

**REVISED BYLAWS  
OF  
NORTHWOODS CONDOMINIUM ASSOCIATION**  
(as amended through July 5, 2011)

**ARTICLE 1**

**Organization and Purpose**

1. **Office.** The Northwoods Condominium Association (NCA or the "Association") is a Colorado nonprofit corporation and functions as the governing condominium association for the Northwoods Condominiums complex in Vail, Colorado. The principal office of NCA is 600 Vail Valley Drive, Vail, Colorado 81657. The board of directors in its discretion may keep and maintain other offices within or outside the State of Colorado.
2. **Governing Law.** NCA is subject to the provisions of the Colorado Revised Nonprofit Corporation Act (the "Act") and the NCA Declaration. NCA has also elected governance under the terms of the Colorado Common Interest Ownership Act (CIOA).
3. **Defined Terms.** Each capitalized term used without definition shall have the meanings specified in CIOA, the Declaration or as specifically defined in these Bylaws. The Declaration as well as the Association's Articles of Incorporation and these Bylaws shall be referred to as the Association's governing documents.
4. **Compliance.** All present or future Unit Owners, tenants and other persons who might use the facilities of NCA in any manner are subject to these Bylaws. The mere acquisition or rental of any Unit at NCA or the mere act of occupancy of any Unit will signify that these Bylaws have been accepted and will be complied with by all Owners and occupants.

**ARTICLE II**

**Membership, Voting, Quorum and Proxies**

1. **Membership.** Membership in NCA consists of, and is limited to, record owners of the Units and is subject to the Declaration and all amendments and supplements thereto as recorded in the Eagle County real estate records and to the terms and provisions of the NCA governing documents.
  - (a) One membership in NCA shall be issued to the record owner of each Unit. In the event a Unit is owned by two or more persons, whether by joint tenancy, tenancy in common or otherwise, the membership shall be joint, and a single membership for such Unit shall be issued in the names of all record owners. One of these owners shall designate in writing to NCA one person to hold the membership and cast the vote(s) allocated to the

membership. If any owner is other than a natural person, that owner shall designate an agent entitled to vote the membership. No membership shall be issued in connection with ownership of a Unit to which a membership has previously been issued except in substitution for an existing membership.

- (b) During any period in which an owner is in default of his obligation to a first mortgagee, the first mortgagee, upon written notice to NCA of the fact and nature of the default, shall be entitled to exercise the rights of the defaulting owner in all respects to membership in the Association.

2. **Transfer of Membership.** A membership in NCA may not be assigned, encumbered or transferred in any manner except as appurtenant to transfer of title to the Unit to which the membership pertains. A transfer of membership shall occur automatically upon the transfer of title to a Unit, but NCA shall be entitled to treat the transferor in whose name membership is recorded in its records as the member for all purposes until written evidence of the transfer of title, satisfactory to NCA, has been submitted to NCA. Transfer of membership shall not release the transferor from liability for obligations accrued prior to the transfer. In the event of a dispute as to ownership of a Unit and the related membership, title to the Unit, as shown in the records of the County Clerk and Recorder of Eagle County, Colorado, shall be determinative.
3. **Voting Rights.** The voting rights of the members shall be as set forth in the Association's governing documents from time to time.
4. **Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of members entitled to vote more than twenty percent (20%) of the total votes of the members shall constitute a quorum.
5. **Proxies.** Votes may be cast in person or by proxy. Every proxy must be executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise provided in the proxy.
6. **Majority Vote.** At any meeting of members, if a quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the members, unless the vote of a greater number is required by law or by the Association's governing documents.

### **ARTICLE III.**

#### **Administration.**

1. **Annual Meeting.** The annual meeting of the members shall be held at a time designated by the board of directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in Colorado, such meeting shall be held on the next succeeding business day.
2. **Special Meetings.** Special meetings of the members, for any purpose, unless otherwise prescribed by statute, may be called by the president or by the board of directors, and

shall be called by the president at the request of any group of members who are entitled to vote thirty percent (30%) of more of the total votes of the Association.

