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NONPROFIT

ARTICLES OF INCORPORATION OF

STONEBRIDGE PARK HOMEOWNERS ASSOCIATION

THE UNDERSIGNED natural person, being more than eighteen years of age, hereby establishes a non-profit corporation pursuant to the Colorado Revised Nonprofit Corporation Act, and adopts the following Articles of Incorporation:

ARTICLE I

Name

The name of the corporation is STONEBRIDGE PARK HOMEOWNERS ASSOCIATION. The corporation is sometimes hereinafter referred to as the "Association."

ARTICLE II

Term

The corporation shall have perpetual existence.

ARTICLE III

Definitions

Terms defined in the Declaration of Protective Covenants for STONEBRIDGE PARK, a Common Interest Planned Community, recorded or to be recorded in the real property records of Routt County, Colorado, as the same may be amended from time to time (herein called the "Declaration"), shall have the same meaning when used in these Articles of Incorporation and in the Bylaws of the corporation. The terms defined in C.R.S. §38-33.3 103 shall have the same meanings when used in these Articles of Incorporation.

ARTICLE IV

Purpose and Powers

(a) *Purposes.* The Association shall operate the Common Interest Planned Community known as STONEBRIDGE PARK (the "Subdivision" or "Project"), located in Routt County, Colorado, in accordance with the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101 et seq., and the Colorado Revised Non-Profit Corporation Act, as either may be amended from time to time. The objects and purposes of the Association shall be: (i) to provide for the care, upkeep, operation, management, repair, maintenance and supervision of the Subdivision; (ii) to provide for and accomplish the installation, construction, erection, repair, maintenance, conservation, administration, improvement, replacement, management, operation, insuring, restoration, and supervision of common property interests and improvements within the Subdivision, if any, and any and all real and personal property acquired (by purchase, lease or otherwise) by the Association for the common use of the Owners; (iii) to provide for architectural and aesthetic control within the Lots in the Subdivision; (iv) to enforce the provisions of the Declaration, as amended from time to time, these Articles of Incorporation, the Bylaws and the Rules and Regulations of the Association; (v) to define membership in the Association and the voting rights of the members; (vi) to regulate and control the relationships among the Owners of Lots, in connection with their ownership of the Lots; (vii) to provide for the pleasure and recreation of the Owners of Lots; (viii) to promote the health, safety, welfare, and common benefit of the Owners of the Lots in the Subdivision, and to promote the best interests of the Owners of Lots for the purpose of securing for them the fullest utilization and enjoyment of the Project; and (ix) to pay the Common Expenses, and to assess and collect the Common Expense liability from the Owners of Lots.

(b) **Powers.** In furtherance of the foregoing purposes, the Association shall have and may exercise any and all powers and authority, and do any and all acts, which are delegated, described or provided, expressly or implicitly, to the Association in the Act, the Declaration, these Articles of Incorporation, the Bylaws, and the Rules and Regulations of the Association, and shall have and may exercise any and all permitted acts, powers, rights, and privileges which are granted to a Common Interest Planned Community Association under the laws of the State of Colorado. The foregoing statements of purposes and powers shall be construed as statements of both purposes and powers. The purposes and powers stated in each clause or phrase shall not be limited or restricted by reference to or inference from the terms or provisions of any other clause or phrase, but shall be broadly construed as independent purposes and powers. As part of the powers of the Association, but not in limitation of the full plenary power of the Association, the Association shall have the power:

- (1) **Real and Personal Property.** To acquire, by gift, purchase, trade or any other method, and to own, lease from third parties, operate, build, manage, use, rent, sell, hold, develop, improve, encumber, and otherwise deal in and with real and personal property of every kind and character, tangible and intangible, wherever located, and interests of every sort therein.
- (2) **Borrowing.** To borrow funds or raise moneys in any amount for any of the purposes of the Association and from time to time to execute, accept, endorse and deliver, as evidences of such borrowing, all kinds of instruments and securities, including, but without limiting the generality of the foregoing, promissory notes, drafts, bills of exchange, warrants, bonds, debentures, property certificates, trust certificates and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment and performance of such securities by mortgage on, or pledge, conveyance, deed or assignment in trust of, the whole or any part of the assets of the Association, real, personal, or mixed, including contract rights, whether at the time owned or hereafter acquired, subject, however, to any limitations provided in the Declaration.
- (3) **Contracts.** To enter into, make, amend, perform and carry out, or cancel and rescind, contracts, leases, permits and concession agreements for any lawful purposes pertaining to its business.
- (4) **Assessments.** To fix, determine, levy and collect general and special Common Expense assessments pursuant to the Declaration, including without limitation assessments to fund any reserve deemed appropriate by the Executive Board, and to levy and collect fees (including, without limitation, attorneys' fees), late charges, costs and interest in accordance with the Declaration, and to exercise and enforce any and all remedies provided in the Declaration for collection of such assessments, fees, late charges, costs and interest.
- (5) **Rule-Making.** To make, amend and enforce rules and regulations (including, without limitation, the Architectural Guidelines) with regard to the management, use, occupancy, appearance, and operation of the Lots and the assets of the Association.
- (6) **Construction, Management, Maintenance and Repair.** To construct, install, erect, replace, maintain, repair, manage and supervise recreational facilities, structures and any improvements now or hereafter installed or existing on, under, within, or above any real property or property interests owned by the Association.
- (7) **General Powers.** To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objects, or the furtherance of any of the powers above set forth, either alone or in connection with other corporations, firms or individuals, and either as principal or agent, and to do every act or

thing incidental or appurtenant to, or growing out of, or connected with any of the aforesaid objects, purposes or powers, and to do any act authorized or permitted by the Declaration.

(8) **Powers Conferred by Law.** The Association shall have all powers provided or permitted by the Declaration, and shall have all powers provided or permitted by the Colorado Common Interest Ownership Act and the laws of Colorado for non-profit corporations.

The foregoing enumeration of specific powers shall not limit or restrict in any manner the general powers of the Association and the enjoyment and exercise thereof as now are or as may hereafter be conferred by the laws of Colorado or the Declaration.

(c) **Restrictions Upon Purposes and Powers.** The purposes and powers of the Association are subject to the following limitations:

(1) The Executive Board of the Association may, for any taxable year of the Association, elect to have Section 528 of the Internal Revenue Code apply to the Association. So long as the Directors shall have so elected that said Section 528 apply to the next ensuing taxable year of the Association, then:

--The Association shall be organized and operated solely as a "homeowners' association," as defined in and limited by Section 528(c) of the Internal Revenue Code, for such year;

--The Association shall not for such taxable year receive more than 40% of its gross income from amounts other than membership dues, fees and assessments from Owners of Lots;

--The Association shall not for such taxable year expend more than 10% of its gross expenditures for purposes other than the acquisition, construction, management, maintenance and care of real and personal property held by the Association and other property qualifying as "association property" under Section 528(c)(4) of the Internal Revenue Code.

(2) No part of the net earnings of the Association shall inure to the benefit of any member of the Association (other than by acquiring, constructing or providing management, maintenance, and care of such property of the Association qualifying as "association property" under Section 528(c)(4) of the Internal Revenue Code, and other than by a rebate of excess membership dues, fees or assessments).

(d) **Dividends, Distributions, etc.** The Association shall not pay any dividends. No distribution of the corporate assets to members shall be made until all corporate debts are paid, and then only upon final dissolution and winding up of the Association. Upon dissolution and after winding up the affairs of the Association, funds remaining after payment of all debts shall be distributed among the Owners in accordance with their Allocated Interests, and assets other than funds shall be distributed, transferred and conveyed to the Owners as tenants-in-common, in accordance with their Allocated Interests.

ARTICLE V Registered Agent

The operations of the Association shall be conducted at such places within or outside of the United States as may from time to time be determined by the Executive Board in its discretion. The

address of the Association's initial principal office is 2200 Village Inn Court, Steamboat Springs, CO 80487. The address of the initial registered agent of the corporation is 2200 Village Inn Court, P.O. Box 774808, Steamboat Springs, CO 80477. The name of the initial registered agent of the corporation is Charles W. Porter.

ARTICLE VI Members

(a) *Members.* Any Person or combination of Persons owning an undivided fee simple interest in a Lot (including Declarant) in the Subdivision shall automatically be a member of the Association. Such membership shall be continuous throughout the period that such ownership continues. Termination of membership shall not relieve or release any former member who owned an interest in a Lot from any liability or obligation incurred by virtue of or in any way connected with ownership of such Lot, or impair any rights or remedies which the Association or others may have against such former member arising out of or in any way connected with such ownership or membership.

(b) *Individual Membership.* Any individual acquiring an ownership interest in a Lot shall automatically become an individual member of the Association.

(c) *Organizational Membership.* Any Person, other than an individual, who acquires an ownership interest in a Lot, such as a corporation, partnership, association, or trust, shall automatically become an organizational member of the Association. Each organizational member shall from time to time designate in writing to the Association one individual who may represent it with respect to such Lot at meetings and vote on behalf of such organizational member. The Association shall maintain a record of the person entitled to vote on behalf of such organizational member with respect to such Lot and, until the Association is notified in writing to the contrary, only such designated person, or the written proxy of such designated person, may cast the votes of the organizational member with respect to such Lot, and any action taken by such individual purporting to act on behalf of the organizational member shall be binding upon such organizational member. If an organizational member owns an interest in more than one Lot, such organizational member may designate separate individuals to represent such organizational member with respect to each separate Lot.

(d) *One Class.* The individual members and organizational members shall constitute one class of members of the Association, being Owners who own fee simple interests in Lots.

(e) *Number of Votes.* Each Lot shall be allocated one (1) vote on all and any matters to be voted on by the members of the Association. If the boundaries of two or more adjoining Lots are relocated pursuant to the Declaration, then each resulting altered Lot shall nevertheless have one (1) vote on all and any matters to be voted on by the members of the Association. Division of the vote allocated to a Lot among multiple Owners of such Lot shall not be allowed; rather, the vote allotted to a Lot shall be voted entirely and undivided for or against or in abstention of an issue or matter put to vote among the members of the Association.

