

**BY-LAWS**  
**of**  
**DILLON VALLEY EAST CONDOMINIUM ASSOCIATION**  
**AS AMENDED THROUGH SEPTEMBER 29, 1979**

The name of the organization shall be DILLON VALLEY EAST CONDOMINIUM ASSOCIATION.

**ARTICLE I**

Object  
(Plan of Ownership)

1. The purpose for which this non-profit Association is formed is to govern the condominium property which has been or will be submitted to the provisions of the Condominium Ownership Act of the State of Colorado by the recording of the Condominium Declaration and Supplements thereto and Maps and Supplements thereto bearing the name associated with the Association.
2. All present or future owners, tenants, future tenants or any other person that might use in any manner the facilities of the project located on the property therein described are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the condominium units (hereinafter referred to as "units") or the mere act of occupancy of any of said units will signify that these By-Laws are accepted, ratified and will be complied with.

**ARTICLE II**

**Membership, Voting, Majority of Owners**  
**Quorum, Proxies**

1. **Membership.** Except as is otherwise provided in these By-Laws, ownership of a condominium unit is required in order to qualify for membership in this Association. Any person on becoming an owner of a condominium unit shall automatically become a member of this Association and be subject to these By-Laws. If title to a condominium unit is held by more than one person, the membership related to that condominium unit shall be shared by all such persons in the same proportion of interests and by the same type of tenancy in which title to the condominium unit is held. The votes (as determined under Paragraph 2 hereinafter) for each such multiple-held unit shall be exercised as they among themselves determine, but in no event shall more than one membership vote be cast with respect to any such unit. Such membership shall terminate without any formal Association action whenever such person ceases to own a condominium unit, 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 and membership in the Association, or impair any rights or remedies which the unit owners have, either through the Board of Managers of the Association directly, against such former owner and member arising out of or in any way connected with ownership and membership and the covenants and obligation incident thereto.
2. **Voting.** Voting shall be based upon the percentage of the undivided interest owned by each unit owner in all of the general common elements. Upon submission of additional condominium units to this condominium project, each condominium unit owner shall be entitled to cast votes equal to the percentage interest assigned to the type of unit owned by him as is set forth in paragraph 34 (d) of the Declaration, and the aggregate of all of the percentage interests then making up the enlarged condominium project shall be considered one hundred percent for voting purposes. Cumulative voting is prohibited.
3. **Majority of Unit Owners.** As used in these By-Laws the term "majority of unit owners " shall mean those owners of more than fifty percent (50%) of the undivided ownership of all general common elements.

4. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of owners of ten percent (10%) or more of the undivided ownership of the general common elements who are entitled to vote shall constitute a quorum. An affirmative vote of a majority of the quorum present either in person or by proxy shall be required to transact the business of the meeting.

### **ARTICLE III**

#### **Administration**

1. Association Responsibilities. The owners of the units will constitute the Association of Unit Owners, hereinafter referred to as "Association", who will have the responsibility of administering the project through a Board of Managers.
2. Place of Meeting. Meetings of the Association shall be held at such place within the State of Colorado as the Board of Managers may determine.
3. Annual Meeting. The first meeting of the Association members shall be held within ninety days following the giving of notice by the Declarant that the Condominium project has been fully completed, reference being made to the provisions of Paragraph 35(c) of the Declaration. Thereafter, the annual meeting of the Association shall be held during the month of September of each succeeding year. At such meetings there shall be elected by ballot of the owners a Board of Managers in accordance with the requirements of Section 5 of Article IV of these By-Laws. The owners may also transact such other business of the Association as may properly come before them. "Declarant" as used in these By-Laws refers to the Declarant named in the Condominium Declaration for Dillon Valley East Condominium, or his heirs, representatives, executors and assigns.
4. Special Meetings. The President may call a special meeting of the owners upon his own initiative or as directed by resolution of the Board of Managers or upon receipt of a petition signed by owners of at least one-third (1/3) of the undivided ownership of the general common elements who are entitled to vote. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting unless by consent of two-thirds of the owners present, either in person or by proxy. Any such meetings shall be held at such place and time as the President determines within thirty (30) days after receipt by the President of such resolution or petition.
5. Notice of Meetings. The President or Secretary shall mail or deliver a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each owner of record, at the registered address of each owner, at least thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph or the delivery of such notice shall be considered notice served, and the Certificate of the President or Secretary that notice was duly given shall be prima facie evidence thereof.
6. Adjourned Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting, to a time not less than forty-eight hours from the time the original meeting was called.
7. Order of Business. The order of business at all meetings of the owners shall be as follows:
  - (a) Roll call and certifying proxies
  - (b) Proof of notice of meeting or waiver of notice
  - (c) Reading of Minutes of preceding meetings
  - (d) Reports of Officers
  - (e) Reports of Committees
  - (f) Election of Managers
  - (g) Unfinished business

