

BYLAWS  
of  
THE SANDSTONE CREEK CLUB CONDOMINIUM ASSOCIATION, INC.  
1020 Vail View Drive  
Vail, Colorado 81657

*Reported by the Bylaws Committee to the Board of Directors August 29, 1987, and recommended by the Board for approval by the Owners at the October 24, 1987 Annual Meeting of the Association, to be effective October 24, 1987. These Bylaws were approved by the Owners at the October 24, 1987 Annual Meeting and replace the Bylaws in use since the inception of the Association.*

BYLAWS OF  
THE SANDSTONE CREEK CLUB CONDOMINIUM ASSOCIATION, INC.

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BYLAWS OF  
THE SANDSTONE CREEK CLUB CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

Object

1.01 Purpose. The purpose for which this non-profit corporation, herein referred to as the Association, is formed is to govern the Condominium property situate in the County of Eagle, State of Colorado, which is known as the Sandstone Creek Club Condominiums in Vail, Colorado, and which property that has been, or will subsequently be, submitted to the provisions of the Condominium Ownership Act of the State of Colorado by recorded Condominium and Interval Estate Ownership Declaration.

1.02 Definitions. The following terms shall have the same meaning herein as such terms have in the Condominium and Interval Estate Ownership Declaration for The Sandstone Creek Club Condominiums: "Allocable Share", "Aggregate Interest", "Common Facilities", "Common Property", "Condominium Project", "Condominium Unit", "Unit Week", "Declaration", "Entire Premises", "General Common Elements", "Limited Common Elements", "Maintenance Fee", "Special Assessments". "Management Agreement" shall mean agreement between the Association and a Management Firm, pursuant to which the Board of Managers of the Association, which, for clarity will hereinafter be referred to as the Board of Directors, has delegated to a Management Firm certain of its obligations under the Declaration and these Bylaws.

1.03 Owner Subject to Bylaws. All present or future Owners, tenants, or any other person that might use, in any manner, the facilities located on the Condominium Property are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the Condominium Units of the Condominium Project or of a Unit Week, or the mere act of occupancy of any of said Units will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

Membership, Voting, Majority of Owners, Quorum, Proxies

2.01 Membership. The term "Owner" as used in these Bylaws shall mean a person, group of persons, firm, corporation, partnership, association, or other legal entity who owns a fee simple interest (including a Unit Week interest) in one or more Condominium Units in the Sandstone Creek Club Condominiums. Ownership of a Condominium Unit or a Unit Week is required in order to qualify for a membership in this Association. Upon furnishing the Association with written proof of ownership as provided in Article VIII an owner shall then automatically

become a member. Member in good standing shall mean a member who is prompt, timely, and current in his payment of all obligations, charges and fees, and who is in full compliance with these Bylaws and the Rules and Regulations of the Association. Such member in good standing shall hereinafter be referred to as MEMBER,GS (MEMBER in Good Standing). Membership shall terminate without any formal Association action whenever such legal entity ceases to own a Condominium Unit or a Unit Week, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under, or in any way connected with, this Association during the period of such ownership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former owner and member and the covenants and obligations incident thereto. Obligations and liabilities as an owner will continue until the earlier of receipt by the Association of written proof of ownership by a successor owner, or by receipt by the Association of written proof of disposition of ownership by the former owner.

No certificate of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue membership cards to the owners of the Condominium Units or Unit Weeks. Such membership card shall be surrendered to the Secretary whenever ownership of the Condominium Unit or Unit Week shall terminate.

2.02 Voting. There shall be the following two classes of voting members in the Association. All MEMBERS,GS shall be entitled to vote, if present in person or by proxy, on all matters, except as provided in the last paragraph of this paragraph 2.02.

(a) The Class A members shall be the Owners of Condominium Units. Each Owner of a Condominium Unit, who is a MEMBER,GS shall be allocated fifty Votes for each Condominium Unit owned.