(f) *Voting Rights.* If a Lot is owned entirely by one individual member or one organizational member, such individual member or the designated representative of the organizational member with respect to such Lot may cast and vote the one vote allotted to such Lot. If, however, a Lot is owned in fee simple by two or more Persons, whether in joint tenancy or tenancy in common or otherwise, then all Persons owning fee simple interests in such Lot shall from time to time, by majority vote amongst them or by any other method to which they all agree, select and designate in writing to the Association one individual who shall be entitled to vote and cast the one vote allotted to such Lot. The Association shall maintain a record of the individual entitled from

time to time to vote on behalf of all Persons owning fee simple interests in such Lot, and until the Association is notified in writing to the contrary, only such designated individual, or the written proxy of such designated individual, may cast the one vote allotted to such Lot, and any action taken by such individual purporting to act on behalf of such Persons shall be binding upon such Persons.

ARTICLE VII Executive Board

(a) *Executive Board.* The control and management of the affairs of the Association and the disposition of its funds and property shall be vested in the directors. All of the directors shall constitute the Executive Board. The number of directors shall be not less than one nor more than five, as may be set by the Bylaws from time to time in effect, and each director shall serve for a term of one year to three years, as may be set by the Bylaws from time to time in effect and until his successor shall be duly elected and shall qualify. The affirmative vote of a majority of a quorum of directors shall be required for the transaction of the business of the directors at any meeting. Members shall be entitled to such votes in the election of directors as are provided for in Article VI. Cumulative voting shall not be allowed in the election of directors or for any other purpose. The initial Executive Board shall be one (1), and the name and address of such initial director, to serve until the first annual meeting of the Association and until his successor shall be duly elected and qualified, is as follows:

INITIAL DIRECTOR

NAME

ADDRESS

Charles W. Porter

2200 Village Inn Court
P.O. Box 774808
Steamboat Springs, CO 80477

(b) *Special Declarant Rights.* Subject to Paragraph (c) of Article VII below, Declarant reserves the right for Declarant, or any Person designated by Declarant in a writing delivered to the Executive Board, to appoint and remove the members of the Executive Board and the officers of the Association at any time and from time to time, in the sole discretion of the Declarant or the designee of Declarant, with or without cause, but only during the Association Control Period described in the Declaration. The Declarant may voluntarily surrender the right to appoint and remove the members of the Executive Board and the officers of the Association before termination of the Association Control Period, but in that event the Declarant may require, for the duration of the Association Control Period, that specified actions of the Association or the Executive Board, as described in a recorded instrument executed by the Declarant, shall be approved by the Declarant before such actions become effective.

(c) *Election of Directors.* Pursuant to the Colorado Common Interest Ownership Act, as amended (the "Act"), not later than 60 days after conveyance of 25% of the Lots created by the Plat to Lot Owners other than Declarant, at least one member, and not less than 25% of the members of the Executive Board, shall be elected by Lot Owners other than Declarant. Not later than 60 days after conveyance of 50% of the Lots created by the Plat to Lot Owners other than Declarant, not less than one-third of the members of the Executive Board must be elected by Lot Owners other than Declarant.

ARTICLE VIII

Officers

The Association shall have such officers as may from time to time be prescribed by the Bylaws. Their terms of office and the manner of their designation or selection shall also be determined according to the Bylaws from time to time in effect, subject to Article VII above.

ARTICLE IX

Managing Agent

The Executive Board shall have power from time to time to appoint a property manager or managing agent, which may be a corporation or other entity, to carry on and perform maintenance, repair, management, operations, billing and accounting and any other functions, responsibilities and obligations (whether like or unlike the foregoing) for the Association. The Association may record in the real property records of Routt County, Colorado, from time to time, its acknowledged certification of the name and address of such manager or managing agent, which Certificate shall be conclusive evidence of the identity of such managing agent until a later certificate is recorded. The Declarant, or any officer, director, partner, manager, shareholder or joint venturer of Declarant, or any entity controlled by Declarant, or any Affiliate of Declarant, may be and act as managing agent or own or have an interest in the property management firm for the Association.

ARTICLE X

Indemnification

Each Director and officer, whether or not then in office, shall be indemnified by the Association against all costs and expenses reasonably incurred by or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved, or to which he may be made a party, by reason of his being or having been such director or officer (such expenses to include the cost of reasonable settlement made with a view toward curtailment of the cost of litigation), except in relation to acts or omissions as to which he shall be finally adjudged in such action, suit or proceeding to have been wanton and willful.

ARTICLE XI

Bylaws

The initial Bylaws of the Association shall be as adopted by the Executive Board. The Executive Board shall have the power to alter or amend the Bylaws, and the Bylaws may also be amended, altered or repealed by the affirmative vote of 67% or more of the votes of the membership of the Association, except where a higher voting requirement is imposed by law, the Declaration, these Articles of Incorporation or the Bylaws. Any alteration or amendment in the Bylaws made by vote of the membership shall not be further altered or amended by the Executive Board. The Bylaws may contain any provisions for the regulation or management of the affairs of the Association which are not inconsistent with law, the Declaration, or these Articles of Incorporation.

ARTICLE XII

Amendment

The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation by the affirmative vote of the holders of 67% or more of the votes of the membership of the Association, except where a higher voting requirement is imposed by law, the Declaration or these Articles of Incorporation.

ARTICLE XIII
Incorporator

The incorporator of the Association is:

Charles W. Porter

2200 Village Inn Court
P.O. Box 774808
Steamboat Springs, CO 8047

Dated: June 14, 2000


Charles W. Porter

The undersigned agrees to act as registered agent for this corporation.


Charles W. Porter

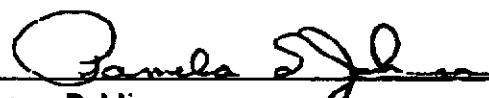
VERIFICATION

STATE OF COLORADO }
COUNTY OF ROUTT } ss.

I, Pamela S. Johnson a notary public, hereby certify that on the 14th day of June, 2000, personally appeared before me Charles W. Porter, who, being by me first duly sworn, declared that he is the person who signed the foregoing Articles of Incorporation as the incorporator and that the statements therein contained are true.

Witness my hand and official seal.

My commission expires: 2-27-2003


Notary Public

**BYLAWS
OF
STONEBRIDGE PARK HOMEOWNERS ASSOCIATION**

The Executive Board of the Stonebridge Park Homeowners Association, a Colorado nonprofit corporation, hereby adopts the following Bylaws:

ARTICLE I

NAME AND LOCATION

The name of the corporation is Stonebridge Park Homeowners Association, hereinafter referred to as the "Association." The principal offices of the Association shall be located at 2200 Village Inn Court, P.O. Box 774808, Steamboat Springs, CO 80477, but meetings of Directors may be held at such places within or outside of the State of Colorado as may be designated by the Executive Board.

ARTICLE II

DEFINITIONS

Terms defined in the Declaration of Protective Covenants for STONEBRIDGE PARK, a Common Interest Planned Community, recorded or to be recorded in the real property records of Routt County, Colorado, as the same may be amended from time to time (herein called the "Declaration"), shall have the same meaning when used in these Bylaw. The terms defined in C.R.S. §38-33.3-103 shall have the same meanings when used in these Bylaws.

ARTICLE III

MEMBERSHIP AND VOTING

3.1. *Membership and Voting.* Membership and voting shall be as provided for in the Articles of Incorporation and in the Declaration. Every Owner of an undivided fee simple interest in a Lot (including Declarant as respect Lots from time to time owned by Declarant) in the Subdivision shall automatically be and become a Member upon acceptance of the deed of transfer to such interest. Membership shall be appurtenant to and may not be separated from ownership of an interest in a Lot.

3.2. *Suspension of Voting Rights.* The rights of membership are subject to the payment of general and special Common Expense assessments levied by the Association. The obligation to pay such assessments is imposed against each Owner and becomes a lien upon the Lot against which such assessments are made. During any period in which a Member shall be in default in the payment of any general or special Common Expense assessment levied by the Association, the voting rights in the Association allotted to the Lot of such Member may be suspended by the Executive Board until such delinquent assessment has been paid. Such voting rights for such Lot may also be suspended for violation of any rules and regulations, provisions, resolution or decision established by the Executive Board governing the use and occupancy of the Lots or property owned by the Association. No suspension of voting rights shall be exercised except after not less than three (3) days' advance written notice given to the delinquent Member and to the First Lienor of the affected Lot. Further, no suspension of voting rights shall affect the rights of any First Lienor to vote pursuant to a proxy granted in connection with a first-lien Security Interest on the affected Lot.

3.3. *Membership Not Transferable.* The Association shall issue no stock and there shall be no stock interest in this nonprofit corporation. No certificate of membership shall be issued. It shall be the duty of each Member, upon automatically becoming a Member under the provisions hereof, to

notify the Secretary of the Association or its managing agent in writing of the fact of membership and to furnish the name and address under which the membership shall be carried and recognized by the Association and the name and address of all parties holding a Security Interest in the Member's interest in the Lot. No membership may be sold, transferred or assigned, whether voluntarily or by operation of law, except in connection with the sale and transfer of an interest in the Lot to which such membership attaches.

ARTICLE IV

PROPERTY RIGHTS AND RIGHTS OF USE OF PROPERTY OF THE ASSOCIATION

4.1. *Use and Enjoyment.* Each Member shall be entitled to the use and enjoyment of property of the Association held for common use, including the Stonebridge Park Roads, in accordance with and subject to the terms and conditions set forth in the Declaration and subject to rules, regulations, provisions, resolutions and decisions of the Executive Board.

4.2. *Delegate Right of Use.* Any Member may delegate his rights of use and enjoyment of property of the Association to the members of his family who reside in a Dwelling on such Member's Lot and to any tenants and their families who reside in a Dwelling on the Member's Lot. Such Member should notify the Secretary of the Association or its managing agent in writing of the name of any such person and of the relationship of the Member to such person, or of any such tenant and the Members of such tenant's family and their relationship to the tenant; however, unless notified in writing to the contrary, the Association and its managing agent may presume that parties or tenants in possession of a Dwelling on such Member's Lot have been duly and properly authorized to use and enjoy Association property. Any Member may also delegate the aforementioned rights of enjoyment to his guests and invitees subject to the foregoing limitations.

ARTICLE V

MEETINGS OF MEMBERS

5.1. *Annual Meetings.* The annual meeting of Members shall be held in each year, commencing in 2000, on such date and at such time and at such place as shall be fixed by the Executive Board and specified in the notice of the meeting. The annual meeting of Members shall be held on a business day or Saturday. Failure to hold an annual meeting shall not work a forfeiture or dissolution of the Association, nor remove any officer or Director from office.

