

BYLAWS OF
PARAGON CONDOMINIUM ASSOCIATION INC.

ARTICLE I

Members - (Owners)

Section 1. Eligibility. The members of Paragon Condominium Association Inc., a Colorado nonprofit corporation, shall consist of the respective Owners of the Condominium Property known as the Paragon Condominiums, Denver, Colorado, (these and other terms are used in these Bylaws as they are defined in the Declaration of Condominium for the Paragon Condominiums which Declaration is recorded in the office of the Clerk and Recorder of the City and County of Denver, Colorado. The words "member" or "members" as used in these Bylaws means and shall refer to "Owner" or "Owners," as the case may be, as defined in the Declaration). If an Owner is a corporation or partnership, the members may be an officer, partner employee or representative of such Owner.

Section 2. Succession. The membership of each Owner shall terminate when he ceases to be an Owner, and upon the sale, transfer or other disposition of his ownership interest in the Condominium Property, his membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest.

Section 3. Regular Meetings. The first regular annual meeting of Owners (the "First Meeting") shall be held, subject to the terms hereof, within 16 months of the date of incorporation of the Association which is December 20th, 1991. Subsequent to the First Meeting, there shall be a regular annual meeting of Owners held each year on a date which is within ninety (90) days of the anniversary of the First Meeting. All such meetings of Owners shall be held at such place in Denver, Colorado, and at such time as specified in the written notice of such meeting which shall be given to all Owners at least ten (10) days prior to the date of such meeting.

Section 4. Special Meetings. Special Meetings of the Owners may be called by the president or by a majority of the Directors of the Board, or by Owners having at least a quarter (1/4) of the votes entitled to be at such meeting. Said special meetings shall be called by delivering written notice to all Owners not less than ten (10) days prior to the date of said meeting stating the date, time and place of said meeting and the matters to be considered.

Section 5. Delivery of Notice of Meetings. Notices of meetings may be delivered either personally or by mail to an Owner at the address given to the Board by said Owner for such purpose, or to the Owner's unit, if no address for such purpose has been given to the Board.

Section 6. Voting. The aggregate number of votes for all Owners shall be twelve (12) and shall be divided among the respective Owners, in accordance with their respective percentages of responsibility interest in the Condominium Property. If any Owner consists of more than one person, the voting rights of such Owner shall not be divided but shall be exercised as if the Owner consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Owner. Except as otherwise provided in these Bylaws or in the Declaration, an affirmative vote of a majority of those votes present at a meeting at which a quorum is in attendance shall be necessary to transact business and to adopt decisions binding on all Owners. The aggregate number of votes for all owners can be less than twelve (12) if an owner had his voting rights suspended by the Association. (see article IV, section 4.1.3 of the Declaration).

Section 7. Quorum. A quorum of Owners for any meeting shall be constituted by at least two Owners represented in person or by proxy and holding at least twenty five percent (25%) of the votes entitled to be cast at such meeting.

ARTICLE II

Board of Directors

Section 1. Number, Election and Term of Office. The Board of Directors of the Association (referred to herein as the "Board"), shall consist of three (3) members (hereinafter referred to as "Directors"). All Directors shall be elected at the regular annual meeting of Association members by the vote of Owners. Those candidates for election as director receiving the greatest percentage of the votes cast either in person or by proxy at the meeting shall be elected. Every Director shall hold office for the term of one year or until his successor has been duly elected and qualified.

Section 2. Qualifications. Each Director shall be an Owner or the spouse of an Owner (or, if an Owner is a trustee of a trust, a director may be a beneficiary of such trust, and if an Owner or such beneficiary is a corporation or partnership, a Director may be an officer, partner, employee or a representative of such Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant.

Section 3. Vacancies. Any vacancy occurring on the Board shall be filled by majority vote of the remaining Board members. Any Director so elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the Director whom he succeeds.

Section 4. Meetings. A regular annual meeting of the Board shall be held within ten (10) days following the regular annual meeting of Owners. Special meetings of the Board shall be held upon a call by the president or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each Director, delivered personally or by mail or telegram. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A Director's attendance at a meeting shall constitute his waiver of notice of said meeting.

with or without
Section 5. Removal. Any Director may be removed from office ~~for~~^{for a} cause by the vote of Owners having two-thirds (2/3) of the total percentage of responsibility.

Section 6. Compensation. Directors shall receive no compensation for their services as Directors, ~~unless expressly provided for in resolutions duly adopted by a majority of the Owners.~~ *other than reimbursement for actual expenses."*

Section 7. Quorum. Two (2) Directors shall constitute a quorum.

Section 8. Voting. An affirmative vote of a majority of those Directors present at a meeting at which a quorum is in attendance shall be necessary to transact business.

