Assessments.** If the Association has Common Expenses, each Lot is subject to Common Assessments for the Lot's share of the Common Expenses as allocated by the Board pursuant to the following provisions. The Association shall not levy Common Assessments unless it has Common Expenses. Common Assessments will be calculated and paid in accordance with procedures and regulations adopted and promulgated by the Board of Directors from time to time. The Board shall allocate liability for Common Assessments to the Lots on an equitable basis, provided that the Board may assess Common Assessments to Lots on which deed restricted affordable housing units have been constructed as is appropriate, as determined by the Board, to maintain the affordability of such units.

5.3 **Special Assessments.** In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover unexpected or unbudgeted expenses or expenses in excess of those budgeted. The Board shall allocate liability for Special Assessments to the Lots on an equitable basis, provided that the Board may assess Special Assessments to Lots on which deed restricted affordable housing units have been constructed as is appropriate, as determined by the Board, to maintain the affordability of such units. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

5.4 **Specific Assessments.** The Association shall have the power to levy Specific Assessments against one or more particular Lot(s) as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items or services to such Lot or occupants thereof upon request of the Owner of such Lot pursuant to a menu of special services the Board may from time to time authorize to be offered to Owners and occupants, which Specific Assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner;

(b) to cover costs incurred as a consequence of the conduct of the Owner or such Owner's Guests in violation of this Declaration, the Bylaws or the Rules and Regulations, including any interest or penalties charged hereunder; and

(c) to cover necessary costs or expenses incurred by the Association that solely benefit one or more Lots but fewer than all Lots.

5.5 **Real Estate Transfer Assessments.** Subject to this Section 5.5, the Association shall have the power to levy and collect a Real Estate Transfer assessment ("Real Estate Transfer Assessment") upon the occurrence of any Real Estate Transfer. The Real Estate Transfer Assessment shall be deemed to be in effect under this Section 5.5 unless and until the Association records a certification in the real estate records of Gunnison County declaring that the Real Estate Transfer Assessment is no longer in effect. So long as it is in effect, the Real Estate Transfer Assessment shall be equal to two percent (2%) of the Fair Market Value of the transferred Lot and shall be payable by the Transferee in the Real Estate Transfer at the time of the Real Estate Transfer.

(a) Definitions.

(i) Real Estate Transfer. "Real Estate Transfer" means and includes, whether in one transaction or in a series of related transactions, any conveyance, assignment, lease or other transfer of beneficial ownership of any Lot, including but not limited to (A) the conveyance of fee simple title to any Lot, (B) the transfer of more than 50% of the outstanding shares of the voting stock of a corporation (other than Declarant) which, directly or indirectly, owns one or more Lots, and (C) the transfer of more than 50% of the interest in net profits or net losses of any partnership, limited liability company, joint venture or other entity which, directly or indirectly, owns one or more Lots.

(ii) Transferee. "Transferee" means and includes all parties to whom any interest passes by a Real Estate Transfer, and each party included in the term "Transferee" shall have joint and several liability for all obligations of the Transferee under this Section 5.5.

(iii) Fair Market Value. In the case of a Real Estate Transfer that is in all respects a bona fide sale, "Fair Market Value" of the Lot transferred shall be the Consideration given for the Real Estate Transfer. In the case of a Real Estate Transfer that is a lease or is otherwise not in all respects a bona fide sale, Fair Market Value of the Lot transferred shall be determined by the Association. A Transferee may make written objection to the Association's determination within 15 days after the Association has given notice of such determination, in which event the Association shall obtain an appraisal, at the Transferee's sole expense, from a real estate appraiser of good reputation who is qualified to perform appraisals in Colorado, who is familiar with Gunnison County real estate values, and who shall be selected by the Association. The appraisal so obtained shall be binding on both the Association and the Transferee. The above provisions to the contrary notwithstanding, if a Transferee does not make a full report of a Real Estate Transfer within 15 days after the time required by this Section 5.5 for making such report, the Transferee shall be deemed to have waived all right of objection concerning Fair Market Value, and the Association's determination of such value shall be binding.

(iv) Consideration. "Consideration" means and includes the total of money paid and the fair market value of any property delivered, or contracted to be paid or delivered, in return for the Real Estate Transfer of any Lot, and includes any money or property paid or delivered to obtain a contract right to purchase any Lot, and the amount of any note, contract indebtedness (including without limitation, obligations which could be characterized as contingent land gain), or rental payment reserved in connection with such Real Estate Transfer, whether or not secured by any lien, mortgage, or other encumbrance, given to secure the Real Estate Transfer price, or any part thereof, or remaining unpaid on the Lot at the time of the Real Estate Transfer, whether or not assumed by the Transferee. The term "Consideration" does not include the amount of any outstanding lien or encumbrance for taxes, special benefits or improvements, in favor of the United States, the State of Colorado, or a municipal or quasi-municipal governmental corporation or district.

(b) Exclusions. The Real Estate Transfer Assessment shall not apply to any of the following, except to the extent that they are used for the purpose of avoiding the Real Estate Transfer Assessment:

(i) any Real Estate Transfer to the United States, or any agency or instrumentality thereof, the state of Colorado, any county, city and county, municipality, district or other political subdivision of this state;

(ii) any Real Estate Transfer to Decedent, the Association or the successors of such entities;

(iii) any Real Estate Transfer, whether outright or in trust, that is for the benefit of the transferor or his or her relatives, but only if there is no more than nominal Consideration for the Real Estate Transfer. For the purposes of this exclusion, the relatives of a transferor shall include all lineal descendants of any grandparent of the transferor, and the spouses of the descendants. Any person's stepchildren and adopted children shall be recognized as descendants of that person for all purposes of this exclusion. For the purposes of this exclusion, a distribution from a trust shall be treated as a Real Estate Transfer made by the grantors of the trust, in the proportions of their respective total contributions to the trust;

(iv) any Real Estate Transfer arising solely from the termination of a joint tenancy or the partition of property held under common ownership, except to the extent that additional Consideration is paid in connection therewith;

(v) any Real Estate Transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution;

(vi) any Real Estate Transfer made (A) by a majority-owned subsidiary to its parent corporation or by a parent corporation to its majority-owned subsidiary, or between majority-owned subsidiaries of a common parent

corporation, in each case for no Consideration other than issuance, cancellation or surrender of the subsidiary's stock; or (D) by a partner, member or a joint-venturer to a partnership, limited liability company or a joint venture in which the partner, member or joint venturer has not less than a 50% interest; or by a partnership, limited liability company or joint venture to a partner, member or joint venturer holding not less than a 50% interest in such partnership, limited liability company or joint venture, in each case for no Consideration other than the issuance, cancellation or surrender of the partnership, limited liability company or joint venture interests, as appropriate; or (C) by a corporation to its shareholders, in connection with the liquidation of such corporation or other distribution of property or dividend in kind to shareholders, if the Lot is transferred generally pro rata to its shareholders and no Consideration is paid other than the cancellation of such corporation's stock; or (D) by a partnership, limited liability company or a joint venture to its partners, members or joint venturers, in connection with a liquidation of the partnership, limited liability company or joint venture or other distribution of property to the partners, members or joint venturers, if the Lot is transferred generally pro rata to its partners, members or joint venturers and no Consideration is paid other than the cancellation of the partners', members' or joint venturers' interests; or (F) to a corporation, partnership, limited liability company, joint venture or other association or organization where such entity is owned in its entirety by the persons transferring the Lot and such persons have the same relative interests in the Transferee entity as they had in the Lot immediately prior to such Real Estate Transfer, and no Consideration is paid other than the issuance of each such persons' respective stock or other ownership interests in the Transferee entity; or (F) by any person(s) or entity(ies) to any other person(s) or entity(ies), whether in a single transaction or a series of transactions where the transferor(s) and the Transferee(s) are and remain under common ownership and control as determined by the Board of Directors in its sole discretion applied on a consistent basis; provided, however, that no such Real Estate Transfer or series of transactions shall be exempt unless the Board of Directors finds that such Real Estate Transfer or series of transactions (1) is for no Consideration other than the issuance, cancellation or surrender of stock or other ownership interest in the transferor or Transferee, as appropriate, (2) is not inconsistent with the intent and meaning of this Section 5.5(b)(vi), and (3) is for a valid business purpose and is not for the purpose of avoiding the obligation to pay the Real Estate Transfer Assessment. A Real Estate Transfer shall be deemed to be without Consideration (x) if the only Consideration is a book entry made in connection with an intercompany transaction in accordance with generally accepted accounting principles, or (y) no person or entity which does not own a direct or indirect equity interest in the Lot immediately prior to the Real Estate Transfer becomes the owner of a direct or indirect equity interest in the Lot (an "Equity Owner") by virtue of the Real Estate Transfer, and the aggregate interest immediately prior to the Real Estate Transfer of all Equity Owners whose equity interest is increased on account of the Real Estate Transfer does not increase by more than 20% (out of the total 100% equity interest in the Lot), and no individual is entitled to receive directly or indirectly

any Consideration in connection with the Real Estate Transfer. In connection with considering any request for an exception under this Section 5.5(b)(vi), the Board of Directors may require the applicant to submit true and correct copies of all relevant documents relating to the Real Estate Transfer and an opinion of the applicant's counsel (such opinion and counsel to be reasonably acceptable to the Board of Directors) setting forth all relevant facts regarding the Real Estate Transfer, stating that in their opinion the Real Estate Transfer is exempt under this Section 5.5(b)(vi), and setting forth the basis for such opinion;

(vii) any Real Estate Transfer made solely for the purpose of confirming, correcting, modifying or supplementing a Real Estate Transfer previously recorded, making minor boundary adjustments, removing clouds on titles, or granting easements, rights-of-way or licenses, and any exchange of Lots between Declarant and any original purchaser from Declarant of the one or more Lots being transferred to Declarant in such exchange. To the extent that Consideration in addition to previously purchased Lots is paid to Declarant in such an exchange, the additional Consideration shall be a Real Estate Transfer subject to assessment. To the extent that Declarant, in acquiring by exchange Lots previously purchased from Declarant, pays Consideration in addition to transferring Lots, the amount of such additional Consideration shall be treated as reducing the original assessable Real Estate Transfer and shall entitle an original purchaser from Declarant, who exchanges with Declarant Lots previously purchased from Declarant, to a refund from the Association of the amount of the Real Estate Transfer assessment originally paid on that portion of the original Real Estate Transfer;

