

BYLAWS
OF
NORTH ELK MEADOWS FILING II ASSOCIATION

ARTICLE I.

Purposes and Objects

Section 1. Purposes and Objects. The purpose for which this non-profit corporation is formed is to govern North Elk Meadows Filing II situate in Gunnison County, Colorado, in accordance with the terms and conditions of the Declaration of Protective Covenants for North Elk Meadows Filing II, the Articles of Incorporation and the Bylaws of this corporation.

Section 2. Compliance. All present or future owners, tenants, future tenants or any other person that might use the facilities of the subdivision in any manner, are subject to the regulations set forth in these Bylaws. The mere acquisition of any of the lots of that project or the mere act of occupancy of said units will signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE II.

Membership

Section 1. Automatic Membership. The owner of a lot, within North Elk Meadows Filing II, upon becoming such owner, shall be entitled and required to be a member of the Association and shall remain a member for the period of his ownership.

Section 2. One Membership. There shall be one membership in the Association for each lot. That membership shall be appurtenant to the lot and shall be transferred automatically by a conveyance of that lot to the new owner. Each membership shall be entitled to one (1) vote and in the event that the membership is held by more than one owner the vote may be cast only as a single unit and split or divided votes of membership shall not be allowed.

Section 3. Transfer. No person other than an owner may be a member of the Association and a membership may not be transferred except in connection with the conveyance or transfer of the lot; provided, however, that such membership may be assigned to the holder of a mortgage as further security for the loan secured by the lien of the mortgage holder upon the lot.

Section 4. Person. The term person for the purpose of membership shall include a corporation, partnership, trust, joint venture or other legal entity which has valid title to any lot. Any officer, director or partner of such entity may exercise the membership rights of the entity and shall further be entitled to serve on the board of directors and as an officer of the corporation.

Section 5. Termination. Such membership shall terminate without any formal corporate action whenever such person ceases to own a lot, but such termination shall relieve or release any such former lot from any liability or obligation incurred under or in any way connected with North Elk Meadows Filing II Association,

during the period of such ownership and membership in this corporation, or impair any rights or remedies which the board of directors of the corporation or others may have against such former owner and member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident hereto.

ARTICLE III.

Meetings

Section 1. Annual Meeting. The annual meeting of the corporation shall be held on the first Monday of January of each year at 7:00 p.m., unless otherwise fixed in the notice of such meeting. At the annual meeting the membership shall elect the board of directors and transact such other business as may properly come before it.

Section 2. Special Meetings. Special meetings may be called at any time by the board of directors or upon a petition signed by a majority of the members. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths of the owners present, either in person or by proxy.

Section 3. Notice of Meetings. Notice of the date, place and time of the annual meeting, shall be given to each member of the corporation at least ten days prior thereto, either by delivering such notice to the member personally, or by mailing the same to him by United States mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the membership register of the corporation, with postage prepaid thereon.

Section 4. Quorum. A majority of the members of the corporation in good standing and in actual attendance in person or by proxy at any annual or special meeting of the corporation shall constitute a quorum at such meeting for the purpose of transacting business. If a quorum be present, the affirmative vote of the majority of the members present at such meeting in person or by proxy and entitled to vote on the subject matter shall be the act of the membership, unless the vote of a greater number is required by the Articles of Incorporation, the laws of the State of Colorado or the Declaration of Protective Covenants for North Elk Meadows.

Section 5. Voting of Proxies. At all meetings of the members, a member may vote by proxy executed in writing by the member or his duly authorized attorney in fact. Such proxy shall be filed with the secretary-treasurer of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

Section 6. Order of Business. The order of business at the annual meeting, and as applicable at any special meeting shall be as follows:

1. Roll call,
2. Proof of notice of meeting,
3. Reading and approval of any unapproved minutes,
4. Reports of officers and committees,
5. Election of directors,
6. Unfinished business,
7. New business,
8. Adjournment.

Section 7. Majority of Members. The term "majority of members" shall mean the owners of more than fifty percent of the lots.

ARTICLE IV.

Board of Directors

Section 1. Number of Directors. The number of directors shall be three, which number shall include a president, vice president, secretary and treasurer. Each director shall hold office for three years.