3. **Place of Meeting.** The board of directors may designate any place, either within or outside Colorado, as the place for any annual meeting or for any special meeting called by the board of directors. 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 is made, or if a special meeting shall be called otherwise than by the board, the place of meeting shall be the principal office of the corporation in Vail, Colorado.
4. **Notice of Meeting.** Written or printed notice of any meeting of the members, stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally, by mail or by facsimile transmission or e-mail to each owner entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before the date of the meeting. 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 in the office of the Association, with postage thereon prepaid. For the purpose of determining members entitled to notice of or to vote at any meeting of members, the board of directors may set a record date for such determination of members, in accordance with the laws of Colorado. If requested by the person or persons lawfully calling such meeting, the secretary shall give notice thereof at corporate expense.
5. **Informal Action by Members.** Any action required or permitted to be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members 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 members.
6. **Voting.** In the election of directors each member shall have the right to vote the number of votes to which he or she is entitled for as many persons as there are directors to be elected. Cumulative voting shall not be allowed.
7. **Action by Written Ballot.** Any action which under the provisions of CIOA may be taken at a meeting of the members may be taken without a meeting and without prior notice if:
  - (a) a written ballot is distributed to every member entitled to vote that provides an opportunity to specify approval or disapproval of each order of business proposed to be acted upon by NCA;
  - (b) the number of signed approvals required under these Bylaws or statute, setting forth the action so taken, is received in writing;
  - (c) the number of ballots cast within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action; and
  - (d) the number of approvals equals or exceeds the number of votes that would

be required to approve at a meeting at which the total votes cast was the same as the number of ballots cast.

Ballots shall be solicited in a manner consistent with the requirements of CIOA. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted and that a ballot received within the specified time will be cast in accordance with the choice(s) specified by the member casting the ballot.

Subject to the applicable provisions of CIOA, any member casting a ballot, or the proxy holders of a member or a personal representative of the member or their respective proxy holders, may revoke the ballot, or substitute another, by a writing received by NCA prior to the time specified in the solicitation pursuant to the preceding paragraph, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary of NCA.

## ARTICLE IV.

### Board of Directors.

1. **Number, Tenure and Qualifications.** The business and affairs of the Association shall be managed by a board of directors. The board of directors shall consist of at least five and no more than eight members. The specific number of directors shall be designated each year by the President of the board. The directors, who must be members of the Association, shall be elected each year at the Association's annual meeting or at any special meeting of the Association.
2. **Resignation; 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 occurring in the board of directors by reason of resignation, death, or an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall be elected to serve until the next annual meeting of the members.
3. **General Powers.** The board of directors shall have and may exercise all the powers of the Association except such as are expressly conferred upon the members, either in their capacity as members of the Association or as owners (Owners) of Units by law or pursuant to the Association's governing documents.
4. **Additional Powers and Responsibilities.** In addition to its general powers, the board of directors shall have the authority and the responsibility, acting through the Association's officers:
  - 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.