(viii) any Real Estate Transfer pursuant to any decree or order of a court of record determining or vesting title, including a final order awarding title pursuant to a condemnation proceeding, but only where such decree or order would otherwise have the effect of causing the occurrence of a second assessable Real Estate Transfer in a series of transactions which includes only one effective Real Estate Transfer of the right to use or enjoyment of a Lot;

(ix) any lease of any Lot (or assignment or transfer of any interest in any such lease) for a period of less than thirty years (including the period of any renewal terms);

(x) any Real Estate Transfer solely of minerals or interests in minerals;

(xi) any Real Estate Transfer to secure a debt or other obligation or to release property which is security for a debt or other obligation, including transfers in connection with foreclosure of a deed of trust or mortgage or transfers in connection with a deed given in lieu of foreclosure;

(xii) the subsequent Real Estate Transfer(s) of a Lot involved in a "tax free" or "tax deferred" trade under the Internal Revenue Code wherein the

interim owner acquires property for the sole purpose of reselling that property within 30 days after the trade. In these cases, the first Real Estate Transfer of title is subject to Real Estate Transfer Assessment and subsequent transfers will only be exempt as long as a Real Estate Transfer assessment has been paid in connection with the first Real Estate Transfer of such Lot in each exchange;

(xiii) the Real Estate Transfer of a Lot to an organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, as amended (or any comparable statute), provided that the Board of Directors specifically approves such exemption in each particular case;

(xiv) any Real Estate Transfer made by a corporation or other entity, for Consideration, (1) to any other corporation or entity which owns 100 percent of its equity securities (a "Holding Company"), or (2) to a corporation or entity whose stock or other equity securities are owned, directly or indirectly, 100% by such Holding Company;

(xv) any Real Estate Transfer from a partially owned direct or indirect subsidiary corporation to its direct or indirect parent corporation where Consideration is paid for, or in connection with, such Real Estate Transfer; however, unless such Real Estate Transfer is otherwise exempt, such exemption shall apply only to the extent of the direct or indirect beneficial interest of the Transferee in the transferor immediately prior to the Real Estate Transfer. For example, if corporation A owns 60% of corporation B, and corporation B owns 100% of corporation C and corporation C conveys a Lot to corporation A for \$2,000,000, 60% of the Real Estate Transfer Assessment would be exempt and a Real Estate Transfer Assessment would be payable only on \$500,000 (i.e., 40% of the \$2,000,000 Consideration); and

(xvi) the conscriptive Real Estate Transfer of a Lot wherein the interim owner acquires such Lot for the sole purpose of immediately reconveying such Lot, but only to the extent there is no Consideration to the interim owner and such interim owner receives no right to use or enjoyment of such Lot, provided the Board of Directors specifically approves such exemption in each particular case. To the extent that Consideration is paid to, or for the benefit of, the interim owner, the additional Consideration shall be a Real Estate Transfer subject to assessment. In these cases, the first Real Estate Transfer of title is subject to the Real Estate Transfer Assessment and subsequent transfers will only be exempt as long as a Real Estate Transfer assessment has been paid in connection with the first Real Estate Transfer of such Lot in such consecutive transaction and only to the extent there is no Consideration to the interim owner.

(c) Payment and Reports. The Real Estate Transfer Assessment shall be due and payable by the Transferee to the Association at the time of the Real Estate Transfer giving rise to such Real Estate Transfer Assessment. With such payment the Transferee shall make a written report to the Association on forms prescribed by the Association, fully describing the Real Estate Transfer and setting forth the true, complete

and actual Consideration for the Real Estate Transfer, the names of the parties thereto; the legal description of the Lot transferred, and such other information as the Association may reasonable require. If not paid within 30 days after the subject Real Estate Transfer, a Real Estate Transfer Assessment shall be delinquent and bear interest and otherwise be treated as an Assessment obligation that is in default.

5.6 Owners' Obligations for Assessments.

(a) Personal Obligation. Each Assessment, together with interest (computed at the rate set by the Board, but not to exceed 21% per annum), late charges in such amount as the Board may establish by resolution, costs and reasonable attorneys' fees, shall be a charge and continuing lien upon the Lot against which the Assessment is made until paid. Each such Assessment, together with such interest, late charges, costs and reasonable attorneys' fees, also shall be the personal obligation of the Person who was the Owner of such Lot at the time the Assessment arose. However, no holder of a first mortgage who acquires title to a Lot by exercising the remedies provided in its mortgage shall be personally liable for unpaid Assessments which accrued prior to such acquisition of title.

(b) Terms of Payment. Common Assessments, if levied, shall be paid in annual installments or in such other reasonable manner as the Board may establish. The other Assessments shall be paid as otherwise provided in this Declaration or, if not otherwise provided, in a manner established by the Board for such Assessments. The Board may grant discounts for early payment, require advance payment of Assessments at closing of the transfer of title to a Lot, and impose special requirements upon Owners with a history of delinquent payment.

5.7 No Set-Off or Abatement. No Owner may exempt himself or herself from liability for Assessments by abandonment of his Lot or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or the Board to take some action or perform some function required of it, or from any other action by the Association or the Board.

5.8 Lien for Assessments.

(a) Perfection and Priority of Lien. The Association has and shall have an automatic lien against each Lot to secure payment of delinquent Assessments, as well as interest, late charges in such amount as the Board may establish by resolution, costs and reasonable attorneys' fees. Such lien shall be perfected upon the recording of this Declaration and no further claim of lien shall be required. Notwithstanding the foregoing and without limitation on the automatic lien against each Lot established hereby, the Association shall have the right, but not the obligation, to prepare and record a "Notice of Lien" which shall set forth (i) the amount of any Assessment, charge, fine or other amount due and owing to the Association; (ii) the date such amount was due and payable and the date from which interest accrues; (iii) all costs and expenses including reasonable attorneys' fees incurred in collecting the unpaid amount as of the date of

recording of such Notice of Lien; (iv) the Lot affected by the lien; and (v) the name or names, last known to the Association, of the Owner of the Lot. Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments and other levies which by law would be superior, and (b) the lien or charge of any first mortgage or deed of trust made in good faith and for value.

(b) Enforcement of Lien. Such lien, when delinquent, may be enforced in the same manner as provided for the foreclosure of mortgages under the laws of the State of Colorado. The Association may bid for a Lot at any foreclosure sale and acquire, hold, lease, mortgage and convey such Lot. While a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on behalf of the Association as Owner of such Lot; (b) no Assessments shall be levied against such Lot; and (c) the Association shall not levy any Assessments against the other Lots to pay for real estate taxes, insurance premiums, maintenance or improvements on the Lot owned by the Association (though the Association may use cash on hand for such purposes). The Association may sue for unpaid Assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

(c) Transfer of Lot. The sale or transfer of any Lot shall not affect an existing lien for previous Assessments or relieve such Lot from any lien for subsequent Assessments.

5.9 Exempt Property. Any Lot or other portion of the Property dedicated to and accepted by any governmental authority or public utility shall be exempt from payment of Assessments so long as such Lot or portion of the Property is owned by such authority or utility.

ARTICLE VI CERTAIN RIGHTS OF ASSOCIATION AND DECLARANT

6.1 Association Easements. Declarant hereby grants to the Association, its licensees, invitees, lessees, successors and assigns, a nonexclusive, perpetual easement on, over, upon, across, above, under and through the Property and each portion thereof to (i) exercise any right held by the Association under this Declaration or any other Association Document, and (ii) perform any obligation imposed upon the Association by this Declaration or any other Association Document. Notwithstanding the foregoing, the Association shall not enter upon any Lot without reasonable prior notice to the Owner of the Lot, except in cases of emergency.

6.2 Extra Declarant Rights. In addition to and without limiting any other rights established for Declarant under this Declaration, Declarant hereby reserves for itself and its successors and assigns the following rights ("Extra Declarant Rights"), which rights may be exercised at any time, in any order and as often as Declarant desires during the Declarant Control Period:

(a) The right to amend this Declaration to add as part of the Property any real property owned by Declarant within the Town;

(b) The right to amend this Declaration to withdraw from the Property any real property owned by Declarant;

(c) The right to subdivide any portion of the Property owned by Declarant into additional Lots;

(d) the right to complete any improvements shown on any Plat, and the right to construct any other improvement that Declarant deems necessary or advisable, including, without limitation, streets, mountain access roads and other limited access roads, paths, walkways, skiways, sidewalks, and trails; any facilities necessary or useful for transit purposes, including gondolas or other means of transportation to and from the Property; ski lifts; snow-making facilities; elevators; bus stops and related structures and signage; mailbox structures; gardens, sprinkler systems and other landscaping changes, improvements (including without limitation, removal of trees and other vegetation) and appurtenances; ponds and water tanks; drainage facilities; promonts; recreational areas and facilities; parking areas; ducts, shafts and flues; conduit installation areas; storage facilities for supplies and equipment; earth walls, retaining walls and other road and skiway supports; lighting; signage; and the additional right to construct any and all types of structures, facilities and improvements that any special district within which the Property is located may be empowered by law from time to time to construct; and

(e) the right to construct and maintain sales offices, booths or other structures used for sales or promotional purposes, management offices and models on any portion of the Property owned by Declarant. Declarant also reserves for itself and its successors and assigns the right to construct and maintain signs advertising the Property. The number, size and location of any such sales structures and signage, management offices or models or the relocation thereof shall be determined by Declarant.

ARTICLE VII ENFORCEMENT AND REMEDIES

7.1 Enforcement.

(a) Each provision of this Declaration enforceable against the Association shall be enforceable by Declarant or by any Owner by a proceeding for a prohibitive or mandatory injunction.

(b) Each provision of this Declaration enforceable against an Owner or Lot shall be enforceable by Declarant or the Association by a proceeding for a prohibitive or mandatory injunction or by suit or action to recover damages, or in the discretion of the Association, for so long as any Owner or Guest fails to comply with any such provisions, by suspending the privileges of Membership available to such Owner or such Owner's Lot.