(b) The Class B members shall be the Owners of Interval Units and each Interval Owner, who is a MEMBER,GS shall be allocated one Vote for each Unit Week owned.

If ownership of any Condominium Unit or Unit Week shall be held of record by two or more Owners, then each such co-Owner must qualify as a MEMBER,GS of this Association and the co-MEMBERS,GS must determine between them as to the MEMBER,GS to vote their allocated vote(s).

2.03 Definition of Majority. Majority shall mean a majority of the votes eligible to be cast, if present in person or by proxy, by MEMBERS,GS at any Annual or Special Meeting of the Association and is hereinafter referred to as Majority.

2.04 Quorum. The presence, in person or by proxy, of more than 10% of MEMBERS,GS shall constitute a quorum. An affirmative vote of the Majority of MEMBERS,GS shall be required to transact business.

2.05 Proxies. Votes may be cast in person or by proxy. All proxies shall be in writing and must be registered with the Secretary before the appointed time of each meeting.

2.06 Management Firm, Resort Manager. The Management Firm as long as any Management Agreement is in effect, or the Resort Manager, shall be entitled to Notice of all Association and Board of Directors meetings, shall be entitled to attend such Association or Board of Directors meetings, and may designate such person(s) as it desires to attend such meeting.

### ARTICLE III

#### Administration

3.01 Association Responsibilities. The Owners of the Condominium Units and Unit Interval Weeks will constitute The Sandstone Creek Club Condominium Association, Inc., herein referred to as "Association", who will have the responsibility of administering the Condominium Project through a Board of Managers as provided in the Articles of Incorporation, and which for clarity will hereinafter be referred to as the Board of Directors.

3.02 Annual Meetings. Annual Meetings of the Association will be held within ninety days after the end of each fiscal year at such time and place as determined by the Board of Directors.

3.03 Notice of Annual Meetings. It shall be the duty of the Secretary to mail a notice of each Annual Meeting of The Association, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at least thirty (30) days and not more than fifty (50) days prior to such meeting. The mailing of the notice of the meeting described in this Article to the Owners address last furnished to the Association in the manner provided in Article VIII shall be considered notice served on the date postmarked on the notice.

3.04 Special Meetings. It shall be the duty of the President to call a Special Meeting of The Association as directed by resolution of the Board of Directors, or upon a petition signed by at least Ten Percent (10%) of the Owners having been presented to the Secretary. The notice of a Special Meeting shall state the time and place of the meeting and the specific purpose thereof. No other business other than that stated in the notice may be transacted. Any such Special Meeting of the Association shall be upon thirty (30) days written notice to Owners, which notice must be made within ten (10) days of receipt by the Secretary of such resolution or petition.

3.05 Adjourned Meetings. If any Meeting of The Association cannot be organized because a quorum has not attended, the MEMBERS,GS who are present, either in person or by proxy, may adjourn the meeting

from time to time, until a quorum is obtained, such quorum requirement being reduced by One Percent (1%) of the MEMBERS,GS for each week of adjournment.

3.06 Order of Business. The order of business at all meetings shall be governed by Roberts Rules of Order, Newly Revised.

#### ARTICLE IV

##### Board of Directors

4.01 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons who shall be MEMBERS,GS.

4.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential condominium project. The Board of Directors may do all such acts and things as are not by law or by the Articles of Incorporation or these Bylaws or by the Condominium and Interval Estate Ownership Declaration directed to be exercised and done by the Owners, or MEMBERS,GS.

A Director shall perform the duties of Director, including the duties of a member of any committee of the Board or of the President, upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interest of the Association, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such duties, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons or groups listed in paragraphs (a), (b), and (c) below; but such Director shall not be considered to be acting in good faith if such Director has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A Director who so performs said duties shall not have any liability by reason of having been a Director of the Association. Those persons or groups on whose information, opinions, reports, and statements a Director is entitled to rely are: (a) one or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented; (b) counsel, public accountants, or other persons as to matters as to which the Director reasonably believes to be within such persons' professional or expert competence; or (c) a committee of the President, of the Board, or of the Association upon which the Director does not serve, duly designated in accordance with a provision of the Articles of Incorporation or these Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.