- b) To establish, make, amend and enforce compliance with such reasonable house rules as may be necessary for the operation, use and occupancy of the common elements and the Units.
- c) To adopt Rules and Regulations governing the operation and use of the common elements, including, but not limited to, rules and regulations concerning the right of persons who are not members of the Association, their families, guests, or lessees to come upon and make use of the common elements. Such Rules and Regulations may be amended by a majority vote of the board of directors.
- d) To maintain in good order, condition and repair all of the general and limited common elements and all items of personal property used in the enjoyment of the Premises.
- e) To obtain and maintain insurance in connection with the Premises, the Owners, the Association and holders of liens on Units in the manner and the amounts provided in the Declaration
- f) To fix, determine, levy and collect monthly and special assessments to be paid by each of the Owners to meet the common expenses as defined in the Declaration, and to create a contingency reserve therefor. Prior to the beginning of the Association's fiscal year, the board shall adopt an estimated budget for that year. The estimated budget shall include, but shall not be limited to, an estimate of the costs of maintenance and repair of the common elements, the cost of utilities and other services to be provided by the Association, the cost of insurance required by the Declaration, and proposed capital expenditures. For the Association's first fiscal year, estimates of the costs for repair and maintenance of the common elements shall be based on a good faith estimate of those costs; said estimate may be based on the costs incurred by similar associations in the general locale. Thereafter, the cost of maintenance and repair shall be estimated on the basis of the previous year's costs with such adjustments therefrom as the board of directors considers appropriate. Based on these estimates, the budget shall also include an estimate of the annual assessment for each unit. The board may adjust the monthly assessment from time to time as may, in the discretion of the board, be deemed necessary or advisable. Special assessments may be levied whenever in the opinion of the board it is necessary or advisable to do so (i) to meet increased operating or maintenance expenses or costs, (ii) to provide for additional capital expenses, or (iii) because of emergencies; however, if the proposed additional capital expenses are in excess of ten percent (10%) of the maximum replacement value of the buildings, as determined by the Association pursuant to section 9(c) of the Declaration, such expenses may be incurred only after the members, by the vote of the holders of at least eighty percent (80%) of the votes of the members, approve such expenses. All monthly or other assessments shall be in itemized statement form and shall set forth the purpose of the various expenses for which the assessments are being made. In addition to the provision in the Declaration regarding maintenance and repairs, the monthly assessment may be used to provide for landscaping the common elements and the removal of snow from the common elements. This section 4(f) may not be altered, amended, or repealed except by the vote of the holders of at least eighty percent (80%) of the votes of the members.

- g) To collect promptly all delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and these By-laws.
  - h) To protect and defend the Association and its property from loss and damage by suit or otherwise.
  - i) To borrow funds in order to pay for any expenditure or outlay authorized by these By-laws and the Declaration, to execute all such instruments evidencing such indebtedness as the board of directors may deem necessary or advisable.
  - j) To enter into contracts within the scope of their duties and powers.
  - k) 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.
  - l) To maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Association. Any member or his first lienor, as defined in the Declaration, may inspect such records at convenient weekly business hours; and upon ten (10) days notice to the managing agent or board of directors and payment of a reasonable fee, any unit owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.
  - m) To prepare and deliver annually to each member a statement showing all receipts, expenses or disbursements since the last such statement.
5. **Investment Authority.** The board of directors may delegate investment authority concerning NCA reserve and capital funds and other liquid assets to one of the directors or to an investment adviser or securities broker selected by the directors. The managing agent shall have authority to establish and maintain cash deposits of NCA in such savings and other time deposit accounts as the managing agent deems to be appropriate. All funds of NCA shall be invested in the manner and within the guidelines established by the NCA governance policy statement concerning the investment of association assets.
6. **Managing Agent.** The board of directors may employ a managing agent for the Association at a compensation established by the board to perform such duties and services as the board shall authorize including, but not limited to, the duties listed in paragraph 4 of this Article.
7. **Regular Meetings.** Regular meetings of the board of directors may be held without call or formal notice at such places within the State of Colorado, and at such times as the board may from time to time by vote determine. Any business may be transacted at a regular meeting. Until further determination the regular meeting of the board of directors for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of members, or any special meeting of members at which board of directors is elected.
8. **Special Meetings.** Special meetings of the board of directors may be held at any place within Colorado at any time when called by the president, or by two or more directors, at

least three (3) days' prior notice of the time and place thereof being 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 him at his post office address as it appears on the books of the Association, or by telephone. Notices need not state the purposes of the meeting. No notice of any adjourned meeting of the directors shall be required.