5.2. *Budget Meeting.* A meeting of the Owners to consider ratification of each proposed Association budget shall be called and set by the Executive Board for a date not less than fourteen (14) days nor more than sixty (60) days after mailing of the summary of such proposed budget to all of the Owners, in accordance with the Act. Ratification of such budget may be considered at the annual meeting or at a special meeting called for other purposes as well, provided that such meeting is held within the time period required by the preceding sentence.

5.3. *Special Meetings.* Special meetings of the Members shall be called by a majority of the Directors or by the President or upon the written request of Owners having at least twenty percent (20%) of the total votes of the Members. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

5.4. *Notice of Meetings.* Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary, by mailing a copy of such notice, postage prepaid, at least ten (10) days and not more than fifty (50) days before such meeting to each Member entitled to vote thereat,

addressed to the Member's most-current address as determined pursuant to Article XIV, below, or to any other mailing address designated in writing by the Lot Owner to the Association. Such notice shall specify the place, day and hour 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 an officer or member of the Executive Board. The Secretary or managing agent of the Association shall give notice of a regular or special meeting of the Members at the Association's expense. Any Owner may, at any time, waive notice of any meeting of the Lot Owners in writing, and the waiver shall thereby be deemed the equivalent to the receipt of notice.

5.5. *Quorum.* Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members able to vote who are entitled to vote twenty-five percent (25%) of the total votes allotted to all Lots shall constitute a quorum for the transaction of business. All questions shall be decided by a vote of the majority of the votes represented at the meeting, except as otherwise provided by law, by the Articles of Incorporation, by the Declaration, or by these Bylaws. No cumulative voting shall be allowed on any question or in the election of Directors.

5.6. *Adjournment of Meeting.* At any meeting of the Association, Members holding a majority of the votes present at such meeting, either in person or by proxy, may adjourn the meeting to another time and place, within Routt County, Colorado.

5.7. *Fixing Record Date.* The Executive Board may fix any date not more than forty-five (45) days prior to any meeting date as the record date for the determination of Members entitled to notice of, and to vote at, a regular or special meeting of Members, and all persons who are individual Owners or are designees of organizational or multiple Owners at the close of business on that date (but only such persons) will be entitled to vote at such meeting and any adjournment thereof.

5.8. *Place of Meeting.* The Executive Board may designate any place, within Routt County, Colorado, as the place for any annual meeting or for any special meeting of Members. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or outside Colorado, as the place for such meeting. If no designation of place is made, or if a special meeting shall be called otherwise than by the President or Executive Board, the place of meeting shall be the principal offices of the Association in Colorado.

5.9. *Proxies.* Any individual Member, and any individual designated by an organizational Member as the individual entitled to cast the votes of such organizational Member, in the manner described in the Articles of Incorporation, who are entitled to vote at a meeting of Members, may be represented by a proxy given to some individual other than such Member. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. All proxies shall be in writing, shall specify the Lot to be represented by the proxy holder, shall refer only to a particular meeting, shall be dated no earlier than three (3) months before the meeting, shall be delivered to the Secretary of the Association or its managing agent prior to such meeting at which such proxy is voted, and shall be available for inspection at the meeting where exercised. An Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his interest in his Lot. A proxy terminates automatically eleven (11) months after its date, unless it specifies a shorter term. A proxy is void if it is not dated or purports to be revocable without notice.

5.10. *Lots Owned by Association.* Votes allocated to a Lot or Parcel owned by the Association shall not be cast.

5.11. *Order of Business.* The order of business at all meetings shall be as follows:

- (a) Roll Call.

- (b) Proof of notice of meeting or waiver of notice.
- (c) Establishment of Quorum.
- (d) Reading of minutes of preceding meeting.
- (e) Report of officers.
- (f) Reports of committees.
- (g) Appointment of Inspectors or Election of Directors (in the event there is an election).
- (h) Election of Directors (in the event there is an election).
- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

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

5.12. *Majority Vote.* The vote of Members present in person or by proxy at a meeting at which a quorum shall be present, holding a majority of the votes of Members present at such meeting, shall be binding upon all Owners and shall constitute the decision of the Members for all purposes, except where a higher percentage vote of the Members is required by the Declaration, the Articles of Incorporation, these Bylaws, or by law.

5.13. *Decisions Without a Meeting.* A vote of Members may be obtained by mail, if the Executive Board so resolves, and if the ballot to all Members is mailed by the Secretary or the managing agent of the Association and contains the exact question or questions submitted for vote and ballot by mail and a brief explanation of same and the position of the Executive Board with respect thereto, and if reasonable time is allowed for return of ballots before the vote is counted. A decision on a question submitted to mail vote shall not be considered passed, approved and effective unless at least seventy-five percent (75%) of the votes of the entire Association shall be represented by returns received from Members and unless at least fifty-one percent (51%) of the votes received are cast in the affirmative on such submitted question. Such mail vote shall not be permitted as respects any matter which by law, by the Declaration, by the Articles of Incorporation or by these Bylaws, requires approval by more than a majority of Members. The annual meeting of Members shall not be handled by mail.

ARTICLE VI

EXECUTIVE BOARD; SELECTION; TERM OF OFFICE

6.1. *Number.* The affairs of this Association initially shall be managed by an Executive Board comprised of one (1) director, who shall own an undivided fee simple interest in a Lot or shall be an individual designated to the Secretary of the Association as entitled to vote on behalf of an organizational Member. At the end of the Association Control Period, or after Declarant has surrendered the right to appoint and remove the members of the Executive Board, or at such time as the Members (with Declarant approval if prior to the end of the Association Control Period) elect to so increase the number of directors, the number of directors shall be three (3). The property manager contracting with the Association, if any, or an officer or Director of the property management firm contracting with the Association, may be a Director of the Association if such manager or firm is an Owner.

6.2. *Selection or Election; Term of Office.* Subject to C.R.S. §38-33.3-303(5)(a)(I), Declarant has reserved the right in the Declaration for Declarant, or any Person designated by Declarant in a writing delivered to the Executive Board, to appoint and remove the members of the Executive Board and the officers of the Association at any time and from time to time, in the sole discretion of the Declarant or the designee of Declarant, with or without cause, but only during the Association Control

Period described in the Declaration. The Declarant may voluntarily surrender the right to appoint and remove the members of the Executive Board and the officers of the Association before termination of the Association Control Period, but in that event the Declarant may require, for the duration of the Association Control Period, that specified actions of the Association or the Executive Board, as described in a recorded instrument executed by the Declarant, shall be approved by the Declarant before such actions become effective. Directors shall be elected by the Members, except for Directors appointed by Declarant pursuant to the Declarant's reserved right to do so. Each Director shall be selected or elected for a term of one (1) year.

6.3. *Removal of Directors.* During the Association Control Period, Declarant may remove any Director whom the Declarant had the right to appoint, by notice in writing given to such Director and the Executive Board, with or without cause. At any regular or special meeting of the Members duly called for such purpose, one or more of the Directors who were elected by Owners (rather than appointed by Declarant) may be removed with or without cause by the affirmative vote of at least sixty percent (60%) of all the votes allotted to the Members, 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 shall be given an opportunity to be heard at the meeting.

6.4. *Resignations; Vacancies.* Any Director may resign at any time by giving written notice to the President or to the Secretary of the Association. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy of a Director whom the Declarant has the right to appoint, whether occurring by reason of resignation, death, by disqualification of a Director, or by an increase in the number of Directors, may be filled by Declarant until the end of the Association Control Period. Any vacancy of a Director occurring after the end of the Association Control Period, or occurring to a Director whom Members other than the Declarant elected or may elect, may be filled by the affirmative vote of a majority of the remaining Directors who have been elected by Members then in office though less than a quorum. A Director elected to fill a vacancy, whether by Declarant or by the Members or by the remaining Directors, shall serve through the unexpired term of the vacant directorship.

6.5. *Compensation.* No Director shall receive compensation for any services rendered to the Association. However, any Director may be reimbursed, at the discretion of the Board, for actual expenses incurred in the performance of duties and for actual travel expenses to attend meetings of the Board.

6.6. *Directors Elected by Members Other Than Declarant.* Pursuant to the Act, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots in the Subdivision to Owners other than a Declarant, at least one member, and not less than twenty-five percent (25%) of the members of the Executive Board, shall be elected by Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots in the Subdivision to Owners other than a Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Executive Board must be elected by Owners other than Declarant. When by this Section 6 the Owners other than a Declarant are entitled to elect one or more Directors, then the Executive Board shall promptly call a special meeting of the Association for such purposes.

ARTICLE VII

MEETINGS OF DIRECTORS

7.1. *Regular Meetings.* At least one regular meeting of the Executive Board shall be held annually after, but not later than one week after, the annual meeting of the membership of the

Association. The Directors may hold such other regular or special meetings as they may determine.

7.2. Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association and shall also be called by the Secretary of the Association upon the written request of any two (2) Directors, after not less than three (3) days' prior notice of the time and place thereof has been given to each Director by leaving such notice with him or at his residence or usual place of business, or by mailing or telegraphing it prepaid and addressed to a Director at his post office address as it appears on the books of the Association, or by telephone call personally to such Director, or by facsimile transmission to the FAX telephone number of such Director. Notices need not state the purpose of the meeting. No notice of any adjourned meeting of the Directors shall be required.

7.3. Quorum. A majority of the number of Directors fixed by the Bylaws shall constitute a quorum for the transaction of business. In the event a quorum of Directors is not present, a lesser number may adjourn the meeting to some future time. Every act or decision done or made by a majority of the Directors present at a meeting duly called and convened, at which a quorum is present, shall be regarded as the act of the Board, except where a larger vote is required by law, by the Declaration, by the Articles of Incorporation or by these Bylaws.

7.4. Waiver of Notice. Before, at or after any meeting of the Executive Board, 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 except when a Director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

7.5. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Directors.

