

BYLAWS
OF
PRISTINE POINT
OWNERS' ASSOCIATION, INC.

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**BYLAWS
OF
PRISTINE POINT
OWNERS' ASSOCIATION, INC.**

ARTICLE 1. PURPOSE AND ACCEPTANCE.

1.1 Purpose. The purpose for which the Pristine Point Owners' Association, Inc. (the "Association"), is formed is to maintain and improve the common elements, roads and driveways within Pristine Point at Crested Butte (the Subdivision) and to enforce the protective covenants ("Declaration") imposed upon the Subdivision.

1.2 Acceptance and Ratification. All present or future owners or tenants or any other person that might use in any manner any of the Lots or common elements of the Subdivision are subject to the provisions of these Bylaws. Acquisition, rental or occupancy of any of the Lots shall constitute acceptance and ratification of these Bylaws and shall signify that they will be complied with.

1.3 Definitions. Terms used in these Bylaws are defined by the *Colorado Common Interest Ownership Act* (§ 38-33.3-101, *et seq.*, C.R.S. 2001), the Declaration of Protective Covenants for the Subdivision (recorded October 8, 1997 in the records of the Clerk and Recorder of Gunnison County, Colorado at Reception No. 478905) and any Amendments thereto (Declaration).

ARTICLE 2. MEMBERSHIP, VOTING, PROXIES.

2.1 Membership. The membership of this Association shall consist exclusively of all Lot owners. There shall be one (1) Membership in the Association for each Lot, which Membership shall be appurtenant to the fee simple title to such Lot. The Owner of a Lot shall automatically be the holder of the Membership appurtenant to that Lot and the Membership for that Lot shall automatically pass with fee simple title to that Lot. If fee simple title to a Lot is held by more

than one party, the Membership appurtenant to that Lot shall be shared by all such parties in the same proportionate interest and by the same type of ownership as fee simple title to the Lot is held. Termination of membership shall not release any former Lot owner from any liability arising under these Bylaws, or from membership in the Association, or by virtue of ownership of a Lot.

2.2 Voting. All Members shall be entitled to vote on all matters, with one vote per Lot. If only one of the multiple owners of a Lot is present at a meeting of the Association, such owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple owners are present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the multiple owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other owners of the Lot. If there is an even number of owners of a particular Lot and said owners split evenly on a question and as a result cannot reach a decision, the Association's President shall cast a tie-breaking vote.

2.3 Proxies. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot owner. If a Lot is owned by more than one person, each owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly executed proxy. A Lot owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven months after its date, unless it provides otherwise.

2.4 Holders of Security Interests as Proxies. Lot owners shall have the right to constitute irrevocably and to appoint the holder of a security interest in their Lot their true and lawful attorney to cast their Lot vote in this Association at any and all meetings of the Association and to vest in such holder or his nominee any and all rights, privileges and powers that they have as a Lot owner under the Articles of Incorporation, Bylaws, and Declaration. Such proxy shall become effective upon filing of a notice by the beneficiary with the Secretary of the Association at such time or times as the holder shall deem its security in jeopardy by reason of the failure, neglect or refusal of the Board of Managers, the Association or the Lot owners to carry out their duties as set forth in the Declaration or Bylaws. A release of the security interest shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Lot owners, as grantors of the security interest, of their duties and obligations as Lot owners or to impose upon the holder of the security interest the duties and obligations of a Lot owner.

ARTICLE 3. ADMINISTRATION.

3.1 Annual Meeting. Meetings of the Association Members shall be held at least once each year, beginning in 2002. At such meetings there shall be elected by ballot members of the Board of Managers in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

3.2 Special Meetings. Special meetings of the Association may be called by the President, by a majority of the Board of Managers, or by Lot owners having twenty percent (20%) of the votes in the Association. No business except as stated in the notice shall be transacted at a special meeting unless by consent of the Members present, either in person or by proxy.

3.3 Notice of Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board of Managers. The delivery or mailing of a notice in the manner provided in this section shall be considered notice served, and the Certificate of the Secretary that notice was duly given shall be prima facie evidence thereof.

3.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy at the beginning of the meeting of Members holding twenty percent (20%) of the votes entitled to be cast for the election of the Board of Managers shall constitute a quorum. An affirmative vote of a majority of the Members present, either in person or by proxy, shall be required to transact the business of the meeting.