The Board of Directors shall be empowered and shall also have the following duties and powers;

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

(b) To regularly deliberate, develop, review, and revise policies for the common good of the Association in accord with applicable laws, the Articles of Incorporation, the Condominium and Interval Estate Ownership Declaration, these Bylaws, and in the interest of its members. Such policies, purpose(s) of the policy, authority for the policy(s), attendant procedures, rules and regulations for the implementation and enforcement of such policies which shall be in writing and regularly communicated, as appropriate, to Owners and others.

(c) To keep in good order, condition and repair all of the General and Limited Common Elements, the Common Property and the Common Facilities and all items of personal property, if any, used in the enjoyment of the Entire Premises.

(d) To insure and keep insured all of the insurable General and Limited Common Elements of the Condominium Project, the Common Property and the Common Facilities and all of the Units in the Project.

(e) To fix, determine, levy and collect periodically, the prorated Maintenance fee to be paid by each of the Owners towards the Common Expenses and to adjust, decrease or increase the amount of the Maintenance Fee, and to credit any excess Maintenance Fee to the next assessment period. All charges for Maintenance Fee shall be in statement form.

(f) To levy and collect Special Assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased or unanticipated operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All charges for Special Assessments shall be in statement form.

(g) To impose penalties and collect delinquent Maintenance Fees, Special Assessments, and other charges incurred, by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and these Bylaws. \* The Board shall have the duty, right, power, and authority to suspend the use of a Unit Week by an Interval Owner, lessee, guest, tenant, or an exchange from Resort condominiums International, Interval International, or other like

\* Paragraph 4.02(g) Amended November 20, 1993

organizations if the Unit Week Interval Owner is delinquent in the payment of maintenance fees, assessments, and other charges owned by the Association as defined in Paragraph 8.05 of the Association's Bylaws. This suspension shall remain in effect as long as this Interval Owner remains delinquent in the payment of maintenance fees, assessments, and other charges owned to the Association. This suspension and exclusion may include but not be limited to denial of Common Property Usage, Common Facilities usage, and the Condominium Project, as defined by the Declaration, including the Interval Owner's Unit Week. The Association also shall have the right to use any such Unit Week for the benefit of the Association, as authorized by the Board of Directors. Further, the Board shall have the right to place for rent (in a rental program administered by the Association) any Unit Week whose owner is delinquent in the payment of maintenance fees, assessments, or other charges owed to the Association for more than two quarters. If such Unit Week is rented, the Association shall apply the rental proceeds first to the Association's regular and usual expenses and fees charged to owners whose units are voluntarily placed into the rental program administered by the Association (pursuant to the standard rental contract in use at the time); and second, rental proceeds shall be used for payment of any past due maintenance fees, taxes, assessments, late fees or charges, interest, collection fees, and attorney's fees incurred in collection of such delinquent assessments. Any remaining proceeds shall be paid to the owner of the Unit Week or credited to that owner's account, at the discretion of the Association. The rental of such delinquent week shall be at all times subordinate to rental contracts between the association and owners in good standing.

(h) To protect and defend the Entire Premises from loss and damage by suit or otherwise.

(i) To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary. Such indebtedness shall be the general obligation of all of the Owners in the same proportion as they bear Common Expenses; provided, however, that the Board shall not borrow more than Ten Percent (10%) of the amount of the current revenue budget last authorized, or cause the Association to be indebted for more than Ten Percent (10%) of the amount of the current revenue budget last authorized at any time, without the prior notice and approval of the Majority of MEMBERS, GS at any Annual or Special Meeting of the Association.

