

**BYLAWS
OF
THE PEARL CONDOMINIUM ASSOCIATION, INC.**

**ARTICLE I
General**

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of The Pearl Condominium Association, Inc., ("Association"). The Association has been organized as a Colorado corporation under the Colorado Nonprofit Corporation Act ("Corporation Act") to be and constitutes the Association described in that certain Declaration of Covenants, Conditions and Restrictions of The Pearl ("Declaration"). The Declaration has been executed by The Pearl LLC ("Declarant"). The Declaration relates to real property in the City and County of Denver, Colorado. All capitalized terms used herein shall have the same meanings as used in the Declaration, unless otherwise defined herein.

**ARTICLE II
Offices**

2.1 Principal Office. The principal office of the corporation in the State of Colorado shall be located in the City and County of Denver at 93 S. Devlin Street, Golden, Colorado 80401. The corporation may have such other offices either within or without the State of Colorado as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

2.2 Registered Office and Agent. The corporation shall have and continuously maintain in the State of Colorado a registered office and a registered agent whose office is identical with such registered office as required by the Corporation Act. The registered office may be but need not be identical with the principal office in the State of Colorado, and the address of the registered office may be changed from time to time by the Board of Directors.

**ARTICLE III
Members**

3.1 Members. Each Owner of a Unit shall be a member of the Association ("Members"), as more fully set out in the Declaration, the terms of which pertaining to membership are incorporated herein by reference.

3.2 Voting Rights of Members. Each Member shall have the right to cast one vote for each Unit owned by such Member in accordance with these Bylaws.

3.3 Voting by Joint Owners. The vote for a Unit, the ownership of which is held by more than one Person, may be exercised by any one of them, unless an objection or protest by any vote for such Unit shall be exercised, as the persons holding a majority of such interest determine between themselves. Should the joint owners of a Unit be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost. In no event shall more than one vote be cast with respect to any Unit.

3.4 Voting by Proxy. A vote allocated to a Unit may be cast pursuant to a proxy duly executed by an Owner. In addition, an Owner may grant a proxy to a tenant of a Unit by the terms of the lease or by separate instrument. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the Other Owners of the Unit through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the Person presiding over the meeting of the Association. The proxy is void if it is not dated or purports to be revocable without notice. The proxy terminates eleven months after its date unless it provides otherwise.

ARTICLE IV Meetings of Members

4.1 Annual Meetings. There shall be a regular annual meeting of the Members of the Association held in December of each year beginning in December 2002 on such day and at such time of day as is fixed by the Board of Directors and specified in the Notice of Meeting. The annual meetings shall be held to transact such business as may properly come before the meeting.

4.2 Special Meetings. Special meetings of the Members may be called by the President of the Association, a majority of the Board of Directors of the Association or by Members holding not less than 20% of the total votes of all Members. No business shall be transacted at a special meeting of the Members except as indicated in the Notice of Meeting.

4.3 Record Date. For the purpose of determining Members entitled to notice of and to vote at any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of Members. The Board of Directors shall close the Membership of the Association for a period of not less than ten (10) days nor more than fifty (50) days preceding the date of any regular or special meeting of the Members.

4.4 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors.

4.5 Notice of Members Meetings. Written notice stating the place, date and hour of any meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the

meeting, either personally, by mail, or as otherwise permitted by law, by or at the direction of the President or the Secretary of the Association to each Member entitled to vote at such meeting.

The notice of an annual meeting shall identify the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, any proposal to remove an officer or member of the Board of Directors, and any matter which may come before the meeting. The notice of special meeting shall state the purpose or purposes for which the meeting is called.

If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail with postage prepaid addressed to the Member at his or her address as it appears on the records of the Association or to any other mailing address designated in writing by the Member. Such notice may be posted in a conspicuous place in the Association office and such notice shall be deemed delivered to any Member upon such posting if such Member has not furnished an address for mailing of notice to the Association.

4.6 Quorum. The presence at any meeting in person or by proxy of Members entitled to cast at least 40% of the total votes of all Members shall constitute a quorum at any meeting of the Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of Members so as to leave less than a quorum. If any meeting cannot be held because a quorum is not present, the Members present either in person or by proxy, may adjourn the meeting to a time not less than 48 hours nor more than 30 days from the time set for the original meeting at which adjourned meeting the quorum requirement shall be the Members entitled to cast at least 25% of the total votes of all Members.

4.7 Order of Business. The order of business at any meeting of Members shall be as follows: (a) roll call to determine whether or not a quorum is represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of the preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of directors; (g) conduct of other business for which the meeting was called.

4.8 Presiding Officer. The President of the Association or if absent, the Vice-President, shall call meetings of Members to order and act as the chairman. In the absence of both of these officers, the Members present shall select a chairman and secretary of the meeting.

