

BY-LAWS OF TREEHOUSE CONDOMINIUM ASSOCIATION

(Amended and Restated, September 5, 1987)

The name of the organization shall be Treehouse Condominium Association

ARTICLE I

OBJECT

(Plan of ownership)

1. The purpose for which this non-profit Association is formed is to govern the condominium property which has been or will be submitted to the provisions of the Condominium Ownership Act of the State of Colorado by the recording of the Declaration and Supplements thereto and Maps and Supplements thereto bearing the name associated with this Association.

2. All present or future owners or any other person that might use in any manner the facilities of the project located on the property therein described are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the condominium units (hereinafter referred to as "units") or the mere act of occupancy of any of said units will signify that these By-Laws are accepted, ratified and will be complied with.

3. Any reference to "owner" or "ownership" as used in these By-Laws means and refers to the owner of the condominium unit. "Declarant" as used herein means the named declarant in the Condominium Declaration for Treehouse Condominiums (hereinafter "Declaration").

4. All unit owners shall post at all times the current Rules and Regulations in a prominent place where they will be visible to all occupants of the Unit. Treehouse Condominium Association, through its employees and agents, may post the Rules and Regulations in a prominent place in any unit not so posting them.

ARTICLE II

MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

1. Membership. Except as is otherwise provided in these By-Laws, ownership of a condominium unit is required in order to qualify for membership in this Association. Any person on becoming an owner of a condominium unit shall automatically become a member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a condominium unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under or in any way connected with this Association during the period of ownership and membership in the Association, or impair any rights or remedies which the unit owners have, either through the Board of Directors or the Association or directly, against such former owner and member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto.

2. Voting. The owner(s) of a condominium unit in the project shall be entitled to one vote. Cumulative voting is prohibited.

3. Majority of Unit Owners. As used in these By-Laws, the term "majority of unit owners" shall mean those owners of more than fifty percent (50%) of the undivided ownership of the general common elements.

4. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of members holding twenty percent (20%) of the votes entitled to be cast shall constitute a quorum. An affirmative vote of a majority of the unit owners present, either in person or by proxy, shall be required to transact the business of the meeting.

### ARTICLE III ADMINISTRATION

1. Association Responsibilities. The owners of the units will constitute the Association of Unit Owners, hereinafter referred to as "Association", who will have the responsibility of administering the project through a Board of Directors, hereinafter referred to as the "Board".

2. Place of Meeting. Meetings of the Association shall be held at such place within the State of Colorado as the Board may determine.

3. Annual Meetings. The annual meetings of the Association shall be held on any designated day during the Labor Day weekend of each succeeding year. At such meetings there shall be elected by ballot of the owners a Board in accordance with the requirements of Section 4 of Article IV of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. The President may call a special meeting of the owners upon his own initiative or as directed by resolution of the Board or upon receipt of a petition signed by at least one-third of the owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting unless by consent of two-thirds of the owners present, either in person or by proxy. Any such meetings shall be held at such place and time as the President determines within thirty (30) days after receipt by the President of such resolution or petition.

5. Notice of Meetings. The Secretary shall cause to be mailed or delivered a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each owner of record, at the registered address of each owner, at least five (5) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this section or the delivery of such notice shall be considered notice served, and the Certificate of the Secretary that notice was duly given shall be prima facie evidence thereof.

6. Adjourned Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting, to a time announced at the meeting.

7. Order of Business. The order of business at all meetings of the owners of units shall be as follows:

- (a) Roll call and certifying proxies
- (b) Proof of notice of meeting or of waiver of notice
- (c) Reading of minutes of preceding meetings
- (d) Reports of officers

- (c) Reports of committees
- (f) Election of directors
- (g) Unfinished business
- (h) New business
- (i) Adjournment

ARTICLE IV  
BOARD OF DIRECTORS

1. Number and Qualifications. At the first meeting of the members of the Association there shall be elected any five (5) members of the Association to the Board who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

2. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the condominium project. Such powers and duties of the Board shall include, but shall not be limited to, the following, all of which shall be done for and in behalf of the owners of the condominium units:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration submitting the property to the provisions of the condominium Ownership Act of the State of Colorado and the By-Laws of the Association and supplements and amendments thereto.

(b) To establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of all of the condominium units with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each member upon the adoption thereof.

(c) To incur such costs and expenses as may be necessary to keep in good order, condition and repair all of the general and limited common elements and all items of common personal property.