9. **Quorum.** A majority of the number of directors fixed by the By-laws shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time. When a quorum is present at any meeting, a majority of the directors in attendance shall, except where a larger number is required by law, by the Articles of Incorporation or by these By-laws, decide any question brought before such meeting. In the event of a tie vote on any issue, the issue shall automatically be tabled until the next meeting of the directors or until such time as the directors can take informal action on the issue with a majority vote of the directors. If the directors remain deadlocked on the issue at the next meeting, the Chairman shall be entitled to cast one additional vote on the issue in order to eliminate the tie vote.
10. **Waiver of Notice.** Before, at or after any meeting of the board of 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.
11. **Informal Action by Directors.** Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting by means of the execution of a requirement in writing, setting forth the action so taken, which 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.
12. **Compensation of Directors.** The board of directors is authorized to make provision for reasonable compensation to its members.
13. **Removal of Directors.** At any regular or special meeting of the members, any one or more of the directors may be removed with or without cause and at any time by an affirmative vote of a majority of the total votes represented at the meeting entitled to vote. Successors may then be elected to fill the vacancies thereby created pursuant to these Bylaws.

## **ARTICLE V.**

### **Officers and Agents.**

1. **General.** The officers of the Association shall be a president (who shall be chosen from among the members of the board of directors), one or more vice presidents, a secretary and a treasurer. The board of directors may appoint such other officers, assistant officers, committees and agents, including assistant secretaries and assistant treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be

determined by the board of directors. One person may hold any two officers, except that no person may simultaneously hold the offices of president and secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the By-laws or by the board of directors, such officer, agent or employee shall follow the orders and instructions of the president.

2. **Removal of Officers.** Upon an affirmative vote of a majority of the members of the board of directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the board of directors, or at any special meeting of the board called for such purpose.
3. **Vacancies.** A vacancy in any office, however occurring, may be filled by the board of directors for the unexpired portion of the term.
4. **President.** The president shall be elected from among the members of the board of directors and shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the board of directors. He shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees.
5. **Vice President.** The vice president shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. In the absence of the president, the vice president designated by the board of directors 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 be made, all vice presidents may exercise such powers and perform such duties.
6. **The Secretary.** The secretary shall:
  - a) Keep the minutes of the proceedings of the members, executive committee and the board of directors;
  - b) See that all notices are duly given in accordance with the provisions of these By-laws, the Declaration and as required by law;
  - c) Be custodian of the corporate records and of seal of the Association and affix the seal to all documents authorized by the board of directors;
  - d) Keep at its registered office or principal place of business within or outside Colorado a record containing the names and registered addresses of all members, the designation of the Unit owned by each member, and, if such Unit is mortgaged, the name and address of the mortgagee;
  - e) 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 by the president or by the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.
7. **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 of the board of directors. He shall receive and give receipts and acquittances for monies paid in 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. He 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. He shall, if required by the board, give the Association a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

8. **Compensation.** No compensation shall be paid to officers for their services as officers, nor shall any officer be entitled to reimbursement of expenses incurred in connection with performance of his or her duties as officer unless approved by the board of directors. No compensation shall be paid to an officer for services performed for NCA in any other capacity unless a resolution authorizing such compensation is unanimously adopted by the board of directors approving such compensation.

## **ARTICLE VI.**

### **Indemnification of Officers and Directors**

1. **Indemnification.** NCA shall indemnify every board member, officer and employee and their respective successors, personal representatives and heirs to the maximum extent permitted under the Colorado Revised Nonprofit Corporations Act against all loss, costs and expenses, including attorney fees, reasonably incurred by any of them in connection with any action, suit or proceeding to which any of them may be made a party by reason of being or having been a board member, officer or employee, except as to matters as to which such person shall be finally adjudged in such action, suit or proceeding to be liable of negligence or misconduct. In circumstances where any claim of this nature is settled, indemnification shall be provided only in connection with such matters covered by the settlement as to which NCA is advised by counsel that the person to be indemnified has not been guilty of negligence or misconduct in the performance of his or her duty as such board member, officer or employee in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such board member, officer or employee may be entitled. All liability, loss, damage, cost and expense incurred or suffered by NCA by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by NCA as common expenses; provided, however, that nothing in Article VI of these Bylaws shall be deemed to obligate NCA to indemnify any member or owner of a unit who is or has been a board member, officer or employee with respect to any duties or obligations assumed or liabilities incurred by him or her under and by virtue of the NCA Declaration.
2. **Other.** Contracts or other commitments made by a board member, officer or employee of NCA shall be made in the capacity as an agent for NCA, and such persons shall have no personal liability with respect to such contract or commitment.