- (h) New business
  - (i) Adjournment
8. Performance of Functions by Declarant. The rights, duties and functions of the Board of Managers shall, at the Declarant's option, be exercised by the Declarant by and through those persons named as Managers in the Articles of Incorporation, until the development of the condominium project has been completed and until all condominium units have been sold and the provisions of paragraph 35(c) of the Declaration are incorporated herein by this reference, and made a part hereof as if fully set forth herein.

## **ARTICLE IV**

### **Board of Managers**

1. Number and Qualification. Consistent with the provisions of Paragraph 35(c) of the Declaration, the Declarant shall exercise the rights, duties, and functions of the Board of Managers as provided therein by and through the persons names in the Articles of Incorporation as the Managers until the first meeting of the Members of the Association. At the first meeting there shall be elected any five members of the Association to the Board of Managers who shall thereafter govern the affairs of this Association until their successors have been elected and qualified. From and after the first meeting of the Association, the Board of Managers shall consist of not less than five, nor more than seven members to be elected and to hold office pursuant to the provisions of these By-Laws.
2. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the condominium project as a first class residential condominium property.
3. Other Powers and Duties. Such powers and duties of the Board of Managers shall include, but shall not be limited to, the following, all of which shall be done for and on behalf of the owners of the condominium units:
  - (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Condominium Declaration submitting the property to the provisions of the Condominium Ownership Act of the State of Colorado, the By-Laws of the Association and supplements and amendments thereto.
  - (b) To establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, rentals, use and occupancy of all of the condominium units with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each member upon the adoption thereof.
  - (c) To incur such costs and expenses as may be necessary to keep in good order, condition and repair all of the general and limited common elements and all items of common personal property.
  - (d) To insure and keep insured all of the insurable general common elements of the property in an amount equal to the maximum replacement value. To insure and keep insured all of the common fixtures, equipment and personal property for the benefit of the owners of the condominium units and their first mortgagees. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts not less than \$100,00.00 per person and \$300,000.00 per accident and \$50,000.00 property damages. Further, the provisions of paragraph 23 of the Declaration are by this reference made a part hereof as if fully set forth herein.
  - (e) To prepare a budget for the condominium, at least annually, in order to determine the amount of the common assessments payable by the unit owners to meet the common expenses of the condominium project, and allocate and assess such common charges among the unit owners according to their respective common ownership interest in and to the general common elements, and by majority vote of the Board, to adjust, decrease or increase the amount of the quarterly or monthly assessments, and to levy and collect special assessments whenever, in the opinion of the board, it is necessary to do so in order to meet increased operating or maintenance expense or costs, or additional capital expenses, or because of emergencies.

- (f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these By-Laws. To enforce a late charge of not more than \$10 per month and to collect interest at the rate of twelve (12%) percent per annum in connection with assessments remaining unpaid more than twenty (20) days from due date for payment thereof, together with all expenses, including attorneys fees incurred. The Board of Managers shall have the duty, right, power and authority to prohibit use of the condominium unit by the owner thereof, his guests, tenants, lessees and invitees in the event that any assessment made remains unpaid more than thirty (30) days from the due date for payment thereof.
  - (g) To protect and defend in the name of the Association any part or all of the condominium project from loss and damage by suit or otherwise.
  - (h) 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 these By-Laws, and to execute all such instruments evidencing such indebtedness as the Board of Managers may deem necessary and give security therefore. Such indebtedness shall be the several obligations of all of the owners in the same proportion as their interest in the common elements. The persons who shall be authorized to execute promissory notes and security instruments shall be the President and Secretary or Assistant Secretary.
  - (i) To enter into contracts to carry out their duties and powers.
  - (j) To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable.
  - (k) To make repairs, additions, alterations and improvements to the general common elements consistent with managing the project in a first-class manner and consistent with the best interests of the unit owners.
  - (l) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the owners, and to cause an unaudited financial statement of the books and accounts to be prepared by a certified or public accountant, once each year.
  - (m) To prepare and deliver annually to each owner a statement showing receipts, expenses or disbursements since the last such statement.
  - (n) To meet at least once each year.
  - (o) To designate the personnel necessary for the maintenance and operation of the general and limited common elements.
  - (p) 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 property.
  - (q) To control and manage the use of all parking areas.
  - (r) Determine whether to employ for the Association a management agent who shall have and exercise those powers granted by the Board of Managers but not those powers set forth in Paragraph 28 of the Condominium Declaration.
4. No Waiver of Rights. The omission or failure of the Association or any condominium unit owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligation, or other provisions of the Condominium Declaration, the By-Laws, or the house rules and Regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Managers or the Managing Agent shall have the right to enforce the same thereafter.
  5. Election, Term of Office and Compensation. At the first meeting of the Association, the term of office of two Managers shall be fixed for three (3) years the term of office of two Managers shall be fixed for two (2) years and the term of office of one Manager shall be fixed for one (1) year. Subsequent to the first meeting of the Association, and in the event seven members are elected to the Board of Managers, prior to the expiration of the initial terms of office of the initial Managers, the additional Managers so