(d) To insure and keep insured all of the insurable general common elements and condominium units in an amount equal to the maximum replacement value. To insure and keep insured all of the common fixtures, common equipment and common personal property for the benefit of the owners of the condominium units and their first mortgagees. Further, to obtain and maintain insurance as provided in the Declaration.

(e) To prepare a budget for the condominium at least annually, in order to determine the amount of the common assessments payable by the unit owners to meet the common expenses of the condominium project, and allocate and assess such common charges among the unit owners as provided in paragraph 19 of the Declaration, and by majority vote of the Board to adjust, decrease or increase the amount of the quarterly or monthly assessments, and remit or return any excess of assessments over expenses, working capital, sinking funds, reserve for deferred maintenance and for replacement to the owners at the end of each operating year. To levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies.

(f) To collect delinquent assessments, charges and penalties by suit, lien or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these By-Laws and to collect a late charge penalty of two percent (2%) per month (with a minimum of not less than \$20.00) of the outstanding balance of any unit's assessment account remaining unpaid more than fifteen (15) days from due date for payment thereof, together with all expenses, including attorney's fees incurred. The Board shall have the duty, right, power and authority to change the late charge penalty assessment from time-to-time to conform to changing economic standards.

(g) To protect and defend in the name of the Association any part or all of the condominium project from loss and damage by suit or otherwise.

(h) To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration and these By-Laws and to execute all such instruments evidencing such indebtedness as the Board may deem necessary and give security therefor. Such indebtedness shall be the several obligation of all of the owners in the same proportion as provided in paragraph 19 of the Declaration. The persons who shall be authorized to execute promissory notes and securing instruments shall be the President and Secretary or Assistant Secretary.

(i) To enter into contracts to carry out their duties and powers.

(j) To establish a bank account or accounts for the common treasury and for all separate funds which are required or deemed advisable.

(k) To make repairs, additions, alterations and improvements to the general common elements consistent with the best interests of the unit owners.

(l) To keep and maintain full and accurate books and records, showing all of the receipts, expenses or disbursements, and to permit examination thereof at any reasonable time by each of the owners.

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

(n) To meet at least semi-annually and if a managing agent is employed, an employee of the managing agent shall be in attendance, upon invitation of the Board.

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

(p) To manage the use of all parking areas under the control of the Association, open spaces, common areas and other property in common use.

(q) To employ for the Association a managing agent to exercise those duties and powers granted to it by the Board, but not those powers which the Board, by law, may not delegate.

3. No Waiver of Rights. The omission or failure of the Association or any condominium unit owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the By-Laws, or the Rules and Regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors or the Managing Agent shall have the right to enforce the same thereafter.

4. Election and Term of Office. At the first meeting of the Association the term of office of one Director shall be fixed for three (3) years; the term of office of two Directors shall be fixed for two (2) years; and the term of office of two Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. Except as is otherwise provided by these By-Laws, the Directors shall hold office until their successors have been elected and hold their first meeting.

5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until his successor is elected.

6. Removal of Directors. Subject to the relevant provisions of the Declaration, at any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners, a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting prior to voting thereon.

7. Organization Meeting. The first meeting of the newly elected Board following each annual meeting of the unit owners shall be held within thirty (30) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, providing a majority of the whole Board shall be present.

8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each calendar year. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, telephone, or telegraph at least seven days prior to the day named for such meeting.

9. Special Meeting. Special meetings of the Board may be called by the President on three days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of two or more Directors.

10. Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

11. Board of Directors' Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

12. Fidelity Bonds. The Board may require that all officers and employees of the Association and the Managing Agent who handle or are responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be a common expense.

ARTICLE V  
FISCAL MANAGEMENT

The provisions for fiscal management of the condominium units for and in behalf of all of the unit owners as set forth in the Declaration may be supplemented by the following provisions:

Accounts. The funds and expenditures of the unit owners by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

(a) Current expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements.

(b) Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.

(c) Reserve for replacement, which shall include funds for repair or replacement required because of damage, wear or obsolescence.

ARTICLE VI  
OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice president, a Secretary and a Treasurer, all of whom shall be elected by the Board, and such assistant officers as the Board shall, from time to time, elect. Such officers need not be members of the Board, but each shall be an owner of a condominium unit in this condominium project. The office of President and Treasurer may be held by the same person, and the office of Vice President and Secretary may be held by the same person.

2. Election of Officers. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or any special meeting of the Board called for such purpose.

4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the members of the Association at any regular or special meetings.