7.6. Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the Director may be heard by the other members of the Board and may hear the deliberations of the other Board members on any matter properly brought before the Executive Board. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

ARTICLE VIII

POWERS AND DUTIES

8.1. Powers. The business and affairs of the Association shall be managed by its Executive Board which may exercise all powers of the Association and do all lawful acts and things as are not by statute or by the Articles or by these Bylaws or by the Declaration directed or required to be exercised and done by the Members. The power and authority of the Executive Board shall include, but shall not be limited to, the power and authority, acting directly or through the Association's officers or through the Association's manager or managing agent:

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

(b) To establish, make and amend rules, regulations, provisions and resolutions as may be necessary, convenient or proper for the management, operation, use or occupancy of the Subdivision, the Lots, and all real and personal property owned or leased by the

Association for common use, and to enforce compliance therewith pursuant to the Declaration, including (without limitation) the right, power and authority to establish penalties for the infraction thereof and to assess fines in favor of the Association for specific violations of any regulation, provision, rule, or resolution, each such fine to be a special assessment against the Lot of the Owner who or whose guests, invitees, agents or tenants violated such rule, regulation, provision or resolution.

(c) To create any reserve required by the Declaration or deemed appropriate by the Executive Board, including (without limitation) a capital reserve fund for repairs, maintenance, replacement and acquisition of Association property and an operating reserve to meet unanticipated common expenses and to permit payment of common expenses in advance of receipt of assessments.

(d) To hire and discharge contractors, agents and employees, and to designate and remove personnel necessary for the operation, maintenance, repair, restoration, and replacement of Association property, including the Stonebridge Park Roads, and to set and determine the conditions and duties of, and wages, benefits and payments to, any such contractor, agent, employee or personnel.

(e) To declare the office of a Director on the Executive Board to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Executive Board.

(f) To enter into, make, amend and terminate contracts or agreements pertaining to its authority and responsibilities, and to incur liabilities.

(g) To institute, defend, or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws, or Rules and Regulations, in the Association name, on behalf of the Association or two or more Owners, on matters affecting the Subdivision.

(h) To adopt and amend Bylaws, Architectural Guidelines and Rules and Regulations.

(i) To adopt and amend budgets for revenues, expenditures and reserves.

(j) To impose and receive a payment, fee or charge for services provided to Owners of Lots and for the use, rental or operation of Association property.

(k) To impose a reasonable charge for late payment of Common Expense assessments and, after notice and hearing, to levy a reasonable fine for a violation of the Declaration, Bylaws, Architectural Guidelines, or Rules and Regulations of the Association.

(l) To grant easements for any period of time, including permanent easements, and to grant leases, licenses, and concessions, through or over Association property.

(m) To provide for the indemnification of the Association's officers and the Executive Board and to maintain Directors' and Officers' liability insurance.

(n) To adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matter of insurance claims adjustment.

(o) To exercise, for the Association, all powers, duties and authority vested in or delegated to the Association and not reserved to the membership or the Declarant by other provisions of these Bylaws, the Articles of Incorporation, the Declaration, and to exercise any other power conferred by the Act or necessary and proper for the governance and operation of the Association or the Subdivision.

8.2. *Duties.* It shall be the duty of the Executive Board acting directly or through the Association's officers or through the Association's manager or managing agent:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present the annual report of affairs required by Section 4 of this Article to the Members at or before the annual meeting of the Members, and to supply an interim summary report of financial affairs of the Association at any special meeting when such report is requested in writing at least twenty (20) days in advance of such meeting by Members (other than Declarant) having twenty-five (25%) or more of the votes allotted to Members.

(b) To supervise all officers, agents, contractors and employees of the Association, and to see that their duties are properly performed.

(c) To prepare annually a budget for the collection of general Common Expense assessments and the payment of the Common Expenses of the Association (including reserves) for the ensuing fiscal year, pursuant to Article XII of these Bylaws.

(d) To fix, determine, levy and collect general Common Expense assessments to be paid by the Owners to meet the Common Expenses and to fund any reserve required by the Declaration or deemed appropriate by the Executive Board, including (without limitation) a capital reserve fund for repairs, maintenance, replacement and acquisition of Association property and an operating reserve to meet unanticipated Common Expenses and to permit payment of common expenses in advance of receipt of assessments, and to fix, determine, levy and collect special assessments.

(e) To carry out the duties and obligations of the Association as specified in the Declaration including, without limitation, to manage, operate, maintain in clean and good order, attractive and sanitary condition, and in good repair, all property and improvements of the Association, and to maintain, repair, improve, and snowplow the Stonebridge Park Roads.

(f) To obtain and maintain liability insurance in connection with the operations of the Association, for the benefit of the Owners and the Association.

(g) To collect promptly all delinquent assessments by suit, by foreclosure of lien, by exercise of any power or remedies granted or provided in the Declaration or the Act or the Articles of Incorporation, or otherwise, as may be available at law or in equity, and to enjoin or seek damages from an Owner as is provided in the Declaration, the Act, the Articles of Incorporation, or these Bylaws.

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

(i) To borrow funds in order to pay for any expenditure or outlay authorized by these Bylaws or the Articles or the Declaration, and to execute all such instruments evidencing such indebtedness as the Executive Board may deem necessary or advisable, subject to the limitations of the Declaration and Articles of Incorporation.

(j) To enter into, amend and terminate contracts and agreements within the scope of its duties and powers.

(k) To establish bank accounts for the common treasury and for all separate funds and reserves which are required or may be deemed advisable by the Executive Board.

(l) To maintain full and accurate books and financial records showing all of the receipts, expenses and disbursements of the Association. The Association shall keep and maintain all records and documents required by the Act to be kept and maintained by the Association.

(m) To cause to be made from time to time during the Association Control Period an audit of the financial statements of the Association by an independent certified public accountant pursuant to C.R.S. §38-33.3-303(9)(b). The cost of such audits during the Association Control Period shall be paid for by Declarant, and the cost of any audits after the Association Control Period shall be a Common Expense unless otherwise provided in the Declaration.

(n) To maintain a complete and accurate list and record of all Owners and all First Lienors, and the last known address of each, entitled "Owners and First Lienors of Lots."

(o) To issue, or cause the Secretary or the Association's managing agent to issue, within ten (10) days after receipt of written request of any Owner, mortgagee, prospective mortgagee, purchaser or other prospective transferee of a Lot, or title insurer, a written itemized statement certifying to the requesting party setting forth, along with any other information the Association may choose to include, the amount of any unpaid general or special assessments, interest, late payment charges and collection costs due with respect to the Lot in question. If the Association fails to issue and mail such statement to the Person requesting same within fifteen (15) days after the Association's actual receipt of such request, the Association's lien for unpaid general and special assessments, interest, late charges and collection costs which became due prior to the date such request was actually received by the Association shall be subordinated to the lien or other interest in the Lot of the Person requesting such statement or whose interest in the Lot was insured by such insurer. The Association may charge the requesting party a twenty-five dollar (\$25.00) fee for such statement, which amount may be adjusted by the Executive Board for increases in the cost of living from time to time.

(p) To make available to any Member and any First Lienor, or the duly authorized agents or attorneys of any Member or First Lienor, or the insurer or guarantor of any first-lien Security Interest on a Lot, for inspection purposes, the books, minutes, accounts, financial statements, contracts and records of receipts and expenditures of the Association and Executive Board, together with current copies of the Declaration and the Articles of Incorporation, Bylaws, rules and regulations of the Association; provided, however, that the Board may restrict examination to normal business hours during weekdays and at the principal offices of the Association.

(q) To notify in writing all of the Members, and all First Lienors of Lots who have sent a prior written request to the Association, of any condemnation or casualty loss that affects a material portion of the property of the Association or the Stonebridge Park Roads.

(r) To collect diligently all general and special Common Expense assessments and fines and to enforce strictly and impartially all limitations, conditions, covenants and provisions in the Act, the Declaration, the Articles of Incorporation, the Architectural

Guidelines, these Bylaws and the rules, regulations, provisions, resolutions and decisions adopted by the Executive Board.

(s) To cause all officers and employees and managing agents having responsibility over and access to the funds and the treasury of the Association to be bonded if determined to be appropriate by the Executive Board. Until the Executive Board shall determine to require such bonding, officers, employees and managing agents need not be bonded.

(tenant) To remove snow and any other obstacles on a frequent and regular basis from the Stonebridge Park Roads, and to take reasonable protective steps toward keeping the Association property safe and secure from vandalism and criminal mischief (which may include provision of security services).

(u) To do and perform all things required by the Declaration, the Articles and these Bylaws to be performed by the Association and not specifically and exclusively vested in the Members.

(v) To do any and all things necessary or proper to accomplish the purposes of the Association.

8.3. *Managing Agent.* The Executive Board may employ a property manager or management firm as managing agent for the Association at a compensation rate established by the Executive Board, to have such powers and to perform such duties and services as the Executive Board may authorize, including, but not limited to, the delegation of the responsibilities, duties and powers of the Secretary and Treasurer of the Association and the powers and duties listed in Sections 1 and 2 of this Article, and in Article IV of the Articles of Incorporation, and in the Declaration, and in C.R.S. §38-33.3-302; provided, however, that the Executive Board when so delegating shall not be relieved of its responsibilities under the Declaration, the Articles or at law.

8.4. *Annual Report.* After the close of the fiscal year and in connection with the annual meeting of Members, the Executive Board shall submit to the Members of the Association a report as to the condition of the Association and its property and the affairs of the Association for the preceding year. In any event, any holder, insuror or guarantor of a first-lien Security Interest shall be allowed to have an audited financial statement of the affairs of the Association prepared at the sole expense of such holder, insuror or guarantor. If the Executive Board shall determine it to be appropriate, interim reports may be provided to the Members one or more times during each year.

ARTICLE IX

INDEMNIFICATION

The Association shall indemnify any Director or officer or former Director or officer of the Association for expenses and costs (including attorneys' fees) actually and necessarily incurred by him or her in connection with any claim asserted against him or her, by action in court or otherwise, by reason of his or her being or having been a Director or officer, except in relation to matters as to which the Director/officer shall have been guilty of gross negligence or misconduct in respect of the matter in which indemnity is sought.