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

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

(l) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof pursuant to applicable statute, if any, at any convenient business hours by each of the Owners, and their mortgagees if applicable, and upon affirmative vote of a Majority of MEMBERS,GS to cause a complete audit to be made of the books and accounts by a competent certified public accountant.

(m) To prepare and deliver annually to each Owner a budget for the forthcoming fiscal year.

(n) To designate the personnel necessary for the maintenance and operation of the Common Property, the Common Facilities and the General and Limited Common Elements.

(o) To designate the personnel necessary for the maintenance and operation of the Units.

(p) To designate, and contract with, any professional advisers to the Association.

(q) To establish orderly procedures for an impartial hearing, if requested, upon notice to any person who is alleged to be in default in paying his Maintenance Fees, Special Assessments, or any other charges occurred, or to have violated the Declaration, Articles of Incorporation, these Bylaws, or the Association's rules and regulations.

(r) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the governing and the operation of this Condominium Project.

4.03 Management Firm, Resort Manager. The Board of Directors may employ on behalf of the Association a Management Firm, or designate its Resort Manager, by contract or employment agreement, at a compensation established by the Board, to perform such duties and services as the Board shall authorize.

4.04 Election of Members of the Board of Directors and Term of Office. Members of the Board of Directors shall be elected by a Majority of MEMBERS,GS at Annual meetings of The Association to terms of three (3) years each, such term designated as "Term Expiring (at the Annual Meeting) 19XX", or for the remaining term of a vacated term, whether appointed or not appointed, as provided in this Article. The terms shall not all be concurrent, but staggered, so that no more than three (3) new three (3) year terms will be elected at such meeting, in addition to any election to vacated terms. Such Directors shall hold office until their successors have been elected and hold their first meeting.

4.05 Vacated Term of Member of the Board of Directors. If the term of a Member of the Board of Directors becomes vacant by means of death, written resignation, retirement, disqualification, or removal from the Directors term, the remainder of the vacated term, until the next Annual or Special Meeting of the Association, may be filled by appointment by a majority of all the remaining Directors, even though they may constitute less than a quorum, or, the entire remaining balance of the vacated term may be elected at the next Annual Meeting of the Association by a Majority of MEMBERS,GS. Directors so appointed shall serve until the next Annual Meeting of the Association.

4.06 Removal of Members of the Board of Directors. Except as limited by this Article, at any Regular or Special Meeting of the Association duly called, any one or more of the Directors elected or appointed pursuant to this Article may be removed with or without cause by a Majority of the MEMBERS,GS and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the MEMBERS,GS shall be given an opportunity to be heard at the meeting.

4.07 Annual Meetings. The Regular Annual Meeting of the Board of Directors shall be held immediately following the Annual Meeting of The Association at the same place as such Association Meeting is held, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present. The annual budget of Common Expenses for the forthcoming fiscal year shall be approved by the Board of Directors at this Regular Annual Meeting of the Board.

4.08 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting (which shall be immediately following the Annual Meeting of the Association) shall be held annually.

4.09 Special Meetings. Special meetings of the Board of Directors may be called by the President upon proper notice, or by either the President or Secretary with proper notice upon the written request of at least two Directors, or by the Treasurer alone with notice as provided in Article V, Treasurer. Business of such Special Meeting shall be limited to the purpose specified in the meeting notice.

4.10 Special Meetings by Conference Telephone or Similar Communications Equipment. Members of the Board and any others normally entitled to notice of Special Meeting may participate in a meeting of the Board by means of conference telephone or similar communications equipment by which all persons participating in the Special Meeting can hear each other at the same time. Such participation shall constitute presence, in person, at a Special Meeting.

4.11 Action by Directors Without a Meeting. Any action required by the Colorado Non-Profit Corporation Act at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing setting forth the actions so taken is signed by all the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force in effect as a unanimous vote of the Directors. Others normally entitled to notice of the meeting shall be entitled to a copy of said writing showing the signatures of the Directors executing the writing immediately following the action. Full compliance with this aforesaid provision shall constitute a Special Meeting of the Board of Directors.