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

6. Secretary. The Secretary shall keep all the minutes of the meeting of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their registered addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the unit owned by such member, the undivided interest in the general common elements. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. In addition, a list of all mortgagees of units shall be maintained. The records referred to in this subsection may be maintained by the Managing Agent.

7. Treasurer. The Treasurer shall have the responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association; provided, however, that the day to day responsibilities for booking and collecting and disbursing funds shall be delegated to a paid employee of the Association or to a Managing Agent. The Treasurer's responsibility shall be to review the accounts not less often than quarter-annually.

\* ARTICLE VII  
INDEMNIFICATION OF DIRECTORS AND OFFICERS

For purposes of this Article "Director" shall mean any past or present director and any individual who, while a director of a corporation, is or was serving at the request of the Association as a director, officer, committee person or employee of the association.

"Official capacity" when used with respect to a director means the office of director of the Association, and, when used with respect to an individual other than a director, means the office of the Association held by the officer or the employee or agency relationship undertaken by the individual on behalf of the Association.

1. Indemnification. In accordance with the Association's Articles of Incorporation, any amendments thereto, and Colorado statutes, the Association may indemnify any past or present director, officer, agent or employee against reasonable costs and expenses including attorney fees, liabilities, obligation, judgments, and any amounts paid in reasonable settlement of a proceeding, including any claim, action, civil suit, or proceeding, whether threatened, pending, or contemplated, and which shall include appeals, incurred by reason of being or having been a director, officer, agent or employee of the Association so long as his actions conform to the following standards:

(a) When in the case of conduct in his official capacity with the Association, the actor conducted himself in good faith and reasonably believed that his conduct was in the best interests of the Association.

(b) When not acting in an official capacity on behalf of the Association, if the actor conducted himself in good faith and had no reasonable cause to believe his conduct was not opposed to the corporation's best interests.

(c) In the case of any criminal proceeding, if the actor acted in good faith and had no reason to believe his conduct was unlawful.

(d) At the sole discretion of the Association, the Association may reimburse

expenses or it may pay for reasonable expenses in advance of a final disposition if:

i. the director furnishes the Association with a written affirmation of his good faith belief that he has met the above standards of conduct;

ii. the director provides a written promise to repay the advance if it is determined that he did not meet such standards; and

iii. a determination is made that the facts then known to those making the determination would not preclude indemnification under this Section.

2. Mandatory Indemnification. Unless otherwise limited by the Articles of Incorporation or any amendments thereto, the Association shall indemnify any past or current director or officer of the Association who was wholly successful, on the merits or otherwise, in defense of any proceeding to which he was a party, against reasonable expenses incurred by him in connection with the proceeding.

3. No Indemnification. The Association shall not and may not indemnify any director, officer, committee person or employee in connection with any proceeding by or in the name of the Association in which the director is adjudged liable to the Association or in connection with any proceeding in which the director is adjudged liable on the basis of improper personal benefit or other willful misconduct.

4. Liability Insurance. The Association may purchase and maintain officers and directors errors and omissions liability insurance on behalf of an individual who is or was a director, officer, employee or agent of the Association and was serving as such at the request of the Association.

#### ARTICLE VIII AMENDMENTS

1. The Articles of Incorporation may be amended in the manner provided by law.

2. These By-Laws may be amended by the members at a duly constituted meeting of the members for such purpose; provided, however, that no amendment shall conflict with or minimize the intended effect of the provisions of the Articles of Incorporation or the Declaration.

#### ARTICLE IX MORTGAGES

1. Notice of Unpaid Common Assessments. The Association, whenever so requested in writing by a mortgagee of a condominium unit, shall promptly report any then unpaid common assessments due from, or any other default by, the owner of a mortgaged unit.

2. Notice of Default. When giving notice to a unit owner of a default in paying common assessments or other default, the Board may send a copy of such notice to each holder of a mortgage covering such condominium unit whose name and address has heretofore been furnished to the Board.

3. Examination of Books. Each unit owner and each mortgagee of a condominium unit shall be permitted to examine the books of account of the Association at reasonable times on business days, but not more than once each month, for any proper purpose.



ARTICLE X  
EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS  
AND DESIGNATION OF VOTING REPRESENTATIVE

1. Proof of Ownership. Any person acquiring an interest in a condominium unit shall furnish to the Board a copy of the recorded instrument vesting that person with an interest in the condominium unit. The copy furnished to the Association shall be maintained in the files of the Association.