elected shall be elected to terms that will result in three Managers having an initial three (3) year term, two Managers with a remaining two (2) years of an initial three (3) year term, and two Managers with a remaining one (1) year of an initial two (2) year term. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. Except as is otherwise provided by these By-Laws, the Managers shall hold office until their successors have been elected and hold their first meeting.

6. Vacancies. Vacancies in the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Association shall be filled by vote of the majority of the remaining Managers, even though they may constitute less than a quorum; and each person so elected shall be a Manager until his successor is elected.
7. Removal of Managers. At any regular or special meeting duly called, any one or more of the Managers may be removed with or without cause by a majority of the owners, and a successor may then and there be elected to fill the vacancy thus created. Any Manager whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.
8. Organizational Meeting. The first meeting of a newly elected Board of Managers following the annual meeting of the unit owners shall be held within ten days thereafter at such place as shall be fixed by the Managers at the meeting at which such Managers were elected, and no notice shall be necessary to the newly elected Managers in order legally to constitute such meeting, providing a majority of the whole Board shall be present.
9. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined, from time to time, by a majority of the Managers, but at least one such meetings shall be held during each calendar quarter. Notice of regular meetings of the Board of Managers shall be given to each Manager, personally or by mail, telephone or telegraph, at least seven days prior to the day named for such meeting.
10. Special Meetings. Special meetings of the Board of Managers may be called by the President on three days' notice to each Manager, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of two or more Managers.
11. Waiver of Notice. Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all of the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
12. Board of Managers' Quorum. At all meetings of the Board, a majority of the Managers shall constitute a quorum for the transaction of business, and the acts of the majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board of Managers. If, at any meeting of the Board of Managers, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.
13. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Association and the Managing Agent handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

## ARTICLE V

### Fiscal Management

The provision for fiscal management of the condominium units for and in behalf of all of the unit owners as set forth in the Condominium Declaration shall be supplemented by the following provisions,

1. Accounts. The funds and expenditures of the unit owners by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:
  - (a) Current expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements.
  - (b) Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.
  - (c) Reserve for replacement, which shall include funds for repair or replacement required because of damage, wear or obsolescence.
  - (d) With respect to the working capital reserve account provided for under Paragraph 22(d) of the Condominium Declaration for Dillon Valley East Condominium, such working capital reserve shall not in any way relieve a unit owner from the obligation to make the regular monthly payment of assessment as and when such assessments come due, it being intended that that working capital reserve is a separate and distinct reserve account allocated to each condominium unit. Upon the subsequent transfer of such condominium unit, each unit owner shall be entitled to a credit from his transferee for any portion of said working capital reserve that is unused at the time of such transfer.

## ARTICLE VI

### Officers

1. Designation. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Managers, and such assistant officers as the Board of Managers shall, from time to time, elect. Such Officers need not be members of the Board of Managers, but each shall be an owner of a condominium unit in this condominium project, or the Declarant(s) or their representative(s). The office of President and Treasurer may be held by the same person, and the office of Vice-president and Secretary may be held by the same person.
2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Managers at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.
3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Managers, or at any special meeting of the Board called for such purpose.
4. 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 Managers. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the members of the Association at any regular or special meetings.
5. 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.

6. Secretary. The Secretary shall keep all the minutes of the meetings of the Board of Managers and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as provided in the Declaration and the By-Laws. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the unit owned by such member, the undivided interest in the general common elements. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. The Secretary shall have the right to delegate to a managing agent as appointed by the Board of Managers the duties referenced hereinabove, retaining the obligation to supervise such delegated duties.
7. Treasurer. The Treasurer shall have the responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Managers. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent not less often than once each calendar quarter.