4.12 Notice of Meeting. Notice of Meetings of the Board of Directors shall be given to each Director, the Management Firm or its designee, or the Resort Manager, the Committee Chairman of any Association Appointed Committees, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

4.13 Waiver of Notice of Meeting. Before or at any meeting of the Board of Directors any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is unlawfully called or convened. Otherwise, if all the Directors are present at any regular meeting of the Board, no notice or waiver of notice shall be required and any business may be transacted at such meeting. Notice, or waiver of notice, is required to transact the business of a Special Meeting as specified in the notice of a Special Meeting.

4.14 Quorum, Assent or Dissent of Action. A majority of the number of Directors shall constitute a quorum for the transaction of business, at any Regular or Special Meeting of the Board of Directors.

Except as otherwise required by law, by the Articles of Incorporation, or by these Bylaws, the act of the majority of the Directors present at a meeting at which a quorum is present, shall be the act of the Board of Directors, unless a greater number is required by the Colorado Non-Profit Corporation Act, similar statute, the Articles of Incorporation, or these Bylaws. A Director who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be presumed to have assented to the action taken unless the Director's dissent is entered in the minutes of the meeting, or unless the Director files the Director's written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof, or forwards such written dissent by registered mail to the

Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action, or abstained.

4.15 Committee Chairman, Management Firm, or Resort Manager. Committee Chairmen, the Resort Manager or the Management Firm, as long as any Management Agreement is in effect, shall be entitled to Notice of all Board of Directors meetings and may designate such person(s) as desired to attend such meetings, except, however, that Association Appointed Committees shall appoint their spokesman in the absence of their chairman, unless otherwise provided in the committee appointment.

4.16 Fidelity Bonds. The Board of Directors may require that certain officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

4.17 Copy of Budget to be Considered at Meeting of Board to be Sent to Owners. A copy of the proposed annual budget of Common Expenses shall be mailed to the Owners not less than thirty (30) days nor more than fifty (50) days prior to the meeting at which the budget will be considered, together with notice of the time and place at which the meeting of the Board of Directors shall be held to consider the proposed annual budget of Common Expenses, and such meeting shall be open to the Owners (such budget and notice to be sent to the Owners may accompany the notice of Annual Meeting of The Association).

4.18 Alternate Budget Procedure. The Board of Directors may, in any event, propose a budget to the Owners at a Meeting of The Association, or in writing, and if such budget or proposed budget be approved by a Majority of the MEMBERS,GS at the meeting or by a Majority of MEMBERS,GS in writing, it shall not thereafter be re-examined by the Owners.

## ARTICLE V

### Officers

5.01 Designation. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, all of whom shall be MEMBERS,GS of the Association, and members of the Board of Directors, and shall be elected by the Board of Directors. The President shall serve only in the office of President and the offices of Secretary and Treasurer shall not be held concurrently by one person.

5.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the regular Annual Meeting of each new Board and shall hold office at the pleasure of the Board.

5.03 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any Special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

5.04 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of a non-profit corporation, including but not limited to the power to appoint committees from among the MEMBERS,GS from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the MEMBERS,GS of the Association at any Regular or Special Meetings of The Association. He shall see that orders, resolutions, and policies of the Board are carried out; shall sign, without personal recourse, all leases, notes, mortgages, deeds and other written instruments and shall co-sign all checks from reserve accounts, and with the Treasurer, establish and designate funds depositories, procedures and signature authority, assuring full Federal Insurance coverage of all deposits.

5.05 Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President in the absence of the President or his inability for any reason to exercise such powers and functions or perform such duties.