3. **Insurance.** By action of the board of directors, notwithstanding any interest of the directors in such action, NCA may purchase and maintain insurance, in such amounts as the board of directors may deem appropriate, on behalf of any indemnified party against any liability asserted against him or her and incurred by him or her in his or her capacity of or arising out of his or her status as an indemnified party, whether or not NCA would have the power to indemnify him or her against such liability under applicable provisions of law.
4. **Right to Impose Conditions to Indemnification.** The board of directors has the right to impose, as conditions to any indemnification provided or permitted in this Article VI, such reasonable requirements and conditions as to the board of directors may appear appropriate in each specific case and circumstance including, without limitation, any one or more of the following: (a) that any counsel representing the indemnified party in connection with the defense or settlement of any proceeding shall be mutually agreeable to the indemnified party and to the board of directors; (b) that NCA shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the indemnified party; and (c) that NCA shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified party's right of recovery, and that the indemnified party shall execute all writings and do everything necessary to assure such rights of subrogation to NCA.
5. **Exculpation.** NCA shall not be liable for any failure of utility services to be obtained by NCA or paid for as a Common Expense. NCA shall also not be liable for injury or damage to person or property caused by the elements or by any Owner or any other person, or which results from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. NCA shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as provided in the NCA governing documents, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by NCA to comply with any law, ordinance or with the order or directive of any governmental or quasi-governmental authority.

## ARTICLE VII.

### Obligations of the Members.

1. **Assessments.** Each Owner shall pay his share of all assessments imposed by the Association to meet the common expenses (as defined in the Declaration). Each assessment shall be allocated among the Owners on the basis of their sharing ratios, or as otherwise set out in the Declaration. If a Unit is owned by two or more Owners, each of such co-Owners shall be jointly and severally liable for that portion of the assessment attributable to such Unit. Assessments shall be made monthly and shall be due and payable on the date specified in the assessment notice. All unpaid assessments shall bear interest at a rate determined by the board of directors and shall be secured by a lien on the

Unit owned by the defaulting Owner, in accordance with the provisions of the Declaration.

2. **Maintenance and Repair.** Every Owner shall perform or cause to be performed at his own expense all maintenance and repair work within his own Unit necessary to maintain the Unit in a good and habitable state of repair. All repairs of internal installations in a Unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures belonging to an apartment Unit shall be at the Owner's expense. Each Owner shall reimburse the Association promptly upon receipt of its statement for any expenditure incurred by it in repairing or replacing any general or limited common element damaged by the negligence or unintentional acts of such Owner or his tenants or guests.
3. **Compliance with Declaration, Articles, Bylaws and Rules.** Each member shall comply with all of the provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association and any rules and regulations issued by the board of directors. If a member fails to comply, the Association shall have the power, during the period of such delinquency, (a) to revoke a delinquent member's right to use general common elements designed for recreational purposes, (b) to cause utility service to a delinquent member's Unit to be suspended and (C) to suspend a member's voting privileges.
4. **Reimbursement Obligations.** Each Owner and his or her guests, tenants, occupants, employees and invitees shall be obligated to reimburse the Association for any legal and other expenses (including, without limitation, attorney fees and court costs) incurred by the Association in responding to a violation by any of them of the Association's governing documents and its rules and regulations. This reimbursement obligation shall extend to costs and expenses incurred by the Association for any remedial steps or enforcement actions which it may take in connection with a violation.