7.2 Remedies. In addition, if an Owner fails to perform or observe any covenant or condition on such Owner's part to be performed or observed under this Declaration or any other Association Document, the Association shall have the following rights and remedies:

(i) The Association may, but is not obligated to, cure such failure to comply at the Owner's, or other defaulting party's, sole cost and expense. If the Association cures any such failure to comply, such Owner shall pay to the Association the amount of all costs incurred by the Association in connection therewith as a Specific Assessment within 10 days after the Owner receives a written invoice (thereof) from the Association;

(j) The Association may suspend the Owner's right to vote;

(c) Except as otherwise provided in any Association Document, and in addition to the fines provided for therein, the Association may fine the Owner an amount not to exceed \$1,000 for each violation, which shall be payable as a Specific Assessment. The Association may, in its sole and exclusive discretion, annually adjust for inflation the maximum amount of such fine. Each day any violation continues or is permitted to continue shall constitute a separate offense for purposes of levying such fine. The Owner shall pay any such fine to the Association within 30 days after the Owner receives written notice thereof.

(d) The Association shall have all other rights and remedies available to it under Association Documents, at law or in equity. All rights and remedies of the Association shall be cumulative and the exercise of one right or remedy shall not preclude the exercise of any other right or remedy.

ARTICLE VIII MISCELLANEOUS

3.1 **Duration of Declaration.** This Declaration shall run with and bind the Property in perpetuity unless this Declaration is terminated by a recorded termination agreement that has been authorized and executed by the Owners of not less than 75% of the Lots.

3.2 **Amendments.** Amendments to this Declaration shall be in writing and shall be recorded in the real property records of Gunnison County. This Declaration may be amended at any time subject to the following terms and conditions:

(a) Declarant, without the vote or consent of the Board or the Owners, may amend this Declaration to correct clerical, typographical or technical errors.

(b) Declarant, without the vote or consent of the Board or the Owners, may amend this Declaration to comply with the requirements, standards or guidelines of recognized secondary mortgage markets, the U.S. Department of Housing and Urban Development, the Federal Housing Administration, the Veteran's Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Company, or the Federal National Mortgage Company.

(c) Declarant, without the vote or consent of the Board or the Owners, may amend this Declaration from time to time to exercise any Extra Declarant Rights.

(d) Any amendment to this Declaration that changes a specific clause or provision prescribing a certain percentage of affirmative votes for action to be taken under that clause or provision shall require the affirmative vote of those Owners of Lots to which at least that percentage (as prescribed in that clause or provision) of the votes in the Association are allocated.

(e) Any amendment to this Declaration that changes a specific clause or provision requiring the written consent of any Person(s) for action to be taken under that clause or provision shall require the written consent of such Person(s).

(f) Any amendment to this Declaration affecting a right that Declarant has or may exercise under this Declaration requires the written approval of Declarant in each case.

(g) Except as provided above in this Section 8.2 and in any other provision of this Declaration, this Declaration may be amended by the affirmative vote or written consent of the Owners of at least 75% of the Lots, provided that during the Declarant Control Period any such amendment shall also require the written approval of Declarant.

8.3 Effect of Provisions of Declaration. Each provision of this Declaration, and any agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within the Property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within the Property by an Owner or the Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Association, as the case may be and, as a personal covenant, shall be binding on such Owner or the Association and such Owner's or the Association's respective heirs, personal representatives, successors and assigns and, as a personal covenant of an Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Association but not to, with or for the benefit of any other Owner and, if a personal covenant of the Association, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (c) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within the Property and, as a real covenant and also as an equitable servitude, shall be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within the Property and for the benefit of any and all other real property within the Property; and (d) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within the Property which lien with respect to any Lot shall be deemed a lien in favor of Declarant and the Association, jointly and severally and, with respect to any real property owned by the Association, shall be deemed a lien in favor of Declarant.

8.4 Interpretation of the Declaration. The Association, by and through its Board of Directors, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the covenants and the provisions hereof.

8.5 Attorneys' Fees. In the event of any dispute under or with respect to this Declaration or any other Association Document, the prevailing party shall be entitled to recover from the non-prevailing party all of its costs and expenses in connection therewith, including but not limited to reasonable attorneys' fees and costs.

8.6 Protection of Encumbrancer.

(a) The Association shall furnish to an Owner or such Owner's designee or mortgagee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Lot. The statement shall be furnished within 21 calendar days after receipt of the request and is binding on the Association, the Board of Directors and every Owner. If no statement is furnished to the Owner, the mortgagee or their designee, then the Association shall have no right to assert the priority of its Assessment lien upon the Lot for unpaid Assessments which were due as of the date of the request.

(b) The Association shall report to any Owner's mortgagee any unpaid Assessments remaining unpaid for more than 60 days after the same shall have become due, if such mortgagee first shall have delivered to the Association a written request for notice of unpaid Assessments. Any mortgagee holding a lien on a Lot may pay any unpaid Assessment with respect to such Lot, together with any and all costs and expenses incurred with respect to the Assessment lien securing such unpaid Assessment, and upon such payment, such mortgagee shall have a lien on the Lot for the amounts paid with the same priority as a lien of the mortgage held by such mortgagee.

8.7 Limited Liability.

(a) No officer, Director, employee or agent of the Association shall be personally liable to the Association or any Member for any injury, damage, loss, cost or expense suffered or incurred by reason of any act or omission of such officer, director, employee or agent, unless a court of competent jurisdiction finds that the act or omission of such officer, director, employee, agent or committee member was wanton and willful.

(b) The Association shall indemnify and hold harmless each present or former officer, director, employee, agent or committee member against any and all claims, suits, proceedings, injuries, damages, losses, costs and expenses, including, but not limited to, attorneys' fees and disbursements, asserted against or incurred by any such present or former officer, director, employee, agent or committee member to the fullest extent permitted by law; provided, however, that in no event shall the Association

indemnify or hold harmless any such officer, director, employee, agent or committee member to the extent that he or she is personally liable for an act or omission under Section 8.7(a) above.

8.8 Successors and Assigns. Except as otherwise provided herein, this Declaration shall be binding upon and shall inure to the benefit of Declarant, the Association, and each Owner and their respective heirs, personal representatives, successors and assigns.

8.9 Severability. Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

8.10 Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

8.11 Construction. When necessary for proper construction, the masculine of any word used in this Declaration shall include the feminine or neuter gender, and the singular the plural, and vice versa.


8.12 No Waiver. Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

8.13 Notices; Registration by Owner of Mailing Address. Each Owner shall register its mailing address with the Association, and except for statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by first-class mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. An Owner may change its mailing address from time to time by delivering written notice of such change of address to the secretary of the Association. However, if any Owner fails to so notify the Association of a registered address, then any notice or demand may be delivered to such Owner at the address of such Owner's Lot or posted at such Owner's Lot. All notices or demands intended to be served upon the Board of Directors, Declarant or the Association shall be sent by certified mail, postage prepaid, to c/o Crested Butte Mountain Resort, Inc., P.O. Box 5700, 600 Gothic Road, Mt. Crested Butte, CO 81225, until such address is changed by any such party.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the day and year first above written.

DECLARANT:

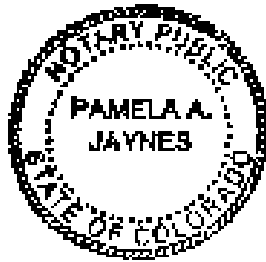
CHMR REAL ESTATE, LLC,
a Colorado limited liability company

By: 
Harrison T. Russell
Vice General Manager

STATE OF COLORADO)
) ss:
COUNTY OF GUNNISON)

The foregoing instrument was acknowledged before me this 3rd day of July, 2002, by Harrison T. Russell as Vice General Manager of CHMR Real Estate, L.L.C., a Colorado limited liability company.

WITNESS my hand and official seal.



My Commission Expires
23 April 2005


Notary Public

My Commission Expires: 23 April 2005

WILLIAMS, CRAIG S. & PENELOPE M.
401 Milled Johnson, East
P.O. Box 177
Durango, Colorado 81301



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Page 1 of 1
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FIRST AMENDMENT
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
NORTH MT. CRESTED BUTTE

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTH MT. CRESTED BUTTE (the "Amendment"), is made as of the 25th day of February, 2004, by CBMR REAL ESTATE, LLC, a Colorado limited liability company ("CBMR"), and is acknowledged by North Mt. Crested Butte Property Owners Association, a Colorado nonprofit corporation (the "Association")

RECITALS

A. CBMR is the "Trustee" under the Declaration of Covenants, Conditions and Restrictions for North Mt. Crested Butte that was recorded in the real property records of the Clerk and Recorder of Grand County, Colorado on July 15, 2002, as Reception No. 031050 (the "Covenants"). All capitalized terms used in this Amendment but not defined herein have the meanings given for them in the Covenants.

B. Pursuant to Section 6.2(b) of the Covenants, CBMR, as the Trustee under the Covenants, has the unilateral right, during the Deed and Control Period, to amend the Covenants for the purpose of withdrawing from the Property any real property owned by Deedant.

C. Pursuant to Section 2.12 of the Covenants, the Deed and Control Period is still in effect.

D. Pursuant to Section 6.2(b) of the Covenants, CBMR desires to amend the Covenants to withdraw from the Property the real property described on Exhibit A of this Amendment (the "Withdrawn Property"). CBMR is the owner of the Withdrawn Property. The Association as the "Association" defined in the Covenants, desires to acknowledge the withdrawal of the Withdrawn Property from the Property.

AMENDMENT

NOW, THEREFORE, pursuant to the terms of the Covenants, CBMR hereby declares that the Covenants are amended pursuant to the following terms and conditions:

1. Withdrawal of Withdrawn Property: Exhibit A of the Covenants is hereby amended to exclude the Withdrawn Property. The Withdrawn Property shall no longer be encumbered or affected by, or subject to, the Covenants or any of the terms, conditions, lines or easements established thereby.

2. Associations Acknowledgment: The Association, by its execution of this Amendment below, hereby acknowledges and agrees to the terms of this Amendment and the withdrawal of the Withdrawn Property from the Property and the terms of the Covenants.

CBMR REAL ESTATE, LLC

100



3. Effect: Except as amended hereby, the Covenants remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth above.

ASSOCIATION:

OWNER:

NORTH MT. CRESTED BUTTE
PROPERTY OWNERS ASSOCIATION, a
Colorado nonprofit corporation

CHIMICAL ESTATE, LLC, a Colorado
limited liability company

By: [Signature]
Name: John Norton
Title: President

By: [Signature]
Name: Edward C. Callahan
Title: Chairman of the Board

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 25th day of February, 2004,
by Edward C. Callahan as Chairman of the Board of CHIMICAL ESTATE, LLC, a Colorado
limited liability company.
I, _____, Notary Public,
do hereby hand out official seal.
Notary Public

June 8, 2006
[Signature]
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 25th day of February, 2004,
by John Norton as President of NORTH MT. CRESTED BUTTE PROPERTY OWNERS
ASSOCIATION, a Colorado nonprofit corporation

I, _____, Notary Public,
do hereby hand out official seal.
Notary Public

June 8, 2006
[Signature]
Notary Public



Description of Withheld Property

Town of M... Created Under Affordable Housing Provisions, according to the Plat Heretofore Recited in the real property records of the Clerk and Recorder of the County of Clatsop, State of Oregon, on November 21, 2007, in Receipt No. 525859.