Section 9. Powers and Duties. The Board shall have the following powers and duties:

(a) to elect and remove the officers of the Association as hereinafter provided;

(b) to administer the affairs of the Association and the Condominium Property;

(c) to engage the services of an agent (hereinafter called the "Managing Agent"), subject to the provisions of the Declaration, to maintain, repair, replace, administer and operate the Condominium Property or any part thereof for all of the Owners, upon such terms and for such compensation and with such authority as the Board may approve. Notwithstanding any delegation of its powers and duties to a Managing agent, the Board shall not be relieved of its responsibilities under the Declaration or these Bylaws;

(d) to formulate policies for the administration, management and operation of the Condominium Property and the Common Elements thereof;

(e) to adopt rules and regulations, with written notice thereof to all Owners, governing the administration, management, operation and use of the Condominium Property and the Common Elements, and to amend such rules and regulations from time to time;

(f) to provide for the maintenance, repair and replacement of the Common Elements and payments therefor as described in article VI, section 6.1 a-e of the Declaration.

(g) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Condominium Property and the Common Elements and to delegate any such powers to the Managing Agent (and any such employees or other personnel who may be the employees of a Managing Agent);

(h) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;

(i) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;

(j) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Owners their respective shares of such estimated expenses, as herein provided;

(k) to enter into any lease or purchase agreement for the lease or purchase of premises suitable for use as custodian apartments, upon such terms as the Board may approve;

(l) to enter such contracts and agreements in addition to the Management Agreement relating to the providing of maintenance, management and operational services as the Board may deem advisable;

(m) to enter such leases of portions of the Common Elements as the Board may deem advisable; and

(n) to exercise all other powers and duties of the Owners as a group referred to in the Act, and all powers and duties of a Board of Directors referred to in the Declaration or these Bylaws.

Section 10. Non-Delegation. Nothing in this Article or elsewhere in these Bylaws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the Owners.

ARTICLE III

Officers

Section 1. Designation. At each regular annual meeting of the Board, the directors present at said meeting shall elect the following officers of the Association by a majority vote:

a) a President, who shall be a director and who shall preside over the meetings of the Board and of the Owners, and who shall be the chief executive officer of the Association;

b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Owners, and who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of the Managing Agent and who may also be Treasurer;

c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported;

d) such additional officers as the Board shall see fit to elect.

Section 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. Term of Office. Each officer shall hold office for the term of one year and until his successor shall have been appointed or elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the Board at a special meeting of said Board. Any officer so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds. Any officer may be removed for cause at any time by vote of two-thirds (2/3) of the total membership of the Board at a special meeting thereof.

Section 5. Compensation. The officers shall receive no compensation for their services as officers, ~~unless expressly provided for in a resolution duly adopted by a majority of the Owners,~~ *other than reimbursement for actual expenses,*

ARTICLE IV

Contractual Powers

No contract or other transaction between the Association and one or more of its directors or between this corporation and any corporation, or association in which one or more of the directors of this corporation are directors, or are financially interested, is void or voidable because such director or directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such director or directors; or

(b) the contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE V.

Amendments

The Bylaws may be amended by the Directors at a duly constituted meeting of the Board of Directors 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. Any amendment shall require the affirmative approval of the majority of the Directors. Such amendments shall be maintained in the corporate records of the Association. Notwithstanding any such Amendment (s), these Bylaws shall at all times comply with the provisions of Colo. Rev. Stat. Ann. art. 38-33-106 (1973, as amended).

ARTICLE VI

Indemnification

Section 1. General. The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the Bylaws of the Association, and the Board against all contractual and other liabilities to others arising out of contracts made by or other acts of such directors, Board, officers, committee members on behalf of the Owners, or arising out of their status as directors, Board, officers, committee members unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board or committee member may be involved by virtue of such persons being or having been such director, officer, Board or committee member; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, Board or committee member or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such director, officer, Board or committee member.

Section 2. Success on Merits. To the extent that a member of the Board of Directors or an officer of the Association or a member of any committee appointed pursuant to the Bylaws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

Section 3. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this article VIII.

Section 4. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its

obligations under this article; provided, however, that the liability of any Owner arising out of any contract made by or other acts of the Directors, Board, officers, members of such committees or out of the aforesaid indemnity in favor of the directors, Board, officers and members of such committees shall be limited to such proportion of the total liability hereunder as said Owner's percentage of responsibility bears to the total percentage of responsibility of all the Owners. Every agreement made by the directors, Board, officers, member of such committees or by the Managing Agent on behalf of the Owners shall provide that the directors, Board, officers, members of such committees or the Managing Agent, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owners), and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of responsibility bears to the total percentage of responsibility of all Owners. The indemnification provided by this article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of each person or entity.

ARTICLE VII

Definition of Terms

The terms used in these Bylaws, to the extent they are defined in the Declaration, shall have the same definition as set forth in the Declaration of Condominium for The Paragon Condominiums recorded in the Office of the Clerk and Recorder of the City and County of Denver, Colorado, as the same may be amended or supplemented from time to time. The term "member" as used in these Bylaws, means "Owner" as defined in the Declaration.

In the event of any conflict between the terms and provisions of these Bylaws and the Declaration, the provisions of the Declaration shall control. These Bylaws shall not be amended or altered in any manner inconsistent with the Declaration.

Know All Men By These Presents, that the undersigned Secretary of the Paragon Condominium Association Inc. does hereby certify that the above and foregoing Bylaws were duly adopted by the directors of said corporation as the Bylaws of said corporation on the day of 19.., and that they do now constitute the Bylaws of said corporation.

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Secretary