## Article VIII

### Due Process and Enforcement Procedures

1. **Board Action.** In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable monetary fines, and to impose reimbursement obligations upon any Owner for the costs of attorney fees and other expenses incurred by the Association in connection with actions or the failure to act on the part of such Owner or his or her guests or tenants which results in a violation of any duty imposed under the Declaration, these Bylaws, or any Association rules and regulations. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 90 days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest or invitee of a Unit violates the Declaration, Bylaws, or the rules and regulations and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or the rules and regulations shall not be deemed a waiver of the right of the Board to do so thereafter.
  - (a) **Notice.** Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be

imposed; (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing to the Board or a committee appointed by the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided the Board or the committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

- (b) **Hearing.** If a hearing is requested within the allotted 10-day period, the hearing shall be held before the committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or his or her representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.
- (c) **Additional Enforcement Rights.** Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with any applicable dispute resolution procedures, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney fees, actually incurred by the Association. Any entry into a Unit for purposes of exercising this power of self-help shall not be deemed as trespass.

## ARTICLE IX.

### Insurance and Fidelity Bonds

1. **General Insurance Provisions.** NCA shall maintain, to the extent reasonably available:
  - a) Property insurance on the limited and general common elements for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement costs of the insured property in its present state of condition and improvement based upon current construction costs and applicable building codes less the amount of any deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, paving areas, landscaping and other items normally excluded from property policies; and
  - b) Commercial general liability insurance against claims and liabilities arising in

connection with the ownership, existence, use, or management of the limited and general common elements and NCA, in an amount, if any, deemed sufficient in the judgment of the board of directors, insuring the board of directors, NCA, the managing agent, and their respective employees, agents, and all persons acting as agents. Owners of units shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the limited and general common elements. The insurance shall cover claims of one or more insured parties against other insured parties.

- c) NCA may carry such other and further insurance that the board of directors considers appropriate, including insurance on property that NCA is not obligated to insure to protect NCA or the members. In addition, NCA may require the member to obtain and keep in force liability and other insurance coverage as the board of directors may reasonably deem appropriate.
2. **Cancellation.** If the insurance described above is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefore having been obtained, NCA promptly notify the members of this.
  3. **Policy Provisions.** Insurance policies carried pursuant to Subsection 1 above must provide that:
    - a) Each member is an insured person under the policy with respect to liability arising out of such member's interest in the limited and general common elements or membership in NCA;
    - b) The insurer waives its rights to subrogation under the policy against any member or member of his or her household;
    - c) No act or omission by any member, unless acting within the scope of such member's authority on behalf of NCA, will void the policy or be a condition to recovery under the policy; and
    - d) If, at the time of a loss under the policy, there is other insurance in the name of a member covering the same risk covered by the policy, NCA's policy provides primary insurance.
  4. **Insurance Proceeds.** Any loss covered by the property insurance policy described above must be adjusted with NCA, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to NCA, and not to any holder of a security interest. The insurance trustee or NCA shall hold any insurance proceeds in trust for the members and mortgagees holding a first security interest in a Unit as their interests may appear. Subject to the provisions below, the proceeds must be disbursed first for the repair or restoration of the damaged property. NCA, members and first mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged property has been completely repaired or

restored or the regime created by the Declaration is terminated.

5. **Association Policies.** NCA may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent NCA settles claims for damages to any insured property, it shall have the authority to assess negligent members causing such loss or benefiting from such repair or restoration an amount equal to all or any equitable portion of the deductibles paid by NCA.
6. **Insurer Obligation.** An insurer that has issued an insurance policy for the insurance described in Subsection 1 above shall issue certificates or memoranda of insurance to NCA and, upon request, to any member or mortgagee. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to NCA and to each member and mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last-known addresses.
7. **Repair and Replacement.**
  - a) Any portion of the limited and general common elements for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by NCA unless:
    - (i) The condominium regime created by the Declaration is terminated;
    - (ii) Repair or replacement would be illegal under Colorado law or under any local statute or ordinance governing health or safety;
    - (iii) Sixty-seven percent of the members and all directly adversely affected members agree in writing not to rebuild; or
    - (iv) Prior to the conveyance of any Unit to a person, the mortgagee holding a deed of trust or mortgage on the damaged portion of the limited and general common elements rightfully demands all or a substantial part of the insurance proceeds.
  - b) The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If all are not repaired or replaced, the insurance proceeds attributable to the damaged limited and general common elements must be used to restore the damaged area to a condition compatible with the remainder of the condominium regime, and except to the extent that other persons will be distributees, the insurance proceeds must be distributed to all the members or mortgagees, as their interests may appear in proportion to their respective membership interests in the limited and general common elements.
8. **Common Expenses.** Premiums for insurance that NCA acquires and other expenses