5.06 Secretary. The Secretary shall keep the Record of Proceedings of the meetings of the Board of Directors and the Record of Proceedings of all meetings of the Association which shall be open to MEMBERS,GS inspection at reasonable times at regular business hours at the Association's registered address. The Secretary shall have charge of such books and papers as the Board of Directors may direct; he shall serve notice of meetings of the Board and the Association; and he shall, in general, perform all the duties incident to the office of the Secretary.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Owners and MEMBERS,GS, and that of their mortgagees if any. Such list shall also show opposite each member's name the number or other appropriate designation of the Unit owned by such member, or in the case of an Interval Owner the Unit Week No. and Condominium Unit of such Interval Owner.

The Secretary will be the custodian of Association documents, and Association property and liability insurance policies, bonds and sureties, and shall maintain a record of all indebtedness of the Association, its leases, be or designate legal agent for the Association, maintain the Board's written Record of Policy, Procedures and Rules of the Association, communicate, or cause the communication of such policies, procedures and rules in a regular, timely and appropriate manner for review by Officers, Directors, MEMBERS, GS, owners, agents, Resort Manager or Management Firm, contractors, public officials and others as appropriate, and shall schedule in Board of Directors meeting agendas any policy development or review requested by any one or more members of the Board of Directors.

The Secretary shall maintain a record of the terms of the Board of Directors, appointments or elections thereto and elected officers, and members and chairman of committees appointed by the President, Board of Directors or created as Association Committees as provided in Article VI.

5.07 Treasurer. The Treasurer shall have responsibility for Association funds; shall disburse such funds as directed by the Board of Directors; shall co-sign, without personal recourse, all promissory notes, checks from any reserve accounts, and with the President, establish funds depository designation, procedures, and signature authority assuring full Federal Insurance coverage on all deposits; shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as shall be designated under the authority of this Article; shall cause upon a requisite number of votes of MEMBERS, GS as provided in Article IV, an annual audit of the Association books to be made by a qualified independent public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the members.

When the Board of Directors has determined the amount of the Maintenance Fee for the forthcoming year, the Treasurer of the Association shall cause to be mailed or presented to each Condominium Owner and each Interval Owner a statement of Maintenance Fee. All Maintenance Fees shall be payable to the Association, and upon request, the Treasurer will give, or cause to be given, a receipt for each payment made to the Association.

The Treasurer shall pay all charges and obligations of the Association before the same shall become delinquent, or if unable to so pay to immediately notify in writing to members of the Board of Directors his inability to so pay. The Treasurer shall be exclusively responsible for the prompt and timely payment of all insurance required and authorized by the Board of Directors and shall have exclusive signature authority



over any account or funds of the Association, including reserve accounts, to make timely insurance payment. Written notice to the members of the Board of Directors must be made at the time of exercise of this special insurance payment authority.

The Treasurer shall also have special exclusive authority to stop any authorized payment, suspend any signature authority, suspend, close or transfer any account, allow temporary and emergency deposits in excess of federal insurance coverage limits, provided however, that written notice to members of the Board of Directors is given at the time of exercising this special exclusive authority.

The Treasurer shall, alone, have authority and responsibility to call a Special Meeting of the Board of Directors in any event which precludes his ability to use the special exclusive powers herein granted.

## ARTICLE VI

### Committees

6.01 Committees Appointed by the President. The President of the Board of Directors may appoint committees from among the MEMBERS,GS as he deems appropriate to assist in the affairs of the Association. Such committees serve at the pleasure of the President who may revise, or dissolve such committees. The committees' appointments, in any event, will end with the term of the appointing President's office.

6.02 Committees Appointed by the Board of Directors. The Board of Directors may establish, and dissolve, its committees as it deems appropriate. Such Board Committees shall serve at the pleasure of the Board of Directors who may designate their purpose, define their authority, establish, appoint, or remove their members or chairpersons, define their qualifications, one of which shall be status as a MEMBER,GS, and term or duration.