ARTICLE X

OFFICERS AND THEIR DUTIES

10.1. *Identification of Officers.* The officers of the Association shall be a President and Vice President, a Secretary and a Treasurer, and such other officers as the Executive Board shall from time to time by resolution create. The President shall at all times be a Director of the Association. The other officers need not be Directors. All officers shall be elected by the Executive Board and shall serve at the pleasure of the Executive Board; provided, however, that Declarant has reserved the right for Declarant, or any Person designated by Declarant in a writing delivered to the Executive Board, to appoint and remove the officers of the Association at any time and from time to time, in the sole discretion of the Declarant or the designee of Declarant, with or without cause, but only during the Association Control Period described in the Declaration. The Declarant may voluntarily surrender the right to appoint and remove the officers of the Association before termination of the Association Control Period, but in that event the Declarant may require, for the duration of the Association Control Period, that specified actions of the Association or the Executive Board, as described in a recorded instrument executed by the Declarant, shall be approved by the Declarant before such actions become effective. The office of Vice President may be vacant.

10.2. *Election of Officers.* The election of officers shall take place at the first meeting of the Executive Board which is held after each annual meeting of the Members, subject to Section 1 above.

10.3. *Term.* The officers of this Association shall be elected annually by the Board, subject to Section 1 above, and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed by the Directors or Declarant, or be otherwise disqualified to serve.

10.4. *Special Appointments.* The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine, subject to Section 1 above.

10.5. *Resignation and Removal.* Any officer may be removed from office with or without cause by the affirmative vote of a majority of the Directors then in office, or by the Declarant on notice to such officer at any time prior to the end of the Association Control Period. 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.

10.6. *Vacancies.* A vacancy in any office may be filled by appointment by the Board, subject to Section 1 above. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces or at the pleasure of the Board.

10.7. *Compensation.* No officer shall receive compensation for any service he or she may render to the Association. However, any officer may be reimbursed, at the discretion of the Board, for his or her actual expenses (including travel expenses) incurred in the performance of his or her duties and in attending meetings of the Board or of the Members.

10.8. *Multiple Offices.* The offices of Secretary and Treasurer may be held by the same person. The offices of President and Treasurer may be held by the same person. Otherwise, no person shall simultaneously hold more than one of the offices, except in the case of special offices created pursuant to Section 4 of this Article.

10.9. *Duties.* The duties of the officers are as follows:

(a) **President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Executive Board. He shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees, and shall see that the orders, decisions, and resolutions of the Board are carried out. The President or any Vice-President shall sign all notes, security instruments, leases, agreements and other written instruments of the Association. The President may prepare or cause to be prepared and may execute, certify and record amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

(b) **Vice Presidents.** Each Vice President shall assist the President and shall perform such duties as may be assigned to him by the President or by the Executive Board. In the absence of the President, the Vice President designated by the Executive Board or (if there be no such Designation) designated in writing by the President shall have the powers and perform the duties of the President. If no such Designation shall have been made, any Vice President may exercise such powers and perform such duties.

(c) **Secretary.** The Secretary shall:

- (i) Keep the minutes of the meetings of the Members and of the Executive Board;
- (ii) See that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration and as required by law;
- (iii) Be custodian of the corporate records and of the seal of the Association and affix the seal to all instruments and documents when authorized by the Executive Board;
- (iv) Unless delegated to a manager or managing agent as described in Section 14.5 of these Bylaws, the Secretary shall keep at the registered office or principal place of business of the Association within Colorado a book (which may be a separate section of the minute book of the Association) containing the names and registered addresses of all Members, the designation of the Lot owned by each Member, and, if such Lot is subject to a first-lien Security Interest, the name and address of the First Lienor; and
- (v) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Executive Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary. The duties of the Secretary may be delegated to the managing agent or the representative of the managing agent of the Association.

(d) **Treasurer.** The Treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the Executive Board. The Treasurer shall sign all checks and drafts of the Association, shall receive and give receipts and acquittances for moneys paid on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity. The Treasurer shall keep and maintain the Association's financial records and books of account, shall cause to be

prepared the annual financial reports to the Members required by Section 8.4 of these Bylaws, and the annual budget of the Association, shall levy, assess and collect all general and special assessments and shall take such actions to accomplish collection of delinquent accounts as are authorized by the Executive Board and permitted by the Declaration, the Articles of Incorporation or these Bylaws. The Treasurer shall perform all other duties incident to the office of the Treasurer and, upon request of the Board, shall make such reports to it as may be required at any time. If required by the Executive Board, the Treasurer shall, as a Common Expense, give the Association a bond in such sums and with such sureties as is required by the Executive Board, conditioned upon the faithful performance of his or her duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association. The Treasurer shall have such other powers and perform such other duties as may be from time to time prescribed by the Executive Board or the President. The assistant Treasurers, if any, shall have the same powers and duties, subject to the supervision of the Treasurer. The duties of the Treasurer may be delegated to the managing agent or representative of the managing agent of the Association, if so provided in the contract between the Association and such managing agent.

ARTICLE XI

COMMITTEES

The Executive Board may appoint such committees among the membership as it shall deem necessary, to perform such responsibilities as are delegated thereto by the resolution of the Board. All committees must maintain and publish notice of their actions to Owners and the Executive Board.

ARTICLE XII

BUDGET AND ASSESSMENTS

12.1. *Budget.* The Treasurer, or the managing agent of the Association if so empowered, shall prepare annually and submit to the Executive Board a proposed budget for the Association for the ensuing fiscal year. Such budget should be so prepared and submitted to the Board prior to the end of each fiscal year. Each budget should, to the extent feasible, be determined by reference to the current fiscal year's actual income and expenses, together with reasonable estimates of other expenses or modifications of income and expenses expected to occur in the ensuing year, adjusted further to reflect inflation. Subject to the limitations of Sections 12.3 and 12.4 below, each such budget shall include sums to be deposited to each reserve fund maintained by the Association. The Executive Board shall make reasonable efforts to adopt the budget for the Association for the ensuing year not later than thirty (30) days after the commencement of such fiscal year, and shall in any event so adopt such budget prior to the annual meeting of Members. The Board shall also determine the periodic intervals of the general Common Expense assessments (and special assessments, if applicable) to be levied to collect the income required by the budget, but not less frequently than annually.

12.2. *Ratification of Budget by Members.* Within thirty (30) days after adoption by the Executive Board of any proposed budget for the Association, the Executive Board shall mail, by ordinary first-class mail, a copy of the budget, as adopted, or a summary thereof, to all Members and shall set a date for a meeting, which may be the annual meeting of Members, to consider ratification of the budget, such meeting to be not less than fourteen (14) nor more than sixty (60) days after mailing of the copy or summary of the budget. Unless at that meeting Owners having a majority of the votes of all Members reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected by the affirmative vote of Owners having a majority

of the votes of all members, the periodic budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Executive Board.

12.3. Capital Reserve Fund. The Association shall establish and maintain a Capital Reserve Fund for repairs, maintenance, replacement, and acquisition of Association property and shall allocate and set the periodic payment to such Reserve Fund in amounts to be designated from time to time by the Executive Board and included as a general Common Expense assessment to the Owners and a part of the annual budget. Assessments for and additions to such Capital Reserve Fund permitted hereby shall conclusively be deemed to be a Common Expense of the Owners, the assessment for which shall be a general Common Expense assessment. Such Capital Reserve Fund shall be deposited in a segregated account or savings certificates with an institutional banking institution, the accounts of which are insured by an agency of the United States or may, in the discretion of the Executive Board, be invested in obligations of, or fully guaranteed as to principal by, any State or the United States. Funds in the Capital Reserve Fund for replacements may be expended only for the purpose of effecting the repair, maintenance or replacement of personal and real property owned by the Association, and for the acquisition, installation and construction of new or additional improvements on or in the Association real property or new or additional personal property to be owned by the Association. Each expenditure of funds in such Capital Reserve Fund shall be approved in advance by the Executive Board. The interest of any Owner in the Capital Reserve Fund shall be considered an appurtenance to such Owner's Lot or interest therein and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot or interest therein to which it appertains and shall be deemed to be transferred and assigned with any conveyance of a Lot or interest therein.

12.4. Working Capital Reserve. The Association shall establish and maintain an Working Capital Reserve to meet unanticipated common and other expenses and to permit payment of common expenses in advance of receipt of assessments, and shall allocate and set the periodic payment to such Working Capital Reserve in amounts to be designated from time to time by the Executive Board and assessed as a general or special Common Expense assessment, as appropriate, to the Owners. Upon the initial sale and conveyance of each Lot by Declarant, the transferee of such Lot shall pay to the Association for deposit in the Working Capital Reserve an amount equal to one-fourth of the estimated annual assessment for Common Expenses to such Lot. Such Working Capital Reserve shall be deposited in a segregated account or savings certificates with an institutional banking institution, the accounts of which are insured by an agency of the United States or may, in the discretion of the Executive Board, be invested in obligations of, or fully guaranteed as to principal by, any State or the United States. The Working Capital Reserve may be expended only for the purpose of payment of unanticipated Common Expenses under-funded or not included in the current year's budget and for payment of Common Expenses when the cash-flow and operating accounts of the Association are insufficient due to lack of receipts for assessments. Each expenditure of funds from the Working Capital Reserve shall be approved in advance by the Executive Board. The interest of any Owner in the Working Capital Reserve, and in any other reserves established by the Executive Board, shall be considered an appurtenance to such Owner's Lot or interest therein and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot or interest therein to which it appertains and shall be deemed to be transferred and assigned with any conveyance of a Lot or interest therein.

12.5. Payment of Assessments. Each Owner of a Lot shall promptly pay such Owner's share of all general Common Expense assessments imposed by the Association to meet the Common Expenses, all assessments for any reserve created by the Executive Board (including the Capital Reserve Fund and the Working Capital Reserve described in Sections 12.3 and 12.4 above), and all special assessments duly made and levied, including all special assessments constituting fines for violation of any rule, regulation, provision or resolution of the Association. Common Expense assessments (including permitted assessments to fund reserves) shall be made as a periodic (not less often than annual) advance billing of the annual Association budget, in which event the proportionate

general Common Expenses shall be deemed to have been severally incurred as of each respective date of each installment billing.

12.6. *Executive Board Determination.* The Executive Board shall determine the amount of the general Common Expense assessments annually in connection with adoption of each budget, but may set or adjust assessments at more frequent intervals should circumstances so require, all in accordance with the Declaration and these Bylaws.