2. Registration of Mailing Address. The owners or several owners of each condominium unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of a condominium unit owner or owners shall be furnished by such owners to the Managing Agent or Board within fifteen days after transfer of title, or after a change of address, and such registration shall be in writing and signed by all of the owners of the condominium unit or by such persons as are authorized by law to represent the interest of (all of) the owners thereof.

3. Designation of Voting Representative - Proxy. If the condominium unit is owned by one person, his right to vote shall be established by the record title thereto. If the interest in a condominium unit is held by more than one person or by a firm, corporation, partnership, association or other legal entity, or any combination thereof, then the right of any one unit owner to vote shall be established by record title thereto. However, in the event of a dispute between unit owners as to who shall cast a vote for the unit, the right of any one unit owner to vote shall be established by a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings of members and there at to cast whatever vote the owner himself might cast if he were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended, or sooner terminated by operation of law.

ARTICLE XI  
OBLIGATIONS OF THE OWNERS

1. Assessments. All owners shall be obligated to pay the monthly or quarterly assessments imposed by the Association to meet the common expenses and to maintain the reserves as provided in the Declaration. Assessments shall be due in advance. A member shall be deemed in good standing and entitled to vote at any annual or at a special meeting of members within the meaning of these By-Laws, if, and only if, he shall have fully paid all assessments made or levied against him and the condominium unit owned by him.

2. Notice of Lien or Suit. An owner shall give notice to the Association of every lien or encumbrance upon his condominium unit, other than for taxes and special assessments, and notice of every suit or other proceeding which may affect the title to his condominium unit, and such notice shall be given in writing within five (5) days after the owner has knowledge thereof.

3. Mechanic's Lien. Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of mechanic's lien filed against other condominium units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's condominium unit. In the event

such a lien is filed and/or a suit for foreclosure of mechanic's lien is commenced, then within ten (10) days thereafter such owner shall be required to deposit the Association cash or negotiable securities equal to one and one-half of the amount of such claim plus interest for one year together with a sum equal to ten percent of the amount of such claim, but not less than One Hundred Fifty Dollars (\$150), which latter sum may be used by the Association for any costs and expenses incurred, including attorney's fees incurred for legal advice and counsel. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursement of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees incurred by the Association, shall be paid forthwith by the subject owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his condominium unit which may be foreclosed as is provided in the Declaration. All advancements, payments, costs and expenses, including attorney's fees, incurred by the Association shall be forthwith reimbursed to it by such owner(s), and the owner shall be liable to the Association for the payment of interest at the rate of twenty-four (24) percent per annum on all such sums paid or incurred by the Association. The provisions in this section 3 shall supplement the relevant provisions of the Declaration.

#### 4. Maintenance and Repair.

(a) Every owner must perform promptly, at his own expense, all maintenance and repair work within his own unit which, if omitted, would affect the appearance of the aesthetic integrity of part or all of the condominium project.

(b) All the repairs of internal installations of the unit such as water, light, gas, power, sewage, telephone, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures shall be at the owner's expense.

(c) An owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any general or limited common element damaged by his negligence or by the negligence of his tenants or agents or guests.

#### 5. General.

(a) Each owner shall comply strictly with the provisions of the recorded Declaration and these By-Laws and amendments thereto.

(b) Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which this condominium project was built.

#### 6. Uses of Units - Internal Changes.

(a) All units shall be utilized only for the purposes as is provided in the Declaration.

(b) An owner shall not make structural modifications or alterations to his unit or installations located therein without the written approval of the Board. The Board shall be notified in writing of the intended modifications through the Managing Agent or, if no Managing Agent is employed, then through the President of the Board. The Association shall have the obligation to answer an owner's request within thirty (30) days after such notice, and failure to do so within such time shall mean that there is no

objection to the proposed modifications or alterations.

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

8. Right of Entry.

(a) An owner shall and does grant the right of entry to the Managing Agent or to any other person authorized by the Board in case of an emergency originating in or threatening his unit, whether the owner is present at the time or not.

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

9. Rules and Regulations.

(a) The rules and regulations, which shall be effective until amended or supplemented by the Board, are annexed hereto and made a part hereof as Schedule A.

(b) The Board reserves the power to establish, make and enforce compliance with such additional rules and regulations as may be necessary for the operation, use and occupancy of this condominium project with the right to amend same from time to time. Copies of such rules and regulations shall be furnished to each unit owner prior to the date when the same shall become effective.