Section 2. Power and Duties. The board of directors shall have the powers and duties necessary for the administration of the affairs of the corporation and for the operation and maintenance of a subdivision project. Such powers and duties shall include, but not be limited to, the following:

- (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration of Protective Covenants.
- (b) To establish, make and enforce compliance with such reasonable rules as may be necessary for the operation, use and occupancy of this project with the right to amend the same from time to time. A copy of such rules and regulations shall be delivered or mailed to each member promptly upon the adoption thereof.
- (c) To keep in good order, condition, and repair all of the general and limited common elements and all items of personal property, if any, used in the enjoyment of the entire premises.
- (d) To fix, determine, levy and collect the annual prorated assessments to be paid by each of the owners to defray the gross expenses of the entire subdivision and by majority vote of the board of directors to adjust, decrease or increase the amount of the annual assessments over expenses and cash reserves to the owners at the end of each operating year. Also to levy and collect special assessments whenever in the opinion of the board of directors it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All monthly or other assessments shall be in itemized statement form and shall set forth the detail of the various expenses for which the assessments are being made.

(e) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these Bylaws.

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

(g) To borrow funds in order to pay for any expenditure or outlay required to execute all such instruments evidencing such indebtedness as the board of directors may deem necessary and such indebtedness shall be the several obligation of all of the owners in the same proportion as their interest in the general common elements.

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

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

(j) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the owners, and to cause a complete audit of the books and accounts by a competent certified public accountant once a year.

(k) To prepare and deliver annually to each owner a statement showing all receipts, expenses or disbursements since the last such statement.

(l) To meet at least once each quarter.

Section 3. Tenure. Each director shall hold office for a term of three years from the date of his election and until his successor shall have been elected and qualified to office, subject only to the provisions of Article III, Section 5.

Section 4. Qualification. The directors shall be members of the corporation.

Section 5. Term of Office. Directors shall be elected at each annual meeting and shall serve for a term of three years, as above provided. Provided, however, that at the organization meeting of the corporation, one director shall be elected for a term of three years; one director shall be elected for a term of two years and one director shall be elected for a term of one year. Thereafter, one director shall be elected at each annual meeting to fill the vacancy of the director whose term expires in that year.

Section 6. Elections. Elections for the board of directors shall be by ballot, either oral or written, with the person receiving the highest number of ballots cast for each director vacancy being declared elected.

Section 7. Vacancies. The board of directors is empowered to fill any vacancy that may occur in its own body, or among the officers of the corporation, and the person so appointed to such office shall hold that office until the expiration of the term of the person he succeeds.

Section 8. Compensation. No director shall be entitled to receive any compensation as a director of the corporation; provided, however, that he may be reimbursed for any actual expenses incurred in the performance of his duties as such director.

Section 9. Chairman and Secretary-Treasurer. The president of the corporation shall be the chairman of the board of directors and the secretary-treasurer of the corporation shall be the secretary-treasurer of the board of directors.

Section 10. Regular Meetings. The regular annual meeting of the board of directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the members of the corporation. Additional regular meetings shall be held quarterly at a time and place to be designated in the notice of said meeting.

Section 11. Special Meetings. Special meetings of the board of directors may be called by the president or any two directors. Such special meeting shall be held at a time and place designated in the notice of such meeting.

Section 12. Quorum. A majority of the board of directors, as provided in Section 1 of this Article, shall constitute a quorum for the transaction of business at any meeting of the board of directors. The act of the majority of the directors present at a meeting which a quorum is present shall be the act of the board of directors, unless the act of a greater number of directors is required by the Articles of Incorporation, or the statutes of the State of Colorado.

Section 13. Notice. Notice of any regular quarterly meeting or any special meeting of the board of directors shall be given at least three days previous thereto by written notice delivered personally to a director or mailed to each director by United States mail at his address as shown on the membership roll of the corporation. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the expressed purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in a waiver of notice of such meeting.

ARTICLE V.

Officers

Section 1. Number. The officers of the corporation shall be a president, a vice president and a secretary and treasurer. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the board of directors. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Tenure. The officers set forth in Section 1 of this Article shall be elected at the annual meeting of the board of directors of the corporation and shall hold office until the next annual meeting of the board of directors and until their successors have been elected and qualified.