6.03 Committees Appointed by the MEMBERS,GS of the Association. The MEMBERS,GS of the Association may also establish committees as they deem appropriate. Such Association Committees shall serve at the pleasure of the MEMBERS,GS of the Association and may be established, revised, dissolved or suspended at any Annual or Special Meeting of The Association by a Majority of MEMBERS,GS at such meeting. Such Majority of MEMBERS,GS may establish, confirm, or dissolve such committees, establish qualifications for membership thereon, one of which shall be status as a MEMBER,GS, and define or revise the purpose of such committee. Such committees shall consist of three (3) MEMBERS,GS elected by the Association with staggered terms not to exceed three (3) years, designated as "Term Expiring (at the end of the annual meeting) in 19XX", one of whom shall be elected by the Committee as Chairman, and as many other MEMBERS,GS who shall volunteer and regularly serve, all of whom shall have committee vote. Each committee chairman

shall be entitled to notice of all meetings of the Board of Directors and the Association. Such chairman shall have the right at any meeting to discuss motions and to present reports of the committee. If the chairman cannot be present at such a meeting, the committee shall designate a spokesman who shall have all the rights of the chairman at such meetings or any adjournments thereof. Members of such committees may remove their chairman and elect a new chairman at any time, but may not remove any elected committeeman or person appointed to a vacated committeeman term, such power being vested exclusively with the Majority of MEMBERS,GS.

Members of such committees may appoint a successor to any vacated elected term occurring between Annual or Special Meetings of the Association. Such appointment to a vacated term shall be valid only to the next Annual or Special Meeting of the Association, at which time the Majority of MEMBERS,GS may elect the appointee or some other qualified MEMBER,GS to the full remaining balance of such vacated elected term.

The Board of Directors shall not hinder such committee(s) in any manner, nor have any authority over such committee(s), unless specifically empowered by a Majority of MEMBERS,GS.

#### ARTICLE VII

##### Indemnification of Association Officials

7.01 Association Officials Indemnified. The Association shall indemnify every Director, Officer, managing agent (including the Management Firm, if any), or the Resort Manager, their respective successors, personal representatives and heirs, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of having been a Director, officer or managing agent (including the Management Firm or Resort Manager) of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director, Officer, or managing agent and the foregoing rights shall not be exclusive of other rights to which such Director, Officer or managing agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of, or arising out of or in connection with the foregoing indemnification provisions, shall be treated and handled by the Association as Common Expenses.

#### ARTICLE VIII

## Obligation of Owners

8.01 Proof of Ownership. Any person on becoming an Owner of a Condominium Unit or Unit Week shall furnish to the Association a photocopy or a certified copy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association.

8.02 Registration of Mailing Address. The Owners of each Condominium Unit or Unit Week shall have one and the same registered mailing address to be used by the Association for mailing of statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association, or other legal entity or any combination thereof to be used by the Association. Such registered address of a Condominium Unit Owner or Interval Unit Owner shall be furnished by such Owners to the Secretary within five (5) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the Condominium Unit Owners or Interval Unit Owners or by such persons as are authorized by law to represent the interest of all of the Owners thereof.

8.03 Notice to Association of Mortgagee(s). An Owner who mortgages his Condominium Unit or Unit Week or assumes an existing mortgage shall notify the Association through the Management Firm, if any, or the Secretary, giving the name and address of his mortgagee.

8.04 Notice of Unpaid Assessments and Other Financial Charges. The Association shall within ten days of the request of a prospective purchaser or a Mortgagee of a Condominium Unit or Unit Week, and upon payment of a reasonable fee not to exceed \$15, report any unpaid Maintenance Fee, Special Assessment, or other charges due from the Owners of such Condominium Unit or Unit Week.