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

ARTICLE XII  
ABATEMENT AND ENJOINTMENT OF VIOLATIONS BY UNIT OWNERS

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

All fees, charges and penalties imposed by the Board of Directors and costs incurred by the Association in enforcement of the Condominium Declarations, By-Laws and Rules and Regulations, after notice and hearing, shall be considered assessments enforceable against units and unit owners pursuant to these By-Laws and the Condominium Declaration, and in particular Article IV(2)(f) of these By-Laws and the Association lien for non-payment provisions of Articles 21 and 22 of the Condominium Declarations. The Board of Directors shall have the authority to take any remedial action it deems appropriate in the event of a violation of these By-Laws, the Rules and Regulations, the Condominium Declaration or the Articles of Incorporation, including but not limited to the assessment of charges and penalties, the filing of a Notice of Lien with the County Clerk and Recorder, the filing of an action for injunctive relief or money judgment, or filing of a suit for unlawful detainer in the Courts of the State of Colorado.

#### ARTICLE XIII COMMITTEES

1. Designation. The Board may, but shall not be required to, appoint an executive committee, and it may designate and create standing committees and appoint persons to all such committees.

2. Executive Committee. The executive committee shall consist of two (2) persons who are members and who shall be appointed by the Board from the members of the Board. One member shall be the President. The executive committee shall supervise the affairs of the Association and shall regulate its internal economy, approve expenditures and commitments, act and carry out the established policies of the Association and report to the Directors at each meeting of the Board. The executive committee may hold regular meetings, monthly or as it may in its discretion determine. Special meetings may be called at any time by the chairman of the committee or by any of its members, either by telephone, telegraph, mail or personally, and a special meeting may be held by telephone.

3. Nominating Committee. Before each annual meeting, the Board may appoint a committee of three (3) members who shall nominate candidates for the Board. The names of the candidates shall be submitted on or before thirty (30) days before the election. Members may submit names of candidates other than those submitted by the nominating committee prior or at the annual meeting of the Board.

4. Vacancies. A vacancy in any committee shall be filled by the President until the next meeting of the Board.

#### ARTICLE XIV ASSOCIATION - NOT FOR PROFIT

1. Association - Not for Profit. This Association is not organized for profit. No member, member of the Board, officer or person from whom the association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board, officer or member; provided, however, always (a) that reasonable compensation may be paid to any member, Director or officer while acting as an agent or employee of the Association, for services rendered in effecting one or more of the purposes of the Association, and (b) that any member,

Director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association. The provisions herein are not applicable to a Managing Agent who shall perform its manager's duties and functions according to written agreement for the compensation stated therein.

ARTICLE XV  
MORTGAGEES AS PROXIES

1. Mortgagees as Proxies. Condominium unit owners shall have the right to irrevocably constitute and appoint the beneficiary of a trust deed, mortgage or other instrument which encumbers the owner's interest their true and lawful attorney to vote their unit membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominee any and all rights, privileges and powers that they have as unit owners under the Articles of Incorporation and By-Laws of this Association or by virtue of the recorded Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Association, the Managing Agent or the unit owners to carry out their duties as set forth in the Declaration. A release of the beneficiary's encumbrance shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve condominium unit owners, as mortgagors, of their duties and obligations as condominium unit owners or to impose upon the beneficiary of the encumbrance the duties and obligations of a unit owner.

# SCHEDULE A

## RULES AND REGULATIONS

### TREEHOUSE CONDOMINIUM ASSOCIATION

May 30, 1987

These rules and Regulations are adopted by the Board of Directors pursuant to the By-Laws of the Association.

ALL OWNERS AND NON-OWNER OCCUPANTS, GUESTS, RENTERS OR RENTAL AGENCIES SHALL COMPLY WITH THESE RULES AND REGULATIONS.