3000 KENNEDY DRIVE
WILMINGTON, DELAWARE 19801-1000
QUANTUM COPY SERVICE
P.O. BOX 179
GREENWOOD, COLORADO 81611



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LPH/STW/LS/WR

**ASSIGNMENT OF DECLARANT'S RIGHTS
(North Mt. Crested Butte)**

THIS ASSIGNMENT OF DECLARANT'S RIGHTS (the "Assignment") is entered into as of the 21st day of February, 2004, by and between LEASER REAL ESTATE, L.P.C., a Colorado limited liability company ("Assignor"), and MT. CREST ROAD ESTATE, LLC, a Colorado limited liability company and NORTH VILLAGE RESERVE, INC., a Colorado corporation (together, "Assignees"), and acknowledged by North Mt. Crested Butte Property Owners' Association, a Colorado nonprofit corporation (the "Association"), for the purposes described below.

ARTICLE I

A. Assignor to the "Assignees" under the Declaration of Covenants, Conditions and Restrictions for North Mt. Crested Butte that was recorded in the public records of the Clerk and Recorder of Lincoln County, Colorado on July 13, 2000, at Rangiton No. 225199 (the "Covenants"). The real property that is subject to the Covenants is referred to as the "Property" in this Assignment.

B. Payment of Liens and Special Warranty Deeds by and between Assignor and Assignees that have been awarded as of the date hereof, Assignor has granted and conveyed substantially all of the Property to Assignees (said certain parcels that have been or will be conveyed by Assignor to third parties).

C. In connection with the transfer of such parcels of the Property, Assignor desires to assign and transfer to Assignees all of Assignor's rights, claims, benefits, duties, obligations and obligations as "Declarant" under the Covenants, and Assignees desire to accept and exercise all of Assignor's duties, benefits and obligations as Declarant under the Covenants.

D. Pursuant to the Covenants, the "Local Estate Transfer Assessment" (as defined in the Covenants) does not apply to any "Local Estate Transfer" (as defined in the Covenants) to Declarant or a successor of Declarant. The Association, as the "Association" defined in the Covenants, desires to acknowledge that the grant and acceptance by Assignor to Assignees concerning the Property is exempt from the Local Estate Transfer Assessment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment.** Assignor assigns and transfers to Assignor all of Assignor's rights (including, but not limited to, the "Declarant Rights" as defined in the Covenants), benefits, claims, duties, liabilities and obligations as "Declarant" under the Covenants. From and

On the date of this Assignment, Assignee(s) together to Deed out under the Covenants for all purposes.

2. Assignment. Assignee(s) accept(s) such assignment, and transfer and assume and agree to perform and fulfill Assignor's entire liability and obligation ("Obligations") under the Covenants.

3. Future Assignments. Assignor and Assignee(s) agree to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments and documents as may be reasonably necessary in order to carry out the intent and purposes of this Agreement.

4. Association's Acknowledgment. The Association hereby acknowledges and agrees that pursuant to Section 7.03(b)(4) of its Covenants, the notice and consequences by Assignor to Assignee(s) concerning the Property and notice by Special Warranty Deeds or similar to be made by this Assignment are exempt from the local Estate Transfer Assessments because Assignee(s) by virtue of this Assignment, succeeds to Assignor's Deed thereunder under the Covenants.

5. Severability Provisions. This assignment will bind and inure to the benefit of the parties and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date here set forth above.

ASSOCIATION:

NORTH MT. ORIENTED HILL
 PROPERTY OWNERS ASSOCIATION, a
 Colorado nonprofit corporation

By: [Signature]
 Name: Timothy T. Mastler
 Title: President

ASSIGNEE:

NORTH VILLAGE RESERVE TWO, a
 Colorado nonprofit corporation

By: [Signature]
 Name: Timothy T. Mastler
 Title: President

ASSIGNOR:

COMMERCIAL REAL ESTATE, LLC, a Colorado
 limited liability company

By: [Signature]
 Name: Kenneth C. La Tourette
 Title: Chairman of the Board

ASSIGNEE:

MT. CLE REAL ESTATE, LLC, a Colorado
 limited liability company

By: [Signature]
 Name: Timothy T. Mastler
 Title: President



539412
FEB 2 2004
RECORDS SECTION
CLERK

STATE OF COLORADO)
CITY AND)
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 20th day of February, 2004,
by Edward C. Callaway as Chairman of the Board of CHMR Real Estate, LLC, a Colorado
limited liability company.

With my hand and official seal,
My commission expires:

February 8, 2006

Notary Public

STATE OF COLORADO)
CITY AND)
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 23rd day of February, 2004,
by John Norton as President of NORTH MT. CRESTED LAKE PROPERTY OWNERS
ASSOCIATION, a Colorado nonprofit corporation.

With my hand and official seal,
My commission expires:

February 8, 2006

Notary Public

STATE OF COLORADO)
CITY AND)
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 20th day of February, 2004,
by Timothy P. Mueller as President of CHMR Real Estate, LLC, a Colorado limited liability
company.

With my hand and official seal,
My commission expires:

February 8, 2006

Notary Public



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Page 4 of 4
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10/23/2004 10:30

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)
COUNTY OF SAN DIEGO)

The foregoing instrument was acknowledged before me this 19th day of February, 2004,
by Timothy S. Mueller as President of Timothy S. Mueller Records, Inc., a California corporation.

Witness my hand and official seal.
My commission expires _____

Timothy S. Mueller
Timothy S. Mueller
Notary Public

ARTICLES OF INCORPORATION
OF
NONPROFIT NORTH MT. CRESTED BUTTE PROPERTY OWNERS ASSOCIATION

The undersigned hereby verifies and acknowledges, for delivery in duplicate to the Secretary of State of Colorado, these Articles of Incorporation (these "Articles") for the purpose of forming a nonprofit corporation under the Colorado Revised Nonprofit Corporation Act (the "Act").

NAPP
DOMINIC DALYDORON
COLORADO SECRETARY OF STATE

I. NAME

The name of the corporation is North Mt. Crested Butte Property Owners Association (the "Association").

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\$ 100.00
SECRETARY OF STATE
07-01-2002 13:47:32

II. DURATION

The period of duration of the Association will be perpetual.

III. PURPOSES

The Association is organized to be and constitutes the Association to which the Declaration of Covenants, Conditions and Restrictions for North Mt. Crested Butte (the "Declaration") refers. The Declaration has been or will be recorded in the real property records of the County of Gunnison, Colorado. All initially capitalized terms used in these Articles have the same meanings as used in the Declaration, unless otherwise defined in these Articles.

IV. POWERS

Subject to any limitations imposed by the Bylaws of the Association or the Declaration, the Association has all of the powers a nonprofit corporation may exercise under the Act and the laws of the State of Colorado in effect from time to time.

V. REGISTERED OFFICE AND AGENT AND PRINCIPAL OFFICE

The street address of the initial registered office of the Association is Himmens Building, 600 Gothic Road, Mt. Crested Butte, Colorado 81225. The initial registered agent of the Association at the registered office is Harrison R. Russell.

The street address of the initial principal office of the Association is Himmens Building, 600 Gothic Road, Mt. Crested Butte, Colorado 81225.

VI. BOARD OF DIRECTORS

The affairs of the Association will be managed by a Board of Directors. The duties, qualifications, number and term of Directors and the manner of their election, appointment and removal will be as set forth in the Declaration and the Bylaws, provided that during the Declarant Control Period, Declarant under the Declaration shall have the right to appoint and remove all of the Directors, subject to the terms of the Declaration.

Initially, there are three members of the Board of Directors. The names and addresses of the persons who serve as the initial Directors are:

<u>Name</u>	<u>Address</u>
John Norton	c/o Crested Butte Mountain Resort, Inc. P.O. Box 5700 Emmons Building 600 Gothic Road Mt. Crested Butte, Colorado 81225
Edward C. Callaway	c/o Crested Butte Mountain Resort, Inc. P.O. Box 5700 Emmons Building 600 Gothic Road Mt. Crested Butte, Colorado 81225
James H. Rothven	c/o Crested Butte Mountain Resort, Inc. P.O. Box 5700 Emmons Building 600 Gothic Road Mt. Crested Butte, Colorado 81225

VII. MEMBERS

The Association shall have voting Members. Each Person, or if more than one, all Persons collectively, constituting the Owner of a Lot is a Member of the Association. Each Membership is appurtenant to the fee simple title to a Lot. Membership in the Association automatically terminates when a Person ceases to be an Owner, whether through sale, intestate succession, testamentary disposition, foreclosure or otherwise, and the new Owner automatically succeeds to the Membership in the Association. The Association will recognize a new Member upon presentation by a new Owner of satisfactory evidence of the sale, transfer, succession, disposition, foreclosure or other transfer of a Lot. Membership in the Association may not be transferred, pledged or alienated in any way, except to the new Owner upon conveyance of a Lot. Any prohibited transfer is void and will not be recognized by the Association. Following a termination of the planned community created by the Declaration, the Association will consist of all Owners entitled to share in the distribution of the assets of the Association. In matters coming before the Association for which a vote of the Members is required, each Member has

one vote in the Association for each Lot owned by the Member, except that the Association itself is not entitled in any votes for any Lot it owns.

VIII. PROXY VOTING

A Member may vote in person as provided in the Bylaws, and may be authorized in the Bylaws to vote by proxy on any matters on which the Member is entitled to vote.

IX. CUMULATIVE VOTING

Cumulative voting by Members in the election of Directors is not permitted.

X. BYLAWS

The Board of Directors has the power to make, amend, repeal or restate the Bylaws, not inconsistent with these Articles, the laws of the State of Colorado or the Declaration, for the administration and regulation of the affairs of the Association. The Bylaws may not be amended by vote of the Members during the Declarant Control Period.