## **ARTICLE VII**

### **Indemnification of Officers, Directors and Managing Agent**

1. Indemnification. The Association shall indemnify every Manager, Officer, Managing Agent, 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 his being or having been a Manager, Officer or Managing Agent 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 Manager, Officer or Managing Agent in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Manager, Officer or Managing Agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article VII contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit who is or has been a Manager or Officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Condominium Declaration.
2. Other. Contracts or other commitments made by the Board of Managers, Officer or the Managing Agent shall be made as agent for the unit owners, and they shall have no personal responsibility on any such contract or commitment (except as unit owners), and the liability of any unit owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereof as the common interest of each unit owner bears to the aggregate common interest of all unit owners, except

that any losses incurred because of an inability to collect such proportionate amount of the total liability owed by an owner shall be shared proportionately by the other owners.

## ARTICLE VIII

### Amendments to By-Laws

1. These By-Laws may be amended by the Association at a duly constituted meeting for such purpose, at which a quorum of members are present, in person or by proxy, such quorum as provided elsewhere in these By-Laws. Any such amendment to these By-Laws shall require an affirmative vote of a majority of ownership interests present and voting in person or by proxy.

## ARTICLE IX

### Mortgages

1. Notice to Association. An owner who mortgages his unit shall notify the Association through the Managing Agent, if any, or the Secretary of the Board of Managers, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Units".
2. Notice of Unpaid Common Expenses. The Board of Managers, whenever so requested in writing by a mortgagee of a condominium unit shall promptly report any then unpaid common assessments due from, or any other default by, the Owner of a mortgaged unit.
3. Notice of Default. The Board of Managers, when giving notice to a unit owner of a default in paying common assessments or other default, shall send a copy of such notice to each holder of a mortgage covering such condominium unit whose name and address has theretofore been furnished to the Board of Managers.
4. Examination of Books. Each member and each mortgagee of a condominium unit shall be permitted to examine the books of account of the condominium at reasonable times on business days, but not more often than once each month.

## ARTICLE X

### Evidence of Ownership, Registration of Mailing Address and Designation of Voting Representative

1. Proof of Ownership. Except for those owners who initially purchase a condominium unit from Declarant, any person on becoming an owner of a condominium unit shall furnish to the Managing Agent or Board of Managers a machine or a certified copy of the recorded instrument vesting that person with an interest or ownership in the condominium unit, which copy shall remain in the files of the Association.
2. Registration of Mailing Address. The owners or several owners of an individual condominium unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of a condominium unit owner or owners shall be furnished by such owners to the Managing Agent or Board of Managers within fifteen 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 owners of the condominium unit or by such persons as are authorized by law to represent the interest of (all of) the owners thereof,
3. Designation of Voting Representative - Proxy. If a condominium unit is owned by one person, his right to vote shall be established by the record title thereto. If title to a condominium unit is held by more than one person or by a firm, corporation, partnership, association or other legal entity, or any combination thereof, such owners shall execute a proxy appointing and authorizing one person or

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

The requirements herein contained in this Article X shall be first met before an owner of a condominium unit shall be deemed in good standing and entitled to vote at any annual or special meeting of members.

## ARTICLE XI

### Obligations of the Owners

1. Assessments. All owners shall be obligated to pay the monthly or quarterly assessments imposed by the Association to meet the common expenses. The assessments shall be made pro rata according to percentage interest in and to the general common elements subject to the provisions of paragraph 34(d) of the Declaration which are incorporated herein by this reference. Assessments shall be due in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of members, within the meaning of these By-Laws, if and only if, he shall have fully paid all assessments made or levied against him and the condominium unit owned by him.
2. Notice of Lien or Suit. An owner shall give notice to the Association of every lien or encumbrance upon his condominium unit, other than for taxes and special assessments, and notice of every suit or other proceeding which may affect the title to his condominium unit, and such notice shall be given in writing within five days after the owner has knowledge thereof.
3. Maintenance and Repair.
  - (a) Every owner must perform promptly, at his own expense, all maintenance and repair work within his own unit which, if omitted, would affect the appearance of or the aesthetic integrity of part or all of the condominium project.
  - (b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephone, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures shall be at the owner's expense.
  - (c) An owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any general or limited common element damaged by his negligence or by the negligence of his tenants or agents or guests.
4. Mechanic's Lien. Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of mechanic's liens filed against other apartment units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's apartment unit. In the event such a lien is filed and/or suit for foreclosure of mechanic's lien is commenced, then within ten days thereafter, such owner shall be required to deposit with the Association cash or negotiable securities equal to one and one-half of the amount of such claim plus interest for one year together with a sum equal to ten percent of the amount of such claim but not less than One Hundred Fifty Dollars, which latter sum may be used by the Association for any costs and expenses incurred, including attorneys fees incurred for legal advice and counsel. Except as otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursement of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees incurred by the Association, shall be paid forthwith by the subject owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his condominium unit which may be foreclosed as is provided in paragraph 25 of the Condominium Declaration. All advancements, payments, costs and expenses, including attorney's fees, incurred by the Association shall be forthwith reimbursed to it by such owner(s), and the owner shall be liable to the Association for the payment of interest at the rate of twelve percent per annum on