3.5 Order of Business. The order of business at all meetings of the Members shall be as follows:

- 3.5.1 Roll call and certifying proxies;
- 3.5.2 Proof of notice of meeting or waiver thereof;
- 3.5.3 Reading of Minutes of previous meeting;
- 3.5.4 Reports of Officers;
- 3.5.5 Reports of Committees;
- 3.5.6 Election of Board of Managers;
- 3.5.7 Old business;
- 3.5.8 New business;
- 3.5.9 Adjournment.

3.6 Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting, to a time not less than forty-eight (48) hours from the time the original meeting was called.

ARTICLE 4. BOARD OF MANAGERS.

4.1 Authority. Except as specifically provided in the Declaration, Article 8, or any other provisions of the Bylaws, the Board of Managers may act in all instances on behalf of the Association.

4.2 Performance of Duties. No member of the Board of Managers and no officer shall be liable for actions taken or omissions made in the performance of such person's duties except for wanton and willful acts or omissions.

4.3 Limits of Authority. The Board of Managers may not act on behalf of the Association to amend the Declaration or to elect members of the Board of Managers or determine the qualifications, powers and duties, or terms of office of Board of Managers members, but the Board of Managers may fill vacancies in its membership for the unexpired portion of any term.

4.4 Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Association and for the maintenance, repair and replacement of the common elements. Such powers and duties shall include, but shall not be limited to, the following, all of which shall be done for and on behalf of the Lot owners:

- 4.4.1 To appoint members of the Architectural Control Committee pursuant to the provisions of the Declaration.
- 4.4.2 To hire or appoint a Manager for the Association ("Association Manager") to assist the Board of Managers with the execution of their responsibilities.
- 4.4.3 To administer and to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and the Articles of Incorporation and Bylaws of the Association, and any amendments thereto.
- 4.4.4 To establish, make and enforce compliance with such rules as may be necessary for the use and occupancy of the common elements and the Lots, with

the right to amend such rules from time to time. Such administrative rules and regulations may be adopted or amended only with the approval of the owners of a majority of the Lots. A copy of the rules shall be delivered or mailed to each Member upon adoption thereof.

4.4.5 To institute defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Lot owners on matters affecting the Subdivision.

4.4.6 To designate and to remove personnel necessary for the maintenance, repair and replacement of the common elements and to incur such costs and expenses as may be necessary to keep the common elements in good condition and repair, and to make repairs, additions, alterations and improvements to the common elements consistent with managing the Subdivision in a manner consistent with the best interests of the Lot owners. Such powers include the right to provide police or security protection for the Subdivision, and to provide for regular trash collection services to the Subdivision. Notwithstanding the foregoing, any cost incurred in the maintenance, repair or replacement of the common elements that will exceed \$2,500 must have the prior written approval of the owners of a majority of the Lots.

4.4.7 To insure and keep insured all of the insurable common elements for the benefit of the owners of the Lots and holders of security interests therein and to obtain and to maintain comprehensive liability insurance.

4.4.8 To provide for the indemnification of the officers and Board of Managers and maintain directors' and officers' liability insurance.

4.4.9 To prepare annually and approve a budget for the Association in order to determine the amount of the common assessments necessary by the Lot owners to meet the common expenses, to allocate and assess such common charges among the Lot owners according to their respective common ownership in and to the common elements as provided in the Declaration, and to adjust the amount of the periodic assessments, and to remit or return any excess of assessments over expenses, working capital, sinking funds, reserves for deferred maintenance and replacement to the owners at the end of each operating year. To levy and to collect regular annual assessments and special assessments whenever 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.

4.4.10 To impose charges and liens for late payment of assessments, recover reasonable attorney fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and rules and regulations of the Association;

4.4.11 To enter into contracts to carry out their duties and powers.

4.4.12 To establish a bank account or accounts for the common treasury and for all separate funds that are required or may be deemed advisable; provided, however, that any check drawn on a bank account containing funds of the Association shall require the signatures of one person, who must be either an officer of the Board of Managers or the Association Manager. For capital expenses related to improvements in the common elements, the Association Manager must secure the prior written approval of a Board Member before paying such expenses.