XI. AMENDMENT OF ARTICLES

The Board of Directors may amend these Articles in those instances provided for in Section 7-130-102 of the Act. All other amendments of these Articles will be made in accordance with the Act by vote of the Members, but only so long as these Articles as amended contain provisions that are lawful under the Act and are not contrary to or inconsistent with any provision of the Declaration.

XII. DISSOLUTION

In the event of dissolution of the Association, the proceeds of the sale of the Association's assets will, after making the distributions set forth in Section 7-134-105 of the Act, be divided among the Owners in proportion to their respective liability for the Common Expenses of the Association according to the Declaration.

XIII. INDEMNIFICATION AND LIMITATION OF LIABILITY

A. Indemnification. The Association will indemnify, to the maximum extent permitted by law, any person who is or was a Director or officer of the Association, and may indemnify any other person, against any claim, liability or expense arising against or incurred by the person made party to a proceeding because he or she is or was a director, officer, agent, fiduciary or employee of the Association or because he or she is or was serving another entity as a director, officer, partner, trustee, employee, fiduciary or agent at the Association's request. The Association further may, to the maximum extent permitted by law, purchase and maintain

insurance providing such indemnification, advance expenses to persons indemnified by the Association, and provide indemnification to any person by general or specific action of the Board of Directors, the Bylaws of the Association, contract or otherwise. The Association may obtain and maintain directors' and officers' insurance and such other insurance as deemed appropriate by the Board of Directors from time to time.

B. Limitation on Directors' and Officers' Liability. Subject to the requirements of law, no Director or officer shall be liable for actions taken or omissions made in the performance of such Director's or officer's duties as such, (except for wilful and willful acts or omissions). Without limiting the generality of the foregoing sentence, no Director shall have any personal liability to the Association or its Members for monetary damages for breach of fiduciary duty as a Director; except that the personal liability of such Director shall not be eliminated for: (i) any breach of the Director's duty of loyalty to the Association or its Members; (ii) acts or omissions by the Director not in good faith or that involve intentional misconduct or a knowing violation of the law; (iii) voting for or assenting to any unlawful distributions as defined under Section 7-128-403 of the Act, provided that the extent of liability for such vote or assent shall be determined pursuant to Section 7-128-403 of the Act; (iv) consenting to or participating in the making of any loan by the Association to any Director or officer, provided that the extent of liability for such consent or participation shall be determined pursuant to Section 7-128-301 of the Act; or (v) any transaction from which the Director directly or indirectly derived an improper personal benefit. No Director or officer shall be personally liable for any injury to person or property arising out of a tort committed by an employee of the Association unless such Director or officer was personally involved in the situation giving rise to the injury or unless such Director or officer committed a criminal offense in connection with such situation. Nothing contained in this Section XIII.B will be construed to deprive any Director of his or her right to all defenses ordinarily available to a Director nor will anything herein be construed to deprive any Director of any right he or she may have for contribution from any other Director or other person.

XIV. INCORPORATOR

The name and address of the Incorporator, who is a natural person 18 years of age or older, is:

Name	Address
Harrison F. Russell	c/o Crested Butte Mountain Resort, Inc. P.O. Box 5700 600 Gerlie Road Mt. Crested Butte, Colorado 81225

The Incorporator has verified these Articles of Incorporation for North Mt. Crested Butte Property Owners Association and caused the same to be delivered to the Secretary of State for the State of Colorado as of July 1, 2007. The Incorporator, by such delivery, also consents to serving as the initial registered agent for such corporation as described above.



STATE OF COLORADO

DEPARTMENT OF
STATE

CERTIFICATE

I, *DOMETTA DAVIDSON*, SECRETARY OF STATE OF THE STATE OF
COLORADO HEREBY CERTIFY THAT

ACCORDING TO THE RECORDS OF THIS OFFICE
NORTH MT. CRESTED BUTTE PROPERTY OWNERS ASSOCIATION
(COLORADO NONPROFIT CORPORATION)

FILE # 20021179817 WAS FILED IN THIS OFFICE ON JULY 01, 2002
AND HAS COMPLIED WITH THE APPLICABLE PROVISIONS OF THE
LAWS OF THE STATE OF COLORADO AND ON THIS DATE IS IN GOOD
STANDING AND AUTHORIZED AND COMETENT TO TRANSACT BUSINESS
OR TO CONDUCT ITS AFFAIRS WITHIN THIS STATE.

Dated: July 01, 2002

Dometta Davidson

SECRETARY OF STATE

BYLAWS
OF
NORTH MT. CRESTED BUTTE PROPERTY OWNERS
ASSOCIATION

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BYLAWS
OF
NORTH MT. CRESTED BUTTE PROPERTY OWNERS ASSOCIATION

ARTICLE I

GENERAL

1.1 Purpose of Bylaws. These Bylaws of North Mt. Crested Butte Property Owners Association (these "Bylaws") are adopted for the regulation and management of the affairs of the North Mt. Crested Butte Property Owners Association (the "Association"). The Association is organized as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act, C.R.S. § 7-121-101 et seq. (the "Nonprofit Act"), and is the Association under the Declaration of Covenants, Conditions and Restrictions for North Mt. Crested Butte (the "Declaration"). The Declaration relates to the real property in the County of Gunnison, Colorado, which is or may become subject to the Declaration (the "Property").

1.2 Terms Defined in the Declaration. Initially capitalized terms used but not defined in these Bylaws are defined in the Declaration and have the same definition as in the Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Nonprofit Act, the Declaration and the Articles of Incorporation of the Association, filed with the Secretary of State of Colorado (the "Articles"), as any of them are amended from time to time. The Declaration, the Articles and these Bylaws, as any of them may be amended from time to time, together with all exhibits or attachments to any of them, are herein collectively referred to as the "Community Instruments." Pursuant to the Declaration, the Association is not subject to the Colorado Common Interest Ownership Act, C.R.S. § 33-33.3-101 et seq.

ARTICLE II

OFFICES

2.1 Principal Office. The Board, in its discretion, may fix and change the location of the principal office of the Association from time to time.

2.2 Registered Office and Agent. The Board may change the Association's initial registered office and initial registered agent specified in the Articles at any time by filing a statement as specified by law in the Office of the Secretary of State of Colorado. At all times, the street addresses of the Association's registered office and the business office of the Association's registered agent shall be identical.

ARTICLE III

MEMBERS AND VOTING RIGHTS

3.1 General.

(a) By this reference, these Bylaws incorporate the membership and voting rights provisions of the Declaration. Each Owner of a Lot is a member of the Association (a "Member"). An Owner's membership in the Association is hereinafter referred to as a "Membership." Each Membership is appurtenant to the fee simple title to a Lot. The Owner of fee simple title to a Lot is automatically the holder of the Membership appurtenant to the Lot, and the Membership automatically passes with fee simple title to the Lot.

(b) In any matter coming before the Association for which a vote of the Members is required, for any Lot owned by multiple owners (the "Multiple Owners"); (i) if only one such Multiple Owner is present when such vote occurs, such Multiple Owner shall be entitled to cast the vote allocated to such Lot; (ii) if more than one of the Multiple Owners are present, the vote allocated to such Lot shall be cast only in accordance with the agreement of a majority in interest of the Multiple Owners, provided that a majority agreement among the Multiple Owners shall be deemed to exist if any one of the Multiple Owners casts the vote allocated to such Lot without protest being made promptly to the person presiding over the meeting by any of the other Multiple Owners, and provided further that the Multiple Owners shall not be entitled to cast any vote on such matter unless a majority agreement is reached among the Multiple Owners before the conclusion of the tabulation of votes on such matter by the Association.

(c) The Association itself shall have no vote for any Lot it owns.

3.2 Votes. In all matters coming before the Association for which a vote of the Members is required each Lot is allocated one vote in the Association. Notwithstanding the foregoing, the Association shall not exercise any votes allocated to any Lot(s) owned by the Association.

3.3 Authorized Representative.

(a) Any Owner that is not a natural person (i.e., an estate or a trust, corporation, partnership, limited liability company or other entity) shall appoint a natural person as such Owner's attorney-in-fact and authorized representative (an "Authorized Representative") and may vote only through its Authorized Representative. Any Owner who is a natural person may appoint a proxy to vote on behalf of the Owner in matters coming before the Members of the Association, provided that if such proxy is not a natural person, such proxy shall appoint an Authorized Representative pursuant to this Section 3.3.

(b) Any Owner required to appoint an Authorized Representative will do so immediately upon becoming an Owner. Any Owner who is required or elects to appoint an Authorized Representative will notify the Association of its Authorized

Representative or any subsequent replacement for its Authorized Representative within 10 days after appointment. The notice will (i) be signed by all Persons constituting the Owner, (ii) be dated, and (iii) contain a statement that the natural person named as the Authorized Representative in the notice will remain the Authorized Representative of that Owner until a subsequent notice is given to the Association (A) appointing a replacement Authorized Representative or (B) in the case of an Authorized Representative appointed by an Owner who is a natural person, terminating the appointment of the Authorized Representative. The notice will have the effect of a proxy given by all Persons constituting that Owner to the Authorized Representative named in the notice for all purposes under the Community Instruments and the Nonprofit Act, except that the duration of the notice will be perpetual or as stated therein. The appointment of an Authorized Representative is binding upon all Persons comprising the appointing Owner and the vote of the Authorized Representative is conclusive as to the Association, unless and until the Association receives (A) a notice appointing a replacement Authorized Representative or (B) in the case of an Authorized Representative appointed by an Owner who is a natural person, a notice terminating the appointment of the Authorized Representative. Upon receiving any notice appointing an Authorized Representative, the Association may request additional evidence of authority that it reasonably deems necessary to verify the due appointment of the named Authorized Representative. If an Owner who is required or elects to appoint an Authorized Representative owns more than one Lot, the Owner may appoint (1) one natural person to serve as Authorized Representative for all of its Lots; or (2) a different natural person to serve as Authorized Representative for each of its Lots or any number of its Lots.

(c) Unless the context clearly indicates otherwise, the term "Member" as used in these Bylaws means a Member or its Authorized Representative.

3.4 Resignation of Members. No Member may resign from the Association. An Owner's Membership in the Association shall terminate only upon the conveyance by such Member of all of such Member's ownership interests in any and all Lots in the Planned Community.