12.7. *Fixing of Assessments.* The Executive Board shall make reasonable efforts to fix the amount of the general Common Expense assessments against each Lot Owner for the ensuing fiscal year not later than thirty (30) days after the commencement of such fiscal year. Written notice of the Common Expense assessments shall be sent to all Owners. The omission of the Executive Board, before the commencement of any annual assessment period, to fix general Common Expense assessments for the next fiscal year shall not be deemed a waiver or modification in any respect of the provisions of this Article or the power to assess pursuant to the Declaration or a release of any Lot Owner from the obligation to pay general Common Expense assessments, or any installment thereof, for that or any subsequent assessment period, but the general Common Expense assessment fixed for the preceding period shall continue until a new assessment is fixed. No Lot Owner may exempt himself from liability for general and special Common Expense assessments, or interest, fees or charges thereon, by a waiver of the use or enjoyment of any of the property of the Association.

12.8. *Billings.* Each billing by the Association to a Lot Owner, whether an advance billing of a general Common Expense assessment or a special Common Expense assessment, or otherwise, shall be due and payable by the last day of the month in which the billing is made; provided that the initial assessments for funding the Working Capital Reserve may be made with respect to each Lot when such Lot is initially conveyed by the Declarant to the first purchaser thereof. The Declarant shall be liable to pay Common Expenses and general or special Common Expense assessments by virtue of Lots owned from time to time by the Declarant. If a Lot is owned in undivided interest by two or more Owners, each of such co-Owners shall be jointly and severally liable for each general and special Common Expense assessment, except for any fine against and attributable to such Lot by reason of the conduct or omission of only one co-Owner, and except as otherwise provided in the Declaration. An assessment shall be deemed billed when in writing, placed in an envelope addressed to the Lot Owner at his or her last address as shown on the books of the Association, postage prepaid, and deposited in the U.S. Mails. Payment of assessments and fines shall be made in cash. All assessments and fines not paid when due shall bear interest from and after the same are due at the rate of one and three-quarters percent (1 3/4%) per month. Further, any Common Expense assessment or fine not paid within ninety (90) days after the same is billed shall incur a late payment charge of fifty dollars (\$50.00), in addition to interest. The Executive Board, the Treasurer, or the property manager or managing agent contracted by the Association, is empowered to take any and all action and remedies for collection of Common Expense assessments, fines, fees, interest and charges as are provided for in the Declaration, the Articles of Incorporation or these Bylaws, or as are permitted at law or in equity.

12.9. *Special Assessments for Violations.* A special assessment may be levied and collected against an Owner of a Lot as a fine for violation of any rule, regulation, provision or resolution with respect to management, operation, use and occupancy by such Owner or his guests, invitees, agents or tenants of a Lot or of property of the Association. A special assessment may also be levied and collected from an Owner of a Lot for attorneys' fees and costs incurred by the Association in collecting assessments from such Owner.

12.10. *Special Assessments; Limitations on Imposition.* Special assessments may also be levied against and shall be paid by each of the Owners (i) to meet increased operating or maintenance expenses or costs which cannot or should not be paid from the Working Capital Reserve, (ii) to meet increased repair expenses or to provide for additional capital expenses or for replacement, repairs,

maintenance, or improvement of Association property, including the Stonebridge Park Roads, or for installation or construction of additional improvements on Association property, the cost of which cannot or should not be paid from the Capital Reserve Fund, (iii) because of emergencies, or (iv) for any purpose allowed by the Declaration or the Articles of Incorporation. All such special assessments up to ten thousand dollars (\$10,000.00) per year (such \$10,000.00 maximum to be adjusted upward annually with changes in the cost of living index, Denver Metropolitan Area, "all items," for urban wage earners) must be approved in advance by the affirmative vote of at least fifty-one percent (51%) of all of the votes allotted to the Members, including Declarant, and present at a regular or special meeting called to consider such special assessment. All such special assessments in excess of ten thousand dollars (\$10,000.00) per year (such \$10,000.00 maximum to be adjusted upward annually with changes in the cost of living index, Denver Metropolitan Area, "all items," for urban wage earners) must be approved in advance by the affirmative vote of at least fifty-one percent (51%) of all of the votes allotted to the Members, excluding Declarant, and present at a regular or special meeting called to consider such special assessment.

12.11. *Detail of Billing for Special Assessments.* All special assessments (other than for violating any rule, regulation, provision or resolution) shall be in itemized statement form and shall set forth the detail of the various expenses for which the special assessment is being made.

12.12. *Determining Proportionate Share of Assessments.* Except as otherwise provided in the Declaration, each general Common Expense assessment (including each assessment for a reserve) and each special Common Expense assessment (other than as a fine for violation of a rule, regulation, provision or resolution of the Association) shall be allocated in equal shares to the Owners of all Lots, 1/12th to each Lot.

12.13. *Management Fee.* The management fee payable by the Association to its managing agent, if any, shall be allocated as a Common Expense among the Lot Owners in the same manner as provided in Section 12.12 above.

ARTICLE XIII

OBLIGATIONS OF MEMBERS

13.1. *Maintenance and Repair.*

(a) Every Owner shall perform or cause to be performed at his/her own expense all maintenance and repair work within his/her own Lot necessary to maintain the Lot in a good and habitable state of repair and in compliance with the terms of the Declaration, these Bylaws, the Architectural Guidelines and any rules and regulations of the Association. Every Owner shall install and maintain the landscaping on such Owner's Lot which is required by the Declaration, the Architectural Guidelines, and any rules and regulations of the Association. Each Owner shall install and maintain a service line and pump for the sewage line serving the improvements on the Owner's Lot.

(b) Each Owner of a Lot or Parcel shall reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing any Association Property, including the Stonebridge Park Roads, damaged by the negligence or intentional acts of such Owner or his agents, tenants, invitees, agents or guests.

13.2. *Compliance with Declaration, Articles, Bylaws and Rules.* Each Member, and each agent, guest, invitee and tenant of each Member, shall comply with all of the provisions of the Declaration, the Articles of Incorporation, Bylaws, and Architectural Guidelines of the Association, and all rules, regulations, provisions, resolutions and decisions issued by the Executive Board. If a

Member or guest, invitee or tenant of a Member fails to so comply, the Association shall have all powers and remedies provided for in the Declaration, including (without limitation) the power, during the period of any failure of compliance, (a) to suspend the right of such delinquent Member and his agents, guests and invitees and tenants to use Association property held for common use (provided that use and access on and over the Stonebridge Park Roads to such Member's Lot shall never be denied), and/or (b) to suspend the voting rights allotted to the Member's Lot; provided, however, that none of the powers in this Section 13.2 may be exercised except after not less than three (3) days' advance written notice given to the delinquent Member and to the First Lienor of the affected Lot, and provided further that no suspension of voting rights shall affect the rights of any First Lienor to vote pursuant to a proxy granted in connection with a first-lien Security Interest on the affected Lot. Any remedy or power of the Association above described in this Section 13.2 may be exercised by the manager or managing agent for the Association.

ARTICLE XIV

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND MORTGAGEES

14.1. *Proof of Ownership.* Except for those Owners who initially contract to purchase a Lot from the Declarant, any person on becoming an Owner shall furnish to the Secretary a photocopy of the recorded instrument vesting that person with an interest or Ownership, together with such Owner's current mailing address and the name and address of the First Lienor of such Lot. The Secretary shall maintain such information in a book (which may be a separate section of the minute book of the Association) entitled "Owners and First Lienors of Lots." A Member shall not be deemed to be in good standing and shall not be entitled to vote at any annual or special meeting of Members unless he shall have provided the Secretary in writing with such Member's current mailing address. The last mailing address provided to the Association and shown in its records shall be deemed to be the current mailing address. The duties of the Secretary under this Section 14.1 may be delegated to the managing agent of the Association.

14.2. *Registration of Mailing Address.* If a Lot is owned entirely by one individual Member or one organizational Member, the current mailing address of such individual or of the designated representative of the organizational Member shall be deemed the registered address required by the Declaration. If a Lot is owned by more than one entity or individual, then the current mailing address of the designated representative of all such Owners, or if no such designation has been made to the Association, then the current mailing address of any one of such co-Owners as selected by the Association in its sole discretion, shall be deemed the registered address required by the Declaration.

14.3. *Liens.* Any Owner who grants a First-Lien Security Interest covering the Lot or the ownership interest in such Lot of such Owner, shall notify the Secretary of the name and address of the First Lienor and shall file a photocopy of the recorded security instrument with the Secretary. The Secretary shall maintain such information in a book (which may be a separate section of the minute book of the Association) entitled "Owners and First Lienors of Lots."

14.4. *Address of the Principal Offices of the Association.* The address of the Association shall be as provided in Article I of these Bylaws. Such address is the principal offices of the Association, and may be changed from time to time pursuant to Section 18.2.

14.5. *Delegation to Managing Agent.* If the Association shall contract with a manager or managing agent and shall record a certificate of identity of such manager or managing agent in the real property records of Routt County, and if such contract expressly so provides, then such manager or managing agent shall have full power and authority to do and perform all functions and duties of the Secretary and of the Treasurer of the Association under these Bylaws and shall, as agent of the Board, exercise any remedies vested in the Association by the Declaration, the Articles of Incorporation, and

these Bylaws for the collection of assessments and fines or enforcement of the Declaration, and any notice given by any Owner or Mortgagee pursuant to this Article XIV shall be directed to such manager or managing agent.

ARTICLE XV

SECURITY INTEREST IN MEMBERSHIP

15.1. *Security Interest.* Any Owner shall have the right irrevocably to constitute and appoint the First Lienor as the true and lawful attorney-in-fact for such Owner to vote for such Owner at any and all meetings of the Association and to vest in the First Lienor of such Owner's Lot any and all rights, privileges and powers that such Owner has under the Articles of Incorporation and these Bylaws or by virtue of the Declaration, subject to the Act. No such proxy or power-of-attorney shall be effective until the same is executed and subscribed and sworn to by the Owner and is filed with the Secretary of the Association, and further, such proxy or power-of-attorney shall be effective only on written notice by the First Lienor to the Association that such First Lienor deems its security in jeopardy. A release of the first-lien Security Interest on the Lot shall operate automatically to revoke such proxy or power-of-attorney. Nothing herein contained shall be construed to relieve any Owner, as mortgagor, of the duties and obligations as an Owner or to impose upon the First Lienor the duties and obligations of an Owner.