4.4.13 To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at reasonable times by each of the Members under the conditions specified in this Article 4.4 hereof, and to prepare or have prepared annually audited or unaudited financial statements.

4.4.14 To prepare and deliver annually to each Member a consolidated statement showing receipts, expenses or disbursements since the last such statement.

4.4.15 To meet at least semi-annually.

4.4.16 To enter and inspect any Lot at any reasonable hour or hours during construction or remodeling, to determine if there has been compliance with the terms of the Declaration, Articles of Incorporation, and these Bylaws.

4.4.17 To delegate by resolution any portion of its authority to the Master Association, a committee or an officer or manager of the Association.

4.4.18 In general, to carry on the administration of this Association and to do all things necessary and reasonable in order to carry out the governing of the Subdivision.

4.5 Budget Approval. Within thirty days after adoption of any proposed budget for the Association, the Board of Managers shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Lot owners. Lot owners shall have the right of review of the proposed budget and may question Board Members on any budget element. A majority of Lot owners shall have the right to reject the budget and ask for a revised budget. The Board of Managers must be notified within 30 days of the mailing of said budget of this rejection, otherwise the proposed budget will be assumed ratified. The Board of Managers shall then be obligated to submit a revised budget within 60 days of the mailing of said budget. In the event that the proposed budget is rejected, the periodic budget last ratified by the Lot owners must be continued until such time as the Lot owners accept the new budget proposed by the Board of Managers.

4.6 Election and Term of Office. The Lot owners shall elect a Board of Managers of at least three (3) members, who must be Lot owners. The Board of Managers members shall take office upon election. At the first meeting of the Association Members, the term of office of one Board of Managers member shall be fixed for one (1) year, the term of office of one Board of Managers member shall be fixed for two (2) years and the term of office of one Board of Managers member shall be fixed for three (3) years. At the expiration of the initial term of office of each Board of Managers member, his successor shall be elected to serve a term of three (3) years. Except as is otherwise provided by these Bylaws, the Board of Managers members shall hold office until their successors have been elected and hold their first meeting.

4.7 Removal of Board Members. Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Lot owners, by a vote of sixty-seven percent (67%) of all persons present and entitled to vote at any meeting of the Lot owners at which a quorum is present, may remove any member of the Board of Managers with or without cause.

4.8 Vacancies. Vacancies in the Board of Managers caused by any reason other than the removal of a Board of Managers member by a vote of the Lot owners shall be filled by vote of the majority of the remaining Board of Managers members, even though they may constitute less than a quorum; and each person so elected shall be a Board of Managers member until his or her successor is elected. Vacancies created by a vote of the Lot owners shall be filled by vote of the Lot owners.

4.9 Organizational Meeting. The first meeting of a newly elected Board of Managers following each annual meeting of the Association Members shall be held within fifteen (15) days thereafter at such place as shall be fixed by the Board of Managers members at the meeting at which such Board of Managers members were elected, and no notice shall be necessary to the newly elected Board of Managers members in order legally to constitute such meeting, providing a majority of the whole Board of Managers shall be present.

4.10 Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time, by a majority of the Board of Managers members, but at least two (2) such meetings shall be held during each calendar year. Notice of regular meetings for the Board of Managers shall be given to each Board of Managers member, personally or by mail, telephone or telegraph, at least fifteen (15) days prior to the day named for such meeting.

4.11 Special Meetings. Special meetings of the Board of Managers may be called by the President on three (3) days' notice to each Board of Managers member, given personally or by mail, telephone or facsimile which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of one Board of Managers member.

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

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

4.14 Fidelity Bonds. The Board of Managers may require that all officers and employees of the Association who handle or are responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a Common Expense.

ARTICLE 5. OFFICERS.

5.1 Designation. The Officers of the Association shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Managers, and such assistant officers as the Board of Managers shall, from time to time, elect. Except for the Secretary, such officers shall each be a member of the Board of Managers and a Lot owner.

5.2 Election of Officers. The Officers of the Association shall be elected annually by the Board of Managers at the organizational meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers.