3.5 Membership Termination; Member Sanctions. No Member may be expelled from the Association and no Member's Membership may be terminated as long as such Member is an Owner. Notwithstanding the foregoing, if any Member fails to comply with any provision of the Community Instruments, the Association may impose such enforcement sanctions as are provided for in the Declaration. Without limiting the foregoing, the Board may suspend, after notice and hearing in accordance with the provisions of Article VIII, the voting rights of any Member during and following any breach by such Member of any provision of the Declaration or any Rules adopted by the Board.

3.6 Purchase of Memberships by Association. The Association shall not purchase the Membership of any Member. The Association shall only be a Member and shall only have such rights as are attendant to Membership, to the extent that it is also an Owner.

3.7 Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of the Members, the Board

shall act as arbitrators and the decision of a disinterested majority of the Board shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, as the same may be amended. No dispute as to the entitlement of any Member to vote shall postpone or delay any vote for which a meeting of the Members has been duly called pursuant to the provisions of these Bylaws if a quorum is present at such meeting.

3.8 Transfer of Memberships on Association Books. Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Board, of the transfer of ownership of the Lot to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as being entitled to all rights in connection with the Membership.

ARTICLE IV

MEETINGS OF MEMBERS

4.1 Place of Members' Meetings. Meetings of the Members shall be held at the principal office of the Association or at such other place, within or convenient to the Property, as may be fixed by the Board and specified in the notice of the meeting.

4.2 Annual Meetings of Members. Annual meetings of the Members shall be held on the second Saturday in August of each year or on such other date fixed in accordance with a resolution of the Board at such time of day as is fixed by the Board and specified in the notice of meeting. The annual meetings shall be held to transact such business that properly comes before each such meeting.

4.3 Special Meetings of Members. Special meetings of the Members may be called by the Board, the President of the Association, or by the Members holding not less than 20% of the total votes in the Association. No business shall be transacted at a special meeting of the Members except as indicated in the notice thereof.

4.4 Record Date. For the purpose of determining the Members entitled to notice of, or to vote at, any meeting of the Members, or for the purpose of determining such Members for any other proper purpose, the Board of the Association may fix in advance a future date as the record date for any determination of the Members. The record date may not be more than 70 days prior to the meeting of the Members or the event requiring a determination of the Members.

4.5 Notice of Members' Meetings. Written notice of any meeting of the Members will be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by first class or registered mail to each Member entitled to vote at the meeting. The notice of any meeting will state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes and any proposal to remove a member of the Board. If mailed, the notice will be deemed to be delivered five business days after it is deposited in the United States

mail, first-class postage prepaid, addressed to the Member at the mailing address for the Member appearing in the Association's records.

4.6 Proxies.

(a) In addition to the appointment of an Authorized Representative pursuant to Section 3.3 of these Bylaws, a Member (including an Authorized Representative) that is entitled to vote may vote in person, or by proxy if the proxy is executed in writing by the Member and delivered to the secretary of the meeting prior to the time the proxy is exercised. A Member may appoint a proxy by signing an appointment form, either personally or by the Member's attorney-in-fact, or by transmitting or authorizing the transmission of an electronic transmission providing a written statement of the appointment to the proxy or other person duly authorized by the proxy to receive appointments as agent for the proxy or to the Association, except that the transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the Member transmitted or authorized the transmission of the appointment.

(b) A proxy may be revoked by a written revocation filed with the chairman of the meeting prior to the time the proxy is exercised or by voting in person. A proxy automatically ceases upon a change in the ownership of the Membership on the Association's books. No proxy is valid after 11 months from the date of its execution unless otherwise provided in the proxy appointment form. Any form of proxy or written ballot furnished or solicited by the Association will afford an opportunity for the Members to specify on the form a choice between approval and disapproval of each matter or group of related matters which is known, at the time the form of proxy or written ballot is prepared, may come before the meeting and will provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any matter, the vote will be cast in accordance with the Member's choice.

4.7 Quorum at Members' Meeting. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least 20% of the votes in the Association shall constitute a quorum at any meeting of such Members. The Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding that some of the Members withdrew from the meeting, leaving less than a quorum. If the required quorum is not present in person or by proxy at any meeting of the Members, another meeting may be called, subject to the notice requirements specified in these Bylaws, and the presence, in person or by proxy, of Members entitled to cast at least 10% of the votes in the Association shall, except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

4.8 Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum is present in person or by proxy, without notice other than announcement at the meeting for a total period or periods not exceeding 60 days after the date set for the original meeting. At any

adjourned meeting held without notice other than announcement at the meeting, the quorum requirement may not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called. Notwithstanding the foregoing, if the adjourned meeting is set for a date that is more than 70 days after the record date initially fixed for the meeting pursuant to Section 4.4 of these Bylaws, then notice of the adjourned meeting (pursuant to Section 4.5 of these Bylaws) must be given to the Members of record as of the new record date fixed for such adjourned meeting pursuant to Section 4.4 of these Bylaws.

4.9 Vote Required at Members' Meeting. At any meeting of the Members called and held in accordance with these Bylaws, if a quorum is present, the affirmative vote of Members entitled to cast a majority (i.e., more than 50%) of the votes present and voting either in person or by proxy, which may be cast on a matter are necessary to adopt the matter, unless a different percentage is required by law or by the Community Instruments, in which case the different requirement shall control. There shall be no cumulative voting for Directors or for any other action considered by the Members.

4.10 Officers of Meetings. At any meeting of the Members, the President of the Association shall act as chairman, and the Secretary of the Association shall act as secretary of the meeting unless the President designates another person to act as secretary of the meeting.

4.11 Expenses of Meetings. The Association shall bear the expenses of all meetings of the Members.

4.12 Waiver of Notice. A waiver of notice of any meeting of the Members, signed by a Member, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Member. An absence of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting except when the Member attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.13 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of the Members may be taken without a meeting if a written consent setting forth the action taken is signed by all of the Members, including any Multiple Owners, entitled to vote on the subject matter of the action. In order for any action taken without a meeting to be effective, the written consent of all Members entitled to vote on the subject matter of the action must be received by the Association within 60 days after the earliest date upon which the Association received any such written consent. Action taken without a meeting shall be effective when the last written consent necessary to effect the action is received by the Association (the "Effective Date"), unless the written consents set forth a different Effective Date. Any Member submitting a written consent under this Section 4.13 may revoke such consent by a writing signed and dated by the Member describing the action and stating that the Member's prior consent thereto is revoked, provided that such writing is received by the Association before the Effective Date. The record date for determining Members entitled to take action without a meeting or to receive notice of such action shall be the date that the first written consent concerning the action is received by the Association.

4.14 Action of Members by Mail Ballot.

(a) Any action required to be taken or which may be taken at a meeting of the Members may be taken by mail ballot without a meeting to the extent permitted by Section 7-127-109 of the Nonprofit Act. In order for an action taken by mail ballot to be effective: (i) the Association must have delivered a written ballot to every Member entitled to vote on the subject matter of the action; (ii) the number of votes cast by ballot must have satisfied the quorum requirement set forth in Section 4.7 of these Bylaws; (iii) the number of approvals must have satisfied the affirmative vote requirement set forth in Section 4.9 of these Bylaws; and (iv) all ballots and ballot solicitations must have satisfied the specific requirements therefor as set forth in Section 7-127-109 of the Nonprofit Act.

(b) With respect to any action taken by mail ballot, if only one ballot is received by the Association from among any group of Multiple Owners of a Lot, such ballot shall be deemed to represent the vote or votes, as the case may be, allocated to such Lot. If more than one ballot is received by the Association from among any group of Multiple Owners of a Lot, any and all votes allocated to such unit shall be cast only in accordance with the unanimous agreement of all such ballots received by the Association, provided that if any ballot received from among a group of Multiple Owners of a Lot conflicts with any other such ballot, none of the votes allocated to such Lot shall be entitled to be cast.

4.15 List of Members for Meeting and Action by Mail Ballot. After fixing a record date for notice of a meeting pursuant to Section 4.3 of these Bylaws or for determining the Members entitled to take action by mail ballot pursuant to Section 4.14 of these Bylaws, the Association shall prepare an alphabetical list of the names, addresses, and votes in the Association of all Members entitled to notice of, and to vote at, the meeting or to take such action by written ballot. The list shall be made available for inspection by the Members in accordance with the specific requirements set forth in Section 7-127-201 of the Nonprofit Act. Failure by the Association to prepare or make available the list of Members will not affect the validity of action taken at the meeting or by means of such written ballot.

4.16 Meetings by Telecommunication. Any or all of the Members may participate in an annual, regular, or special meeting of the Members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A Member participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE V

BOARD OF DIRECTORS

5.1 General Powers and Duties of Board. The Board has the duty to manage and supervise the affairs of the Association and has all powers necessary or desirable to permit it to do so. Without limiting the generality of the previous sentence, the Board has the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of

the Association not reserved to the Owners in the Community Instruments or the Nonprofit Act. The Board may delegate any portion of its authority to an officer or manager of the Association.

5.2 Special Powers and Duties of Board. Without limiting the general powers and duties set forth in Section 5.1 of these Bylaws, the Board has all the powers and duties set forth for it in the Declaration, including, without limitation, the specific powers and duties set forth in the Declaration.

5.3 Qualifications of Directors. Each Director shall be a natural person who is at least 18 years of age. A Director may be reelected, and there shall be no limit on the number of terms a Director may serve on the Board. Subject to Section 5.6(a), each Director shall be required to be an Owner, the Authorized Representative of an Owner, or an officer, director, member, trustee or partner of an Owner.

5.4 General Standards of Conduct for Board Members and Officers. To the extent not otherwise inconsistent with Colorado law, any Director and officer, in connection with the authority and powers granted to the Board and such officer by the Community Instruments or by any applicable law, including but not limited to, management, personnel, maintenance and operations, interpretation and enforcement of the Community Instruments, the development of rules and restrictions, insurance, contracts and finance, shall act in good faith, with such care as an ordinarily prudent person in a like position would use under similar circumstances, and in a manner that such Director or officer believes is in the best interests of the Association. In discharging his or her duties, a Director or officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (i) one or more officers or employees of the Association whom the Director or officer believes to be reliable and competent in the matters presented; or (ii) legal counsel, public accountants or other persons as to matters which the Director or officer believes to be within such person's professional or expert competence, so long as, in any such case, the Director or officer acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted. In addition to the limitations on liability set forth in Section 5.12 of these Bylaws, a Director or officer shall not be liable as such to the Association for any act or omission if, in connection with such act or omission, the Director or officer performed the duties of his or her position in compliance with this Section 5.4. A Director or officer shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association.