8.05 Maintenance Fees, Special Assessments and Other Charges. All Owners shall be obligated to pay the Maintenance Fees, Special Assessments, and other charges imposed by the Association to meet the Common Expenses and the maintenance fees shall be allocated among all Owners as provided in the Declaration and shall be due and payable quarterly on the first days of October, January, April, and July of each fiscal year. Any Maintenance Fee, Special Assessments or other charges which are not paid when due shall be delinquent.

If the Maintenance Fee, Special Assessment or other charges are not paid within fifteen (15) days after the due date, a late charge shall be imposed at a rate not to exceed the highest rate permitted by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose a lien against the property, and interest, cost, and reasonable attorney's fees of any such action shall be added to the amount of such assessment or other charges. No owner

may waive or otherwise escape liability for the assessments or other charges provided for herein by non-use of his Condominium, the Common Facilities, the General Common Elements, or his Unit Week.

8.06 Right of Entry. An Owner shall and does grant to the Management Firm or Resort Manager, or Board of Directors of the Association, the right of entry for access to his Unit from time to time during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the General or Limited Common Elements therein accessible therefrom or for making emergency repair therein necessary to prevent damage to the General and Limited Common Elements or to another Unit or Units, and for inspections involved with the preservation or enhancement of property values. Damage to the interior or any part of a Unit as a result of such entry thereof shall be a Common Expense to all of the Owners provided, however, that if such entry, resulting in damage, was made necessary as a result of the negligence or malfeasance of a Unit Owner or Interval Owner, then such Owner shall be responsible for all such damage.

8.07 Rules and Regulations. The Board of Directors, pursuant to Article IV of these Bylaws, reserves the power to establish, make, communicate, and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of this Condominium Project with the right to amend same from time to time. Owners, their guests, tenants, lessors, renters or traders are subject at all times to such rules and regulations.

8.08 Association Address. The address of the Association shall be: "Sandstone Creek Club Condominium Association, Inc., 1020 Vail View Drive, Vail, CO 81657". Any change of the address of the Association will be made by notice to all owners of record at their last furnished address.

## ARTICLE IX

### Compliance

9.01 Compliance With Colorado Condominium Ownership Act. These Bylaws are set forth to comply with the requirements of the State of Colorado Condominium Ownership Act, or other governing statutes. If any of these Bylaws conflict with the provisions of said statutes it is hereby agreed and accepted that the provisions of such statutes will apply.

## ARTICLE X

### Character of Association and Fiscal Year

10.01 Character of Association. This Association is not organized for profit. No Owner, Member of the Board of Directors,

Officer or person from whom the Association may receive any property or funds shall receive, or be lawfully entitled to receive, any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or be distributed to or inure to the benefit of any member of the Board of Directors, Officer or Owner; provided, however, always (1) that reasonable compensation may be paid to any Owner, Director or Officer while acting as an agent, contractor, or employee of the Association for service rendered in effecting one or more of the purposes of the Association, and (2) that any Member, Director, or Officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred, in connection with the administration of the affairs of the Association.

10.02 Fiscal Year. The fiscal year for the Association shall begin on the first day of October of each year provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

#### ARTICLE XI

##### Conveyances and Encumbrances

11.01 Conveyances and Encumbrances. Association property may be conveyed or encumbered by authority of the Board of Directors or such person or persons to whom such authority may be delegated by resolution of the Board. Conveyances or encumbrances shall be by instrument executed by the President, Secretary, and Treasurer, or executed by such other person or persons to whom such authority may be delegated by the Boards Resolution.

#### ARTICLE XII

##### Parliamentary Authority

12.01 Applicability. The rules contained in the current edition of "Robert's Rules of Order Newly Revised" shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules of order the Association may adopt.

#### ARTICLE XIII

##### Amendments to Bylaws

13.01 Bylaws. These Bylaws may be amended at any Regular or Special Meeting of the Association by a Majority of MEMBERS,GS, provided such proposed amendment(s) are furnished to owners as a part of their

notice of the meeting. No such amendment shall change any provision required by the laws of the State of Colorado to be in the Bylaws.