ARTICLE XVI

ENFORCEMENT

16.1. *Abatement and Enjoinment of Violations by Owners.* The violation of any of the Architectural Guidelines or Rules and Regulations adopted by the Executive Board or the breach of any provision of the Declaration shall give the Executive Board the right, after notice and a hearing, except in case of an emergency, in addition to any other rights set forth in the Act, the Declaration, or these Bylaws:

(a) To enter the Lot in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Lot Owner, any structure, thing or condition (except for Dwellings, or additions or alterations of a permanent nature to Dwellings that may exist on that Lot) that is existing contrary to the intent and meaning of the provisions of the Declaration, the Articles of Incorporation, these Bylaws, the Architectural Guidelines or the Rules and Regulations. The Executive Board shall not be deemed liable for any manner of trespass by this action; or

(b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

16.2. *Fines for Violations.* By resolution, following notice and hearing, the Executive Board may levy a fine of up to two-hundred-fifty dollars (\$250) per day per Lot for each day that a violation of the Declaration, the Articles of Incorporation, these Bylaws, the Architectural Guidelines, or the Rules and Regulations persists after notice and hearing. All such fines shall constitute special assessments against the Lot of the Owner who, or whose agent, guest, tenant, or invitee, committed the breach, and shall constitute a lien on such Lot and be collectible as with any other assessment, as provided in the Declaration.

ARTICLE XVII

NOTICES

17.1. *Notices.* Notices to Directors and Members shall be in writing and delivered personally or mailed to the Directors or Members at their addresses appearing on the books of the Association, except as otherwise specifically permitted in these Bylaws. Notice by mail shall be deemed to be given at the time when deposited in the United States Mail addressed to the Member or Director at his address as it appears on the books of the Association, with postage thereon prepaid. Notice to Directors may also be given by telegram and shall be deemed to have been presented when given to the telegraph company, and may also be given by telephone personally connected to such Director and by facsimile transmission to the FAX number of such Director.

17.2. *Waiver.* Whenever any notice is required to be given to any Member or Director under the provisions of any statute or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be the equivalent to the giving of such notice.

17.3. *Attendance is Waiver.* Attendance of any Member or Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director or Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XVIII

MISCELLANEOUS

18.1. *Fiscal Year.* The fiscal year of the Association shall be the calendar year.

18.2. *Principal Office, Change of Same.* The principal offices of the Association shall be as set forth in these Bylaws. The Executive Board, by appropriate resolution, shall have the authority to change the location of the principal offices of the Association from time to time without necessity of prior notice to the Members; provided, however, that the Association shall advise all Members of such change of principal offices at or prior to the next annual meeting of the Members.

18.3. *Seal.* The seal of the Association shall bear the name of the Association and the words "Colorado- Seal." The seal shall be in the custody of the Secretary or the managing agent. If so directed by the Executive Board, a duplicate seal may be kept and used by the Treasurer or any Assistant Secretary or Assistant Treasurer or the managing agent.

18.4. *Right of Entry.* The President, the manager or managing agent and any other person authorized by the Executive Board shall have the right to enter each Lot to inspect for any necessary maintenance or repair to Association property, to perform maintenance and repair to Association property, or to resolve any emergency originating in or threatening such Lot or Association Property whether or not the Owner or occupant is present at the time.

18.5. *Compliance.* These Bylaws are set forth in compliance with the requirements of the Act and the laws of the State of Colorado.

18.6. *Conflict.* These Bylaws are subordinate and subject to all provisions of the Act, the Articles of Incorporation and the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Act and the Declaration. In the event of any conflict between these Bylaws and the Act, the provisions of the Act shall control. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the aforesaid Articles of Incorporation and these Bylaws the Articles of Incorporation shall control; and in the event of any conflict between the aforesaid Articles of Incorporation and the Bylaws and the Act or other statutes of the State of Colorado, the provisions of the Act or statutes of the State of Colorado shall control.

18.7. *Severability.* In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

18.8. *Waiver.* No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

18.9. *Captions.* The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

18.10. *Gender, etc.* Whenever in these Bylaws the context so requires, reference to the singular shall be deemed to include the plural and the converse, and reference to any gender shall be deemed to include all genders.

ARTICLE XIX

AMENDMENTS

19.1. *By Directors.* The Executive Board may alter or amend these Bylaws at any meeting of the Board by majority vote of the Directors. However, any alteration or amendment in the Bylaws made by vote of the membership as permitted under Section 2 below shall not be further altered or amended by the Executive Board.

19.2. *By Members.* The Members, by the vote of at least sixty-seven percent (67%) of the votes allotted to the Members, unless expressly made subject to a higher voting requirement by law, the Articles of Incorporation, the Declaration, or these Bylaws, may alter, amend or repeal the Bylaws at any annual meeting or at any special meeting called for that purpose at which a quorum is present.

19.3. *Limitation.* No amendment to these Bylaws may be made by either the Directors or the Members the effect of which would be to contradict any requirement or prohibition of the Act, and any such attempted amendment shall be void.

THE FOREGOING BYLAWS, consisting of 20 pages, have been adopted by the sole Director of the Association as of the 10th day of October, 2000.



Charles W. Porter
Sole Director

TRAIL AND RECREATIONAL EASEMENT AGREEMENT

THIS TRAIL AND RECREATIONAL EASEMENT AGREEMENT ("Agreement"), is made and entered into this ^{15th} day of September, 2000, by SKI TIME SQUARE DEVELOPMENT LLC, a Colorado limited liability company, ("Ski Time"), and the CITY OF STEAMBOAT SPRINGS, a Colorado municipal corporation ("City").

RECITALS:

A. Ski Time is the owner of certain real property located in Steamboat Springs, Colorado, more particularly described in Exhibit "A" attached to and by this reference made a part of this Agreement (the "Property"). City has approved an application by Ski Time for a Major Development Permit with respect to the Property for purposes of the development of a twelve lot subdivision (the "Subdivision"). The Subdivision is to be created under the name of Stonebridge Park.

B. In conjunction with the approval of the Major Development Permit for the Subdivision, Ski Time agreed to convey to City a perpetual easement over and across a portion of the Property for the passage of bicyclists and pedestrians and the construction of a soft surface trail (the "Easement"). Ski Time and City have agreed that the Easement will be located on that portion of the Property more particularly described in Exhibit "B" attached to and made a part of this Agreement (the "Easement Lands").

C. Ski Time desires to grant the Easement and City desires to accept the Easement pursuant to the terms, conditions and agreements specified in this Agreement

WITNESSETH:

NOW, THEREFORE, in consideration of the covenants contained in this Agreement, the sufficiency of which is acknowledged by both parties, it is agreed as follows:

1. EASEMENT DESCRIPTION. Ski Time hereby grants and conveys to City, its successors and assigns forever, a perpetual trail easement (the "Easement") in, to, over and across the Easement Lands.
2. EASEMENT PURPOSE. The Easement shall be solely for (i) the installation, construction, operation, inspection, repair and maintenance of a soft surface trail suitable for non-commercial use by bicyclists and pedestrians on the unpaved portion of the Easement Lands; and (ii) the use of the Easement Lands for passage by bicyclists and pedestrians. The Easement includes all rights and privileges as are necessary or incidental to such uses of the Easement in, upon, over, and across the Property.
3. CITY'S OBLIGATIONS.
 - a. City shall construct a soft surface trail, which shall not exceed four feet in width, within the unpaved portion of the Easement Lands (the "Trail"). In the process of planning and installing the Trail, City shall exercise its best efforts to

minimize any adverse impact to the Subdivision lands and, in particular, shall preserve and protect the existing trees on the Property. Prior to initiation of construction, City will provide to Ski Time for its review and approval a complete set of detailed plans for the installation of the Path. Such plans shall establish, among other things, the timing of construction, the location of the Path, all specific trees and significant vegetation which will be removed as part of the installation, and such other details regarding the Path and its installation as Ski Time may reasonably require. No construction of the Path shall begin until the submitted plans have been approved by Ski Time, provided, however, if Ski Time shall fail to respond to City within fourteen days after the delivery of the plans to Ski Time, the plans shall be deemed approved. Ski Time shall not unreasonably withhold its approval of any aspect of the Path plans. (It shall not be unreasonable for Ski Time to require that City install wooden bridge ramps rather than culverts at crossings on the Trail.)

b. City shall use reasonable care in the construction of the Trail pursuant to the approved plans, shall avoid damage to the surrounding land and improvements thereto except as provided by the approved plans, and shall, after completion of the construction of the Trail, restore such surrounding land and improvements to the condition which existed immediately prior to such construction by appropriate grading, planting and repair. City shall complete such restoration no later than sixty days after the completion of its construction of the Trail or as soon thereafter as weather and ground conditions reasonably permit. The Trail shall not be opened for public use until such time as the restoration has been completed. Ski Time shall have no obligation of any kind to install, maintain or repair the Trail or related improvements.

4. **USE RESTRICTIONS.** The Easement shall not be used for any uses not specifically permitted by the terms of this Agreement. The Easement shall be used only to provide non-commercial passage through the Property as provided in paragraph 2 above. City shall not use or permit the use of the Easement for any other purpose except as specifically provided in this Agreement. City shall place signage along the Easement as reasonably acceptable to Ski Time advising users that leaving the Easement is not permitted and doing so constitutes trespass upon private property.
5. **MOTOR VEHICLE AND CAMPING RESTRICTIONS.** The use of the Trail portion of the Easement Lands by motorized vehicles of any kind, including, without limitation, snowmobiles, and motorcycles is strictly prohibited. The use of any portion of the Property for fishing, camping and campfires is strictly prohibited. Notwithstanding the limitations of this paragraph, City may use motorized vehicles to construct and maintain the Easement and to provide emergency services on or adjacent to the Easement Lands.
6. **ENFORCEMENT OF PROHIBITED USES.** Ski Time shall promptly notify City in writing of any apparent unauthorized uses including, but not limited to, commercial or vehicular use, of the Easement in violation of the terms of this Agreement. City, upon such written notification, shall take immediate steps to prevent further prohibited use of the Easement.
7. **ACCESS.** Ski Time expressly reserves the right for itself, its licensees and the members of the Stonebridge Park Homeowners Association and their respective invitees and agents, to use the Easement Lands in any manner or form not inconsistent with the rights granted under this Agreement. City agrees not to



interfere with such reserved rights and to prevent interference with such rights by members of the public using the Easement Lands.