5.5 Number and Term of Directors. The Board shall be composed of three Directors. The term of each Director shall be three years, provided that the terms of the Directors first elected by the Members pursuant to Section 5.6 shall be staggered such that less than a majority of the Directors' positions comes up for election each year. There is no limit on the number of terms a Director may serve.

5.6 Appointment and Election of Directors. Notwithstanding any other provision contained herein:

(a) During the Declarant Control Period, all Directors shall be appointed by Declarant. All Directors appointed by Declarant shall be subject to removal at any time and from time to time by Declarant in its sole and absolute discretion.

(b) Upon termination of the Declarant Control Period, the Members shall elect a Board of at least three Directors.

(c) The Directors elected pursuant to subsection 5.6(b) shall each serve until their successors are elected and qualified, or until their earlier death, resignation or removal.

5.7 Removal of Directors. At any meeting of the Members called and held in accordance with these Bylaws at which a quorum is present, any Director (other than a Director appointed by Declarant) may be removed, with or without cause, by the affirmative vote of Members entitled to cast 67% of the votes in the Association. A successor may be then and there elected to fill the vacancy for the unexpired term of his or her predecessor in office.

5.8 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

5.9 Vacancies in Directors. Any vacancy occurring in the Board, unless filled in accordance with Sections 5.6 or 5.7 or by election at a special meeting of the Members, shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his or her predecessor in office. A vacancy in the position of a Director to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Members.

5.10 Manager or Managing Agent. The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint a manager, managing agent and/or other agent responsible for any of the affairs of the Association. The manager, managing agent and/or other agent will have and exercise those powers and will fulfill those duties of the Board as specified in the resolution, and may be Declarant or an affiliate of Declarant.

5.11 Conflicting Interest Transactions.

(a) No loans shall be made by the Association to any Director or officer.

(b) No contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a Director or officer or has a financial interest (a "Conflicting Interest Transaction") shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the Conflicting Interest Transaction involves a Director of the Association or a

party related to a Director or an entity in which a Director of the Association is a Director or officer or has a financial interest or solely because the Director is present at or participates in the meeting of the Association's Board that authorizes, approves, or ratifies the Conflicting Interest Transaction or solely because the Director's vote is counted for such purpose if: (i) the material facts as to the Director's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Board, and the Board in good faith authorizes, approves, or ratifies the Conflicting Interest Transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; or (ii) the material facts as to the Director's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Members entitled to vote thereon, and the Conflicting Interest Transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon; or (iii) the Conflicting Interest Transaction is fair as to the Association. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies the Conflicting Interest Transaction.

5.12 Limitations of Liability and Indemnification of Directors and Officers.

(a) No Director or officer shall be liable for actions taken or omissions made in the performance of such Director's or officer's duties as such, except for wanton and willful acts or omissions.

(b) Without limiting the generality of Section 5.12(a) of these Bylaws, no Director shall have any personal liability to the Association or its Members for monetary damages for breach of fiduciary duty as a Director, except that the personal liability of such Director shall not be eliminated for: (i) any breach of the Director's duty of loyalty to the Association or its Members; (ii) acts or omissions by the Director not in good faith or that involve intentional misconduct or a knowing violation of the law; (iii) voting for or assenting to any unlawful distributions as defined under Section 7-128-403 of the Nonprofit Act, provided that the extent of liability for such vote or assent shall be determined pursuant to Section 7-128-403 of the Nonprofit Act; (iv) consenting to or participating in the making of any loan by the Association to any Director or officer, provided that the extent of liability for such consent or participation shall be determined pursuant to Section 7-128-501 of the Nonprofit Act; or (v) any transaction from which the Director directly or indirectly derived an improper personal benefit.

(c) No Director or officer shall be personally liable for any injury to person or property arising out of a tort committed by an employee of the Association unless such Director or officer was personally involved in the situation giving rise to the injury or unless such Director or officer committed a criminal offense in connection with such situation.

(d) Nothing contained in this Section 5.12 will be construed to deprive any Director of his or her right to all defenses ordinarily available to a Director; nor will anything herein be construed to deprive any Director of any right he or she may have for contribution from any other Director or other person.

(c) The Association will indemnify, to the maximum extent permitted by law, any person made a party to a proceeding because such person is or was a Director of the Association against liability incurred in the proceeding and against reasonable expenses incurred by the person in connection with the proceeding. The Association further may, to the maximum extent permitted by law, purchase and maintain insurance on behalf of a person who is or was a Director, officer, partner, member, manager, trustee, employee, fiduciary, or agent of another domestic or foreign corporation, nonprofit corporation, or other person or of an employee benefit plan, against liability asserted or incurred by the person in that capacity or arising from the person's status as a Director, officer, employee, fiduciary, or agent.

ARTICLE VI

MEETINGS OF DIRECTORS

6.1 Place of Directors' Meetings. Meetings of the Board shall be held at the principal office of the Association or at such other place, within or convenient to the Property, as may be fixed by the Board and specified in the notice of the meeting.

6.2 Annual Meeting of Directors. Annual meetings of the Board shall be held on the same date as, or within 10 days of, the annual meeting of the Members. The business to be conducted at the annual meeting of the Board shall consist of the appointment of officers of the Association, the adoption of the annual budget for the following fiscal year and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Board shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of the Members at which the Board is elected or if the time and place of the annual meeting of the Board is announced at such annual meeting of the Members.

6.3 Special Meetings of Directors. Special meetings of the Board may be called by the President or a majority of the Directors.

6.4 Notice of Directors' Meetings. When notice is required for any meeting of the Board, notice stating the place, day and hour of the meeting will be delivered not less than two nor more than 50 days before the date of the meeting, by mail, facsimile, telephone or personally, by or at the direction of the persons calling the meeting, to each Director. If mailed, the notice will be deemed delivered five business days after it is deposited in the mail addressed to the Director at his or her home or business address as either appears in the records of the Association, with its first-class postage prepaid. If by facsimile, the notice will be deemed delivered when facsimiled to the Director at his or her home or business facsimile number as either appears on the records of the Association. If by telephone, the notice will be deemed delivered when given by telephone to the Director or to any person answering the telephone who sounds competent and mature at the Director's home or business phone number as either appears on the records of the Association. If given personally, the notice will be deemed delivered upon delivery of a copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at the Director's home or business address as either appears on the records of the Association. Neither the business to be transacted at, nor the purpose of,

any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

6.5 Proxies. For purposes of determining a quorum of Directors with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director may be deemed to be present at a meeting and to vote if the Director has granted a signed written proxy to another Director who is present at the meeting, authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy.

6.6 Quorum of Directors. A majority of the number of Directors fixed in these Bylaws shall constitute a quorum for the transaction of business by the Board.

6.7 Adjournment of Director's Meetings. The Directors present at any meeting of the Board may adjourn the meeting from time to time, whether or not a quorum is present, for a total period or periods not to exceed 30 days after the date set for the original meeting. Notice of an adjourned meeting will be given to all Directors. At any adjourned meeting, the quorum requirement will not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

6.8 Vote Required at Directors' Meeting. At any meeting of the Board, if a quorum is present either in person or by proxy, the affirmative vote of a majority of the Directors present shall be necessary for the adoption of the matter unless a greater proportion is required by law or the Community Instruments.

6.9 Officers at Meetings. The President shall act as chairman and the Board shall designate a Director to act as secretary at all meetings of Directors.

6.10 Waiver of Notice. A waiver of notice of any meeting of the Board, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. Attendance of a Director at a meeting in person shall constitute a waiver of notice of such meeting, except when the Director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

6.11 Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of the Board may be taken without a meeting if all of the Directors in writing: (i) vote for such action by the unanimous affirmative vote of the Directors then in office; or (ii) vote against such action or abstain from voting, and waive the right to demand that action not be taken without a meeting. Such action taken without a meeting shall not be effective unless and until all such writings necessary to effect the action, which have not been revoked as provided herein below, are received by the Association; except that the writings may set forth a different effective date. Any Director who has signed and submitted a writing pursuant to this Section 6.11 may revoke such writing by a subsequent writing signed and dated by the Director describing the action and stating that the Director's prior vote with respect thereto is revoked, if such writing is received by the Association before the last writing necessary to effect the action is received by the Association.

6.12 Meeting Attendance. The Board may permit any Director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all persons participating may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VII

OFFICERS

7.1 Officers, Employees and Agents. The officers of the Association shall consist of a President, one or more Vice-Presidents, a Secretary, a Treasurer and other officers, assistant officers, employees and agents as the Board deems necessary. Any two or more offices may be held by the same person.

7.2 Appointment and Term of Office of Officers. Except as otherwise provided in this Section 7.2, each officer of the Association shall be appointed by the Board at the annual meeting of the Board and shall hold office, subject to the pleasure of the Board until the next annual meeting of the Board or until the officer's successor is appointed, whichever is later, unless the officer resigns, or is earlier removed. During the Declarant Control Period, Declarant may appoint the officers of the Association.

7.3 Removal of Officers. Except as otherwise provided in this Section 7.3, any officer, employee or agent may be removed by the Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby. The removal of an officer, employee or agent shall be without prejudice to the contract rights, if any, of the officer, employee or agent so removed. Election or appointment of an officer, employee or agent shall not of itself create contract rights. During the Declarant Control Period, Declarant may remove the officers of the Association with or without cause.

7.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board of the Association stating the effective date of his or her resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.5 Vacancies in Offices. Except as otherwise provided in this Section 7.5, any vacancy occurring in any position as an officer may be filled by the Board. During the Declarant Control Period, any vacancy occurring in any officer position may be filled by Declarant. An officer appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

7.6 President. The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall direct, supervise, coordinate and have general powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board and of the Members.

7.7 Vice-President. Any Vice-President may act in place of the President in case of his or her death, absence or inability to act, and shall perform such other duties and have

such authority as is from time to time delegated by the Board or by the President. There may be more than one Vice-President.

7.8 Secretary. The Secretary shall be the custodian of the records and the seal (if any) of the Association and shall affix the seal (if any) to all documents requiring the same; shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of the Members, of the Board and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members and the Authorized Representative, if any, of each Member; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his or her death, absence or inability to act.

7.9 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association in such depositories as shall be designated by the Board; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board may, from time to time, require; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his or her death, absence or inability to act.