connected with acquiring such insurance are common expenses.

9. **Fidelity Insurance.** Fidelity bonds must be maintained by NCA to protect against dishonest acts on the part of its officers, directors, trustees and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by NCA in an amount not less than (1) \$50,000, or (2) two months' current assessments plus reserves as calculated from the current budget of NCA, whichever is greater. In addition, if responsibility for handling funds is delegated to the Managing agent, such bond may be obtained for the Managing agent and her officers, employees and agents, as applicable. Any such fidelity coverage shall name NCA as an obligee, and such bonds shall contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions.
10. **Workmen's Compensation Insurance.** The board of directors shall obtain workmen's compensation or similar insurance with respect to NCA employees, in the amounts and forms as may now or hereafter be required by Colorado law.
11. **Directors' and Officers' Liability Insurance.** The board of directors shall obtain a policy of directors' and officers' liability insurance which shall provide protection to officers of NCA and members of the board of directors in the performance of their duties and obligations on behalf of NCA. The terms of the policy shall be determined by the board of directors with the advice of NCA's counsel.
12. **Other Insurance.** The board of directors may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to NCA's responsibilities and duties as required by the Act and other applicable laws and as the board may deem appropriate.
13. **Insurance Obtained by Members.** Members may carry other insurance for their benefit and at their expense, provided that all such policies shall contain waivers of subrogation; and provided further that the liability of the carriers issuing insurance obtained by the board of directors shall not be affected or diminished by reason of any such additional insurance carried by any member. All members are required to file copies of any such policies with NCA. Insurance coverage on furnishings, draperies, wallpaper and other items of personal or other property, improvements or betterments belonging to a member and public liability coverage within each Unit shall be the sole and direct responsibility of the members thereof, and the board of directors, NCA and the Managing agent shall have no responsibility therefore. In addition, liability insurance shall be maintained by the member of the Unit in coverage amounts which the board of directors reasonably deems to be necessary.
14. **Mortgagee Protection.** In the event that there shall be any damage or destruction to, or loss of, or taking of a Unit which exceeds Fifty Thousand (\$50,000.00) Dollars or any damage or destruction to, or loss of, or taking of limited or general common elements which exceeds One Hundred Thousand (\$100,000.00) Dollars, then notice of such

damage or loss or taking shall be given by NCA to each first mortgagee of any affected Unit within ten (10) days after the occurrence of such event and the cost of repair determined. The board of directors of NCA shall not obtain any insurance policy where:

- a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagee or mortgagee's designee; or
- b) by the terms of carrier's charter, bylaws or policy, loss payments are contingent upon action by the company's board of directors, policyholders or members;
- c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or the mortgagor from collecting insurance proceeds.