- 8 OBSTRUCTIONS. Ski Time agrees not to obstruct, impede, or interfere with the Easement.
9. LIABILITY AND IMMUNITIES. It is the intention of the parties to make the Easement available for use by the public for recreational purposes without charge, and to limit the parties' liability toward persons entering thereon for such purposes, in the event that either or both of the parties would otherwise be liable, pursuant to C.R.S. 33-41-101, et. seq. Neither party intends to waive any of the immunities that may be available to them, their officers, or employees under the Colorado Governmental Immunities Act, C.R.S. 24-10-101, et. seq. By acceptance of this Easement, City releases and waives all claims for personal injury or death or property damage sustained by City or any person claiming under City, resulting from the use of the Easement Lands pursuant to the terms of this Agreement.
10. TERMINATION. City may, at any time, vacate and release the Easement, or any part thereof. The Easement, or part thereof, shall be deemed to have been so vacated and released, and thus made of no further force or effect, if City executes and records in the real property records of Routt County, Colorado, a resolution of the City Council terminating and releasing all of its right, title and interest in and to the Easement, or part thereof which is to be vacated and released.
11. WHOLE AGREEMENT. It is expressly agreed that this Agreement contains the entire understanding of the parties and that there are no other verbal or written representations, agreements, warranties, or promises relating to the Easement. The covenants and agreements contained in this Agreement are for the benefit of Ski Time, its successors and assigns, and City only and do not create any obligations, duties, or benefits to persons not party to this Agreement.
12. MODIFICATION. It is agreed that neither this Agreement nor any of its terms, provisions, conditions, representations or covenants can be modified except by written instrument duly executed by all parties.
13. SEVERABILITY. If any of the provisions of this Agreement shall be held invalid, illegal, or unenforceable, the validity, legality, or enforceability of other provisions of this Agreement or the Agreement as a whole shall remain unaffected.
14. SUCCESSORS. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns and shall run with title to the Easement Lands.
15. TITLE. Ski Time warrants that title to the Property is in the name of Ski Time, and further warrants that said title is good and sufficient against all the world, subject to all reservations, restrictions, and encumbrances of record, and is covered by a general title insurance policy.
16. ATTORNEY'S FEES. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs from the other party, which fees and costs may be set by the Court in the trial of such

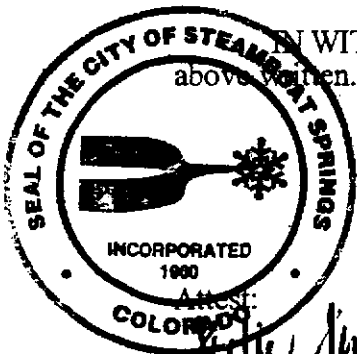
action, or may be enforced in a separate action and brought for that purpose, and which fees and costs shall be in addition to any other relief which may be afforded.

17. NOTICES. All notices, communications, or written devices concerning the Trail and Easement shall be mailed by certified mail, return receipt requested, to the addresses listed below. Notices shall be deemed received on the date of delivery indicated on the return receipt.

City of Steamboat Springs
c/o Legal Department
P.O. Box 775088
137 10th St.
Steamboat Springs, CO 80477

Ski Time Square Enterprises
c/o Sheraton Hotel Resort and
Conference Center
P.O. Box 774808
Steamboat Springs, CO 80477

Such addresses may be changed from time to time by either party providing notice as provided above.



Julie Jordan-Struble
Julie Jordan-Struble, City Clerk

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

City of Steamboat Springs

Kevin Bennett
Kevin Bennett, City Council President

Ski Time Square Development, LLC, a
Colorado limited liability company

By: *Charles W. Porter*
Charles W. Porter, Manager



535178 10/25/2000 03:15P Kay Weinland
4 of 9 R 45.00 D 0.00 Routt County, CO

ACKNOWLEDGMENTS

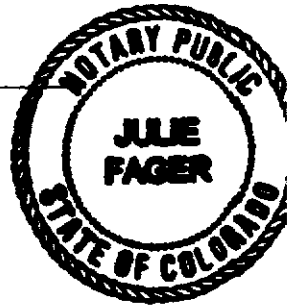
STATE OF COLORADO)
) ss.
COUNTY OF ROUTT)

Acknowledged before me this 31 day of August, 2000, by Kevin Bennett as President of the Steamboat Springs City Council.

WITNESS my hand and official seal.

My commission expires: _____

Julie Fager
Notary Public



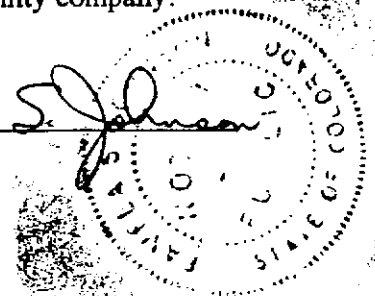
STATE OF Colorado)
) ss.
COUNTY OF Routt)

Acknowledged before me this 14th day of September, 2000, by Charles W. Porter as Manager of Ski Time Square Development, LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires: 2-27-2003

Barbara S. Johnson
Notary Public



My Commission Expires 04-24-2004



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5 of 9 R 45.00 D 0.00 Routt County, CO

EXHIBIT A

(Description of Stonebridge Property)

A tract of land located in the NE1/4 of Section 21 and in the NW1/4 of Section 22, T6N, R84W of the 6th P.M., Routt County, Colorado.

Beginning at a point on the boundary line of a parcel of land as described by deed and as filed with the Routt County Clerk and Recorder appearing in Book 488 at Page 551 and more specifically at Page 567 and from which the NE corner of Section 21 bears N 26°30'26" E 1722.26 feet;

Thence N 62°14'07" W 81.65 feet along said boundary line;
Thence N 21°33'03" W 101.02 feet along said boundary line;
Thence N 08°35'56" E 523.07 feet along said boundary line to the center line of Fish Creek;
Thence along the center line of Fish Creek the following

thirty-seven (37) courses;

1. Thence N 55°48'23" E 112.07 feet;
2. Thence N 52°56'59" E 69.36 feet;
3. Thence N 44°27'07" E 38.23 feet;
4. Thence N 42°26'07" E 62.08 feet;
5. Thence N 45°32'34" E 43.32 feet;
6. Thence N 21°51'10" E 53.38 feet;
7. Thence N 24°43'15" E 65.21 feet;
8. Thence N 50°16'02" E 16.26 feet;
9. Thence N 37°37'19" E 38.47 feet;
10. Thence N 32°34'03" E 137.70 feet;
11. Thence N 42°57'23" E 52.62 feet;
12. Thence N 52°18'43" E 30.31 feet;
13. Thence N 69°18'10" E 57.67 feet;
14. Thence S 87°03'59" E 45.49 feet;
15. Thence N 74°20'16" E 40.68 feet;
16. Thence S 68°57'48" E 84.86 feet;
17. Thence S 70°56'45" E 38.61 feet;
18. Thence S 48°42'43" E 19.49 feet;
19. Thence S 64°19'15" E 27.24 feet;
20. Thence S 48°30'21" E 30.41 feet;
21. Thence N 87°48'07" E 32.49 feet;
22. Thence N 63°47'06" E 116.30 feet;
23. Thence N 58°02'52" E 23.72 feet;
24. Thence N 47°05'51" E 46.93 feet;
25. Thence N 43°15'42" E 42.92 feet;
26. Thence N 32°06'11" E 29.56 feet;
27. Thence N 35°43'04" E 41.27 feet;
28. Thence N 45°34'33" E 39.92 feet;
29. Thence N 48°45'21" E 48.69 feet;
30. Thence N 61°37'46" E 51.39 feet;
31. Thence N 68°50'40" E 28.75 feet;
32. Thence N 84°20'06" E 38.87 feet;
33. Thence S 82°41'23" E 30.44 feet;
34. Thence N 80°50'29" E 30.90 feet;
35. Thence N 76°35'48" E 46.24 feet;
36. Thence N 61°09'45" E 128.98 feet;
37. Thence N 54°24'49" E 36.24 feet to the north line of the
NW1/4 of Section 22. Said north line being a line calculated between the NW corner and the
NE corner of Section 22;

EXHIBIT B

DESCRIPTION OF EASEMENT LANDS

The Easement shall be located upon and shall include those two parts of the Property described as follows:

PART I:

Description of a 4.0 foot wide trail easement located in Lots 8 and 9 and in Open Space No. 2 of Stonebridge Park a subdivision as filed by plat with the Routt county Clerk and Recorder appearing at Reception No. 534275.

Said easement being 2.0 feet on each side of the following described center line;

Beginning at a point on the north line of Lot 9 from which the NW corner of said Lot 9 bears S 44°38'17" W 127.54 feet;

Thence S 37°12'18" E 31.61 feet;
Thence S 20°11'06" E 26.01 feet;
Thence S 07°13'39" W 29.87 feet;
Thence S 39°25'51" W 20.95 feet;
Thence S 54°37'18" W 18.59 feet;
Thence S 53°47'40" W 22.77 feet;
Thence S 36°21'50" W 28.77 feet;
Thence S 48°06'22" W 23.07 feet;
Thence S 37°10'10" W 20.09 feet;
Thence S 42°15'31" W 12.74 feet;
Thence S 58°13'21" W 30.01 feet;
Thence S 62°33'58" W 22.89 feet;
Thence S 55°26'08" W 28.25 feet;
Thence S 52°47'51" W 16.42 feet;
Thence S 54°42'45" W 21.21 feet;
Thence S 62°30'00" W 54.88 feet;
Thence S 66°56'15" W 55.95 feet;
Thence S 73°35'37" W 51.26 feet;
Thence S 72°52'52" W 57.22 feet;
Thence S 12°03'14" W 30.40 feet to the Point of Termination on the center line of Graystone Court from which the NW corner of Open space No. 2 bears N 10°41'23" E 134.66 feet.

Bearings are based upon the monumented south line of the SW1/4SW1/4 of Section 15 being S 86°38'35" E.
Said monuments being a 2" Brass cap stamped LS No. 7736 set for the SW corner of Section 15 and a 1 1/4" brass cap stamped LS No. 13221 set for the SE corner of the SW1/4SW1/4 Section 15.

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Sheraton at Steamboat 2072-16

This legal description was prepared by R.C. Moon, Colorado Registration No. 13221, at D&D Inc., a Professional Land Surveying and Planning Co., Box 775008, Steamboat Springs, Colo. 80477