7.10 Amendments to the Declaration. The President and, in the President's absence or unavailability, any Vice President, may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

ARTICLE VIII

NOTICE AND HEARING PROCEDURES

6.1 Notice and Hearing. For the purposes of this Section 8.1, the term "Enforcement Action" shall refer to any action or demand taken or made by the Association against any Owner or Permittee that, pursuant to the Community Instruments, may not be taken or made until such Owner or Permittee has been given notice and an opportunity to be heard as provided in these Bylaws. Before taking any Enforcement Action, the Association shall determine that such Enforcement Action is permitted by and warranted pursuant to the following procedures:

(a) Notice. If the Association determines that an Enforcement Action may be warranted against an Owner or Permittee, it shall prepare a written notice (an "Enforcement Notice") setting forth in ordinary and concise language: (i) the Enforcement Action the Association believes is warranted; (ii) the alleged act or omission

by the Owner or the Permittee giving rise to the proposed Enforcement Action; (ii) the specific provisions of the Community Instruments under which such Enforcement Action allegedly is warranted; and (iv) a statement notifying the recipient of the Enforcement Notice (the "Respondent") that he, she or it shall be entitled to a hearing before the Board on the merits of the matter addressed in the Enforcement Notice only if a written request for such a hearing is received by the Association within 10 days after receipt of the Enforcement Notice. An Enforcement Notice may be prepared and delivered by any Director, officer or managing agent of the Association, and action by the Board shall not be necessary to authorize the preparation or delivery of an Enforcement Notice. If the Association seeks to take any Enforcement Action against a Permittee, then an Enforcement Notice shall be delivered to such Permittee's Owner, and such Owner shall be considered a Respondent with respect to such Enforcement Notice.

(b) Hearing Request. Any Respondent who desires a hearing before the Board on the merits of the matter addressed in an Enforcement Notice shall so notify the Association by written request received by the Association within 10 days after the Respondent received the Enforcement Notice. If a Respondent timely requests a hearing pursuant to this Section 8.1(b), the Association shall set a date and time for the hearing and deliver notice of the hearing to the Respondent at least 10 days prior to the date of the hearing; provided that the hearing shall be held no sooner than 14 days after the Association receives the Respondent's timely request for a hearing. Upon a showing of good cause, the Board may reschedule the date or time of a scheduled hearing at the request of a Respondent.

(c) The Hearing. The President of the Association shall preside at the hearing and shall ensure that the hearing is conducted in an orderly and civil manner. After calling the hearing to order, the President shall designate another Director or officer or the manager or managing agent of the Association to describe the Enforcement Action the Association believes is warranted and to present the reasons and evidence on which such belief is based. Once the reasons and evidence supporting the Enforcement Action have been presented, the Respondent or Respondents shall have an opportunity to present to the Board any reasons and evidence indicating why the Board should not take the proposed Enforcement Action. Any presentation to the Board under this Section 8.1(c) may be supported by documentary or testimonial evidence; provided, however, that formal rules of evidence shall not apply to the presentation of such evidence to the Board. The Board may adopt rules governing hearings conducted under this Section 8.1(c) that are not inconsistent with this Section 8.1(c). A Respondent may be represented at a hearing by legal counsel.

(d) Decision. The Board shall decide whether an Enforcement Action is permitted and warranted based on the evidence and information made available to it and the applicable provisions of the Community Instruments. If a Respondent fails to request a hearing in response to an Enforcement Notice pursuant to Section 8.1(b) or fails to appear at the hearing held pursuant to Section 8.1(c), the Board may reach its decision based on the evidence and information available to it without further notice to the Respondent. The Board shall render its decision in writing and shall explain its reasons

for the decision it reaches. The Board's written decision shall be delivered to the Respondent and shall become effective and final upon the Respondent's receipt of it.

ARTICLE IX

MISCELLANEOUS

9.1 Amendment of Bylaws. Except as provided in the Nonprofit Act, the Board may alter, amend or repeal these Bylaws or adopt new Bylaws. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation. The Bylaws may not be amended by vote of the Members during the Declarant Control Period.

9.2 Compensation of Officers, Directors and Members. No Director or officer shall have the right to receive any compensation from the Association for serving as a Director or officer except for reimbursement of expenses as may be approved by resolution of the disinterested Directors. Agents and employees shall receive such reasonable compensation as may be approved by the Board. Appointment of a person as an agent or employee of the Association shall not, of itself, create any right to compensation.

9.3 Books and Records. The Association shall keep correct and complete books and records of account and shall keep, at its principal office, a record of the names and addresses of its Members (including Declarant) and copies of the Declaration, the Articles of Incorporation, these Bylaws and any Rules which may be purchased by any Member at reasonable cost. All books and records of the Association, including the Articles of Incorporation and these Bylaws, as amended, and minutes of meetings of the Members and the Board, may be inspected by any Member, or such Member's agent or attorney, for any proper purpose. The right of inspection shall be subject to any reasonable rules adopted by the Board requiring advance notice of inspection, specifying hours and days of the week during which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished.

9.4 Statement of Account. Upon payment of a reasonable fee to be determined by the Association and upon written request of an Owner or any person with any right, title or interest in a Lot or intending to acquire any right, title or interest in a Lot, the Association shall furnish a written statement of account setting forth the amount of any unpaid Assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Lot or the Owner of the Lot and the amount of the Assessments for the current fiscal period of the Association payable with respect to the Lot. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have then been levied.

9.5 Biennial Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, biennial corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law and shall pay the fee for such filing as prescribed by law.

9.6 Fiscal Year. The fiscal year of the Association shall be determined by the Board.

9.7 Seal. The Board may, but is not required to, adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO."

9.8 Shares of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the Association shall be distributed to its Members, Directors or officers.

Notwithstanding the foregoing paragraph, the Association may issue certificates evidencing Membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and on such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

9.9 Minutes and Presumptions Thereunder. Minutes or any similar records of the meetings of the Members, or of the Board, when signed by the Secretary or acting secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

9.10 Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of NORTH MT. CRESTED BUTTE PROPERTY OWNERS ASSOCIATION, a Colorado nonprofit corporation (the "Association"); and
2. The foregoing Bylaws constitute the Bylaws of the Association duly adopted by unanimous consent of the Board of the Association.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this _____ day of _____, 2002.

_____, Secretary

**Minutes of the Annual Meeting
Of the Board of Directors
North Mt. Crested Butte Property Owners Association
November 12, 2007**

The Annual Meeting of the Board of Directors of the North Mt. Crested Butte Property Owners Association was held on November 12, 2007 at 1:15 p.m. at the A&E Building, 17 Sunnyside Road, Mt. Crested Butte, Colorado.

Attendance: The following Directors were present and voting:

James H. Ruthven
Randy Barrett
Michael Kraska

The following Directors were absent and excused:

Ethan Mueller
Erica Mueller

Call to Order: The Annual Meeting of the Board of Directors of the North Mt. Crested Butte Property Owners Association was called to order by Director Ruthven on November 12, 2007 at 1:15 p.m. noting a quorum was present.

Minutes: Upon review and by motion duly made and seconded it was unanimously

RESOLVED to approve the November 29, 2006 meeting minutes as presented.

2008 Budget: Director Ruthven presented the proposed 2008 budget and reviewed the highlights. Budgeted revenues consist of A&E/A assessments of \$410,000 based on projected 2008 sales of \$20,500,000. Expenses are budgeted to be the same as last year; \$3,000 for insurance and \$1,000 for legal fees. Of the \$406,900 excess revenues over expenses, \$400,000 is budgeted to be transferred to Reserve Metropolitan District No. 1 in accordance with the agreement between the two entities. By motion duly made and seconded it was unanimously

RESOLVED to approve the 2008 budget as presented.

Adjournment: By motion duly made and seconded it was unanimously

RESOLVED to adjourn the Annual Meeting of the North Mt. Crested Butte Property Owners Association on the November 12, 2007.

Respectfully Submitted,

Secretary for the Meeting

North Mt. Crested Butte Property Owners Association
 Mt. Crested Butte, CO
 2008 Budget

	<u>2006</u> Act. Bl	2007 Actual	<u>2008</u> Budget
Revenues			
Real Estate Transfer Assessments	\$ 334,207	\$ 657,200	\$ 410,000
Expenses			
Insurance	1,882	1,885	2,000
Legal	155	2,637	1,000
Fees	10	10	10
Total Expenses	<u>2,051</u>	<u>4,532</u>	<u>3,010</u>
Reserves over expenses	232,216	652,720	406,990
Transfers to Reserve Municipalities District No. 1	<u>(244,267)</u>	<u>(655,200)</u>	<u>(400,000)</u>
Fund balance	\$ (2,051)	\$ (4,532)	\$ 2,100
Payable to Prospect PCA	4	6,530	
Cash	\$ -	\$ 2,000	

2007 RETA Assessments

<u>Closing Date</u>	<u>Lot</u>	<u>Sales Price</u>	<u>RETA</u>
Final Sales			
1/3/2007	W33	\$ 1,100,000.00	\$ 26,400.00
1/10/2007	W32	1,500,000.00	36,750.00
03/09/07	W31	1,700,000.00	39,000.00
02/23/07	W29	1,567,500.00	39,187.50
03/21/07	W26	1,260,000.00	27,720.00
04/10/07	W50	1,192,850.00	26,845.00
04/23/07	W51	1,300,000.00	28,000.00
04/26/07	W78	1,500,000.00	31,700.00
04/26/07	W30	1,515,750.00	30,915.00
05/17/07	W27	1,775,000.00	35,500.00
05/29/07	W25	1,507,500.00	27,250.00
06/01/07	W24	1,567,500.00	31,350.00
06/05/07	E-5	1,298,000.00	25,960.00
06/07/07	E-6	1,095,000.00	21,900.00
06/12/07	W10	1,500,000.00	27,338.09
06/27/07	E-10	1,255,500.00	25,110.00
05/29/07	W20	1,609,750.00	32,775.00
07/28/07	W21	2,132,000.00	42,640.00
07/28/07	W22	1,664,500.00	33,998.00
08/09/07	E-7	1,035,000.00	21,700.00
08/24/07	W17	2,200,960.00	44,070.00
09/24/07	W37	1,102,466.00	25,840.72
09/31/07	W52	1,410,000.00	28,360.00
		<u>\$32,861,025.00</u>	<u>\$ 697,250.40</u>