## **ARTICLE X.**

### **Evidence of Ownership, Registration of Mailing Address and Lien Holders.**

1. **Proof of Ownership.** Except for those Owners who initially contracted to purchase a Unit from the Declarant, any person on becoming an Owner shall furnish to the Association a photo copy of a certified copy of the recorded instrument vesting that person with an interest or ownership. Such copy shall remain in the files of the Association. 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 the members unless this requirement is first satisfied. The Association may issue membership certificates to its members; however, such certificates shall not be deemed to be shares of stock in the Association.
2. **Registration of Mailing Address, if a Unit is owned by two or more Owners,** such co-Owners shall designate one address as the registered address required by the Declaration. The registered address of an Owner or Owners shall be furnished to the secretary within five (5) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the Owners or by such persons as are authorized by law to represent the interest of the Owners thereof
3. **Liens.** Any Owner who mortgages or grants a deed of trust covering his Unit shall notify the board of directors of the name and address of the mortgagee or beneficiary of the deed of trust and shall file conformed copies of the note and security instrument with the board of directors. The board of directors shall maintain such information in a book entitled "Liens on Units." The board of directors, when giving notice to an Owner of default in paying an assessment or other default, shall send a copy of such notice to each mortgagee or beneficiary of a deed of trust covering such Owner's Unit whose name and address has theretofore been furnished to the board of directors.

Each owner may mortgage his Condominium Unit and the mortgage may cover such owner's interest in general and limited common elements. However, except for mechanics' liens, assessment liens, or tax liens, no other liens may be obtained against the general or limited common elements.

4. **Address of the Association.** The address of the Association shall be P.O. Box 1231, Vail,

Colorado, 81658, or 600 Vail Valley Drive, Vail, Colorado, 81657. Such address may be changed from time to time upon written notice to all members and all mortgagees or beneficiaries of deeds of trust listed in Liens on Units.

## ARTICLE XI

### Security Interest in Membership.

Owners shall have the right irrevocably to constitute and appoint the mortgagee or the beneficiary of a trust deed their true and lawful attorney-in-fact to vote their Unit membership in the Association at any and all meetings of the Association and to vest in the mortgagee or the beneficiary any and all rights, privileges and powers that they have as Owners under the Articles of Incorporation and these By-laws or by the virtue of the Declaration. Such proxy shall become effective upon the filing of notice by the mortgagee or the beneficiary with the secretary of the Association at such time or times as the mortgagee or the beneficiary shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Association, the board of directors or the Owners to carry out their duties as set forth in the Declaration. A release of the mortgage or the beneficiary's deed of trust shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners, as mortgagors, of their duties and obligations as Owners or to impose upon the mortgagee or the beneficiary of the deed of trust the duties and obligations of an Owner.

## ARTICLE XII.

### Amendments.

1. **By Directors.** Except as otherwise restricted by law or by the Association's governing documents, the board of directors shall have power to make, amend and repeal these bylaws at any regular meeting of the board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall make, amend or repeal any portion of these bylaws, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action.
2. **Members.** The members may, by the vote of the holders of at least fifty percent (50%) of the votes of the members, unless expressly made subject to a higher voting requirement by law, the Articles of Incorporation, the Declaration or these Bylaws make, alter, amend and repeal the by-laws of the Association at any annual meeting or at any special meeting called for that purpose at which a quorum shall be represented.

## ARTICLE XIII.

### Miscellaneous.

1. **Seal.** The corporate seal of the Association shall be circular in form and shall contain the name of the corporation, the year of its organization and the words "Seal, Colorado".
2. **Right of Entry.** The manager and any person authorized by the board of directors shall have the right to enter each Unit in case of any emergency originating in or threatening

such Unit whether or not the Owner or occupant is present at the time.

3. **Fiscal Year.** The fiscal year of the Association shall be such as may from time to time be established by the board of directors.
4. **Services.** Attached hereto as Schedule A is a list of services provided by the Association, which are paid for out of the regular assessment.
5. **Assessments, Debts, Obligations.** Attached hereto as Schedule B is a statement indicating what assessments, debts, or other obligations are assumed by a unit owner on his condominium unit.
6. **Recreational Facilities.** Attached hereto as Schedule C is a statement listing and describing all major recreational facilities.
7. **New Additions of General and Limited Common Elements.** Attached hereto as Schedule D is a statement relating to new additions of general and limited common elements.

APPROVED AND ADOPTED BY THE NORTHWOODS CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS EFFECTIVE AS OF JULY 5, 2011.