all such sums paid or incurred by the Association.

5. General.

- (a) Each owner shall comply strictly with the provisions of the recorded Condominium Declaration and these By-Laws and amendments thereto.
- (b) Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which this condominium project was built.

6. Uses of Units - Internal Changes.

- (a) All units shall be utilized for only residential purposes as is provided in the Condominium Declarations.
- (b) An owner shall not make structural modifications or alterations to his unit or installations located therein without the written approval of the Board of Managers. The Board of Managers shall be notified in writing of the intended modifications through the Managing Agent, or if no Managing Agent is employed, then, through the President of the Board of Managers. The Association shall have the obligation to answer owner's request within fifteen days after such notice, and failure to do so within such time shall mean that there is no objection of the proposed modifications or alterations.

7. Use of General Common Elements and Limited Common Elements. Each owner may use the general common elements, the limited common elements, sidewalks, pathways, roads and streets and other common elements, located within the entire condominium project in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners, and subject to the rules and regulations contained in these By-Laws and established by the Board of Managers as is provided in Section 9 of this Article.

8. Right of Entry.

- (a) An owner shall and does grant the right of entry to the Managing Agent or to any other person authorized by the Board of Managers in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.
- (b) An owner shall permit other owners, or their representatives, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical, electrical or utility services which, if not performed, would affect the use of other units, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

9. Rules and Regulations.

- (a) The initial rules and regulations shall be effective until amended or supplemented by the Board of Managers, are annexed hereto and made a part hereof as Schedule A.
- (b) The Board of Managers reserves the right to establish, make and enforce compliance with such additional 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. Copies of such rules and regulations shall be furnished to each unit owner prior to the date when the same shall become effective.

10. Destruction and Obsolescence. Each owner, upon becoming an owner of a condominium unit, thereby grants his power of attorney in favor of the Association, irrevocably appointing the Association his attorney-in-fact to deal with the owner's condominium unit upon its damage, destruction or obsolescence, all as provided in the Condominium Declaration.

## ARTICLE XII

### Abatement and Enjoinment of Violations by Unit Owners

1. Abatement and Enjoinment. The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law, or the breach of any provision of the Declaration, shall give the Board of Managers or the Managing Agent the right, in addition to any other rights set forth therein, (i) to enter the unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting unit owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Managers or Managing Agent shall not be deemed guilty in any manner of trespass, and to expel, remove and put out, using such force as may be necessary in so doing, without being liable to prosecution or in damages therefore; (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

## ARTICLE XIII

### Committees

1. Designation. The Board of Managers may, but shall not be required to, appoint an executive committee and it may designate and appoint members to the standing committee.
2. Executive Committee. The executive committee shall consist of two persons who are members and who shall be appointed by the Board of Managers from the members of the Board. One member shall be the President. The executive committee shall supervise the affairs of the Association and shall regulate its internal economy, approve expenditures and commitments, act and carry out the established policies of the Association and report to the Managers at each meeting of the Board. The executive committee may hold regular meetings, monthly or as it may in its discretion determine. Special meetings may be called at any time by the chairman of the committee or by any of its members, either personally or by mail, telephone or telegraph, and a special meeting may be held by telephone.
3. Nominating Committee. Before each annual meeting, the Board of Managers may appoint a committee of three members who shall nominate candidates for the Board. The names of the candidates shall be submitted on or before thirty (30) days before the election. Members may submit names of candidates other than those submitted by the nominating committee at least sixty (60) days prior to the election. Unless such names are submitted, either by the nominating committee or by the members, no person shall be elected whose name is not so submitted unless no nominations are made, in which event the names of candidates shall be submitted at the election by the members.
4. Vacancies. A vacancy in any committee shall be filled by the President until the next meeting of the Board of Managers.