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

5.4 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association Members and of the Board of Managers. The President shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint committees from among the owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board of Managers or by the Members of the Association at any regular or special meetings. The President shall have the power to prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

5.5 Secretary. The Secretary shall keep all the minutes of the meetings of the Board of Managers and the minutes of all meetings of the Association Members; shall have charge of such books and papers as the Board of Managers may direct; and 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 Lot owned by such Member and the undivided interest in the common elements. Such list together with all business records of the Association and the Board of Managers shall be open to inspection by the Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours under the conditions specified in Article 9.1 hereof. In addition, a list of all holders of deeds of trust or mortgages in Lots shall be maintained.

5.6 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 when a Board of Managers member or the Association Manager has been delegated the responsibility of collecting and disbursing funds, the Treasurer's responsibility shall be to review the accounts of the Board of Managers member or Association Manager not less often than semi-annually.

ARTICLE 6. INDEMNIFICATION OF BOARD OF MANAGERS MEMBERS AND OFFICERS.

6.1 Indemnification. The Association shall indemnify every Board of Managers member and Officer, their respective successors, personal representatives and heirs, against all loss, costs and expenses, including attorneys' fees, reasonably incurred by him or her in connection with any action, suit or proceeding to which he or she may be made a party by reason of being or having been a Board of Managers member or Officer, except as to matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable of negligence or misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of negligence or misconduct in the performance of his duty as such Board of Managers member or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Board of Managers member or Officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article 6.1 shall be deemed to obligate the Association to indemnify any Member or owner of a Lot who is or has been a Board of Managers member, or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration.

6.2 Contracts Made for Association. Contracts or other commitments made by the Board of Managers or an Officer shall be made as an agent for the Association, and they shall have no personal responsibility on any such contract or commitment.

ARTICLE 7. AMENDMENTS.

7.1 Amendments Pursuant to Law. The Articles of Incorporation may be amended in the manner provided by law.

7.2 Amendments by Members. These Bylaws may be modified or amended only by vote or agreement of Lot owners of Lots to which at least fifty percent (50%) of the votes in the Association are allocated; provided, however, that no amendment shall conflict with or minimize the intended effect of the provisions of the Articles of Incorporation, or the Declaration, nor omit any of the particulars required by the Colorado Common Interest Ownership Act or other applicable law.

ARTICLE 8. EVIDENCE OF OWNERSHIP, REGISTRATION, GOOD STANDING

8.1 Evidence of Ownership. Any person on becoming an owner of a Lot shall furnish to the Board of Managers a copy of the recorded instrument vesting that person with an interest or ownership in the Lot, which copy shall remain in the files of the Association.

8.2 Registration of Mailing Address. The owner or several owners of an individual Lot shall have one and the same registered mailing address to be used by

the Association for mailing of 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 Member shall be furnished by such Member to the Board of Managers within fifteen (15) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the owners of the Lot or by such persons as are authorized by law to represent the interest of all of the owners thereof.

8.3 **Good Standing.** The requirements contained in Declaration Article 8.4 shall be first met, and all assessments levied by the Association must be paid, before any owner of a Lot shall be deemed in good standing and entitled to vote at any annual or special meeting of Association Members or upon any matter on which Lot owners are entitled to vote.

ARTICLE 9. RIGHT TO INSPECT RECORDS, STATEMENT OF ACCOUNT.

9.1 **Right to Inspect.** All owners, beneficiaries of deeds of trust or mortgagees whose lien encumbers a Lot, and other persons lawfully entitled to inspect the same shall have the right to inspect the Association's business records at reasonable times upon reasonable notice.

9.2 **Statement of Account.** Upon ten (10) days' notice to the Board of Managers and payment of a reasonable fee not to exceed \$20.00, any prospective grantee, owner or Mortgagee of a Lot shall be furnished a statement of the owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

ARTICLE 10. ASSOCIATION NOT FOR PROFIT.

10.1 **No Compensation.** This Association is not organized for profit. No member of the Board of Managers, 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 Board of Managers member, Officer or Member; provided, however, that:

10.1.1 Reasonable compensation be paid to any Member, Board of Managers member or Officer while acting as an agent or employee of the Association; and

10.1.2 Any Member, Board of Managers member 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.

10.2 **Exceptions.** The provisions herein are not applicable to the Board of Managers member or Association Manager who shall perform his or her duties and functions according to written agreement for the compensation stated therein.

ADOPTED this 5 day of July, 2002.

Kurt Giesselman Secretary

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