1. No exterior fire, cooking or barbecuing is permitted on any balcony or in any outdoor area within ten feet of any structure or tree. The Association has designated a safe barbecue area.
2. No cat, dog, bird, reptile or other animal, ("animal") of any unit owner shall be kept on or in common elements or any unit unless registered with the Manager. Animals must be under control of the owner when in or on the common elements. If the animal becomes a nuisance to other occupants, the owner or person having control of the animal shall be given a written notice to correct the problem, and if not corrected, the owner upon written notice will be subject to the existing grievance procedures and penalties, and may be required to remove the animal. Owners having animals assume full responsibility for personal injury or property damage caused by the pet; and each animal owner indemnifies the Association and its agents and holds them harmless against any loss, claim or liability of any kind or character, whatsoever, arising from, or growing out of the privilege of having an animal in the project.
3. Non-owners are prohibited from having an animal in any unit or in or on the common elements.
4. The Association assumes no liability for nor shall it be liable for any loss or damage to articles left or stored in any unit or common area.
5. Residents shall not make or permit to be made any disturbing noise or do or permit any act which unreasonably interferes with the rights, comforts or convenience of any other occupant.
6. Vehicles shall be parked only within designated parking areas. Any traffic flow markings and signs regulating traffic on the premises shall be strictly observed. Oversize vehicles, such as boats, motorhomes, and trailers and seldom used vehicles shall be parked in the northwest (upper) portion of I lot. Vehicles not parked according to the Rules may be towed at the vehicle owners expense. No unauthorized vehicles are permitted off paved portions of the common areas.
7. Owners shall be responsible for providing keys to friends, renters, or persons occupying with direct authority. If a rental agency is involved, it shall be the agency's responsibility to distribute keys to the renter. At no time is management responsible for providing access to private condominium units. Only people who are authorized by an owner or rental agency will be given access to any unit. After normal business hours, anyone requiring access to their unit may be assessed \$25.00 for each entry.
8. Any damage to common elements or common personal property caused by the owner, or

child, guest, tenant, or invitee of a unit owner, shall be repaired at the expense of that unit owner.

9. Persons under the age of 15 years shall not be permitted within any clubhouse unless accompanied by a person 18 years of age or older.

10. All persons using the pools, clubhouses or recreational facilities shall abide by the Guidelines posted in the clubhouse or at the facilities.

11. The number two (owner's) clubhouse will be used only by condominium owners and accompanied guests.

12. No glass containers of any kind shall be permitted in the pool areas.

13. Common sidewalks, driveways, entrances, and passageways shall not be obstructed or used for any other purpose than ingress and egress. Personal property shall not be left in any common area.

14. No work of any kind shall be done upon the interior building walls or any common elements by any unit occupant. Exterior wiring, including extension cords, for electrical or telephone installation or for any other purpose, television or radio antennae, or air conditioning unit shall not be installed except as may be expressly authorized by the Association's Board of Directors.

15. Unit owners are responsible for the actions of their guests, renters and agents (including rental agents and contractors).

16. The Manager must be notified in writing of all rentals of more than 90 days duration, and the tenant shall execute an agreement to abide by the Association's rules and regulations.

17. Garbage and trash shall be disposed of only by use of garbage disposal units or by use of common trash and garbage facilities and may not be left in common areas.

18. Fireworks of any kind shall not be stored, carried, ignited, displayed or exploded on any part of the project, except as expressly authorized by the Board of Directors. Firearms shall not be discharged anywhere on the project.

19. All entry doors into each unit will be master keyed to a master key which is retained by the Manager. No owner or occupant shall alter any lock or install a new lock on any entry door into any unit so as to take it off the master key system.

20. The balconies, decks, or patios shall be used only for the intended purpose and shall not be used for open storage (except firewood) or hanging of garments or other articles.

21. Any damage or expense which results from water flow (e.g., from tubs, showers, or damaged pipes within the unit) shall be the liability of the owner of the unit where the water originated.

Enforcement of Rules and Regulations

The Board of Directors has the authority to institute a schedule of reasonable charges against owners or their agents for violation of these Rules and Regulations, the By-Laws, the Declarations and the Articles of Incorporation. Reasonable procedures

(including notice of alleged violations and opportunity to be heard by a grievance committee) shall be implemented by the Board. All fees, charges, and penalties imposed by the Board and costs incurred by the Association in enforcing the Rules and Regulations shall be considered assessments enforceable against units and unit owners pursuant to these Rules and Regulations and the By-Laws and Condominium Declaration of the Association. Each day that a violation continues after notice shall be considered a separate violation.

The Board shall have the authority to take any remedial action it deems appropriate in the event of a violation of these Rules and Regulations, the By-Laws, or the Declaration including assessment of charges and penalties, the filing of a lien, the filing of an action for injunction or money judgment, or filing of a suit for unlawful detainer.

The foregoing Rules and Regulations are subject to amendment by the Board of Directors.

#### Penalty Schedule

First offense: A written warning  
Second offense: \$25.00 assessment against the unit.  
Third offense: \$100.00 assessment against the unit.  
Fourth offense: \$150.00 assessment against the unit.  
Fifth and each following offense: \$200.00 assessment against the unit.