Section 3. Qualifications. The officers, president, vice president, secretary and treasurer shall be members of the board of directors. Any additional officers elected or appointed by the board of directors need not be members of the board of directors of the corporation.

Section 4. Election. The officers of the corporation shall be elected by the board of directors by ballot, oral or written, with the person receiving the majority of the ballots cast for such office being declared elected. Until such time as seventy-five percent of the total of all lots within the North Elk Meadows, Filing II have been conveyed to purchasers by North Elk Meadows Filing II, a Colorado general partnership, it reserves the right to elect three of the five directors.

Section 5. Vacancy. A vacancy in any office because of the death, resignation, removal, disqualification or inability to act shall be filled by the board of directors for the unexpired portion of the term of that office.

Section 6. President. The president shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the members and of the board of directors. He may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the board of directors, deeds, mortgages, contracts or other instruments, and in general, shall perform all duties incident to the office of the president and such other duties as may be prescribed by the board of directors from time to time.

Section 7. Vice President. In the absence of the president, or in the event of his death or inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all of the powers of and be subject to all the restrictions upon the president and shall perform such other duties as from time to time may be assigned to him by the president or by the board of directors.

Section 8. Secretary. The secretary shall: (a) keep the minutes of the members' meetings and of the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are fully given in accordance with the provisions of these bylaws; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal, is duly authorized and (d) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or by the board of directors.

Section 9. Treasurer. The treasurer shall: (a) if required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties, as the board of directors shall determine; (b) he shall be responsible for all funds of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever; deposit all such monies in the name of the corporation in such banks as shall be selected in accordance with the provisions of Article VI of the bylaws; sign checks and drafts for the payment of corporate funds and (c) in general, perform all of the duties as from time to time may be assigned to him by the president or by the board of directors.

Section 10. Salaries. Officers of the corporation may receive salary or compensation for their services in such office, if in the discretion of the board of directors, it is deemed necessary and reasonable.

ARTICLE VI.

Contracts, Loans, Checks and Deposits

Section 1. Contracts. The board of directors may authorize, by resolution, any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by any two of the following officers of the corporation:

President
Vice President
Secretary-Treasurer
Managing Agent of the Association, if any

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may elect.

ARTICLE VII.

Fiscal Year

The fiscal year of the corporation shall begin on the 1st day of January and terminate on the 31st day of December of each year.

ARTICLE VIII.

Seal

The board of directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the word, "SEAL".

ARTICLE IX.

Waiver of Notice

Whenever any notice is required to be given to any member or director of the corporation under the provisions of these bylaws or under the provisions of the laws of the State of Colorado, 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 deemed equivalent to the giving of such notice.

ARTICLE X.

Indemnification of Officers and Directors

The corporation shall indemnify every officer or director, his heirs, executors and administrators, against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been an officer or director of the corporation, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the corporation is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duties as such officer or director in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such officer or director may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the corporation by reason or arising out of or in connection with foregoing indemnification provisions shall be treated and handled by the corporation as common expenses; provided, however, that nothing in this Article shall be deemed to obligate the corporation to indemnify any member or owner of a lot who is or has been an officer or director of the corporation with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration of Protective Covenants as a member or owner of a lot covered thereby.

ARTICLE XI.

Obligation of the Owners

Section 1. Assessments. Except as is otherwise provided in the Declaration of Protective Covenants for North Elk Meadows Filing II all owners shall be obligated to pay the annual assessments imposed by the corporation to meet the common expenses. The assessments shall be due annually in advance. A member shall be deemed to be in good standing and entitled to vote at any annual meeting or at a special meeting of members, within the meaning of these bylaws, if and only if he shall have fully paid all assessments made or levied against him and the lot owned by him.

Section 2. Rules and Regulations. The board of directors shall have the power to establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of the subdivision with the right to amend the same from time to time.

ARTICLE XII.

Amendments

These bylaws may be altered, amended or repealed and new bylaws adopted by the board of directors at any regular meeting upon an affirmative vote of not less than two-thirds of the entire membership of the board of directors.