4.9 Vote Required at Members Meetings. At any meeting if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on an issue shall be necessary for its adoption, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

4.10 Waiver of Notice. A waiver of notice of any meeting of Members signed by a Member whether given before or after the meeting shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting either in person or by proxy shall constitute

waiver of notice of such meeting except when the Member attends for the sole and express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.11 Action of Members Without A Meeting. Any action required to be taken or which may 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.

4.12 Voting By Mail. The election of directors may be conducted by mail in such manner as the Board of Directors shall determine and shall require at least a majority of the total votes which Members are entitled to cast in such election.

ARTICLE V

Board of Directors

5.1 General Powers and Duties of the Board. The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation, maintenance, and repair of the Property in accordance with the Declaration. Without limiting the generality of the foregoing, the Board of Directors shall have the power to exercise or cause to be exercised for the Association all of the powers, rights and authority of the Association not expressly reserved to the Members in the Declaration, the Articles of Incorporation, these Bylaws, the Colorado Nonprofit Corporation Act, or the Act.

5.2 Special Powers and Duties of the Board. Without limiting the foregoing statement of general powers and duties, the Board of Directors shall be vested with the specific duties, powers and authority as established herein and in the Declaration, the Articles, by the Act and by the Corporation Act.

5.3 Number of Directors. The number of directors shall be not more than five nor less than three as determined by resolution of the Board of Directors from time to time. Provided, however, that no decrease in the number of directors shall be approved which will have the effect of shortening the term of office of any incumbent director.

5.4 Qualification of Directors. A director may be any natural person who is an Owner of a Unit.

5.5 Appointment, Election and Term of Office.

A. During the Development Period, the Declarant may appoint and remove the officers and directors of the Board of Directors of the Association. Notwithstanding anything herein to the contrary, Declarant or persons designated by the Declarant may appoint and remove the officers and members of the Board of Directors during the Development Period. However, this right to appoint and remove officers and members of the Board of Directors shall terminate no later than

the earlier of sixty days after conveyance of seventy-five percent (75%) of the Total Allowed Units to Owners other than the Declarant, or two years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or two years after any right to add new Units was last exercised. In addition, the right to appoint and remove directors is subject to the provisions of CRS 38-33.3-303(6) of the Act.

Directors elected by the Owners under this Subparagraph A shall hold office until the earlier of their resignation, removal or the election under Section B of this Section 5.5. In the event of a resignation or removal of a director elected by the Owners, the Members other than Declarant, shall elect a replacement director. All directors and officers appointed by the Declarant shall be subject to removal and replacement at any time and from time to time by the Declarant in its sole and absolute discretion.

B. Not later than the termination of the Development Period, the Members (including Declarant) shall elect a Board of Directors of five members, at least a majority of whom must be Owners other than the Declarant. The Board of Directors shall elect its officers. The Board of Director members and officers shall then take office upon election.

Within sixty (60) days after the Owners other than the Declarant elect a majority of the members of the Board of Directors, Declarant shall deliver to the Association all property of the Owners and of the Association held or controlled by the Declarant as required by the Act.

The terms of office of each Board member shall be three years; at the time of the first election under Section B of this Section 5.5, at least one Board member shall be elected for a three year term; at least one Board member shall be elected for a two year term; and at least one Board member shall be elected for a one year term. Board members elected thereafter shall serve for terms of three years each.

5.6 Removal of Directors. The Members, by a sixty-seven percent (67%) vote of all Members present and entitled to vote at any meeting of the Members at which a quorum is present, may remove any member of the Board of Directors with or without cause, other than a Board member appointed by the Declarant.

5.7 Other Vacancies. Except as set out in Section 5.5 any vacancy occurring in the Board of Directors other than by removal of a director at a meeting of Members, may be filled by the affirmative vote of a majority of the then remaining directors even though less than a quorum. A director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office.

5.8 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than by this Bylaw immediately after and at the same place as the regular annual meeting of Members. The Board of Directors may provide by resolution the time and place, either within or

without the State of Colorado, for the holding of additional regular meetings of the Board without other notice than such resolution.

5.9 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors.

5.10 Notice of Directors Meetings. Notice of any special meeting of the Board of Directors shall be given at least three days prior to the meeting by written notice delivered personally or sent by mail, facsimile or electronic transmission to each director at his or her address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, first class postage prepaid. If notice is given by facsimile or electronic transmission, such notice shall be deemed to be delivered on the same day as transmittal. Any Director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting unless specifically required by law or by these Bylaws.

5.11 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. However, if less than a majority of directors is present at said meeting, they may adjourn the meeting from time to time without further notice.

5.12 Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless a greater number is required by law, the Declaration or by these Bylaws.

5.13 Action of Directors Without A Meeting. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing shall be signed by all of the directors as provided by the Corporation Act.

ARTICLE VI

Special Powers and Duties

6.1 Special Powers. The Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparing and adopting an annual budget in which there shall be established the contribution of each Unit Owner to the Common Expenses including reserves;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the Annual Assessment. Unless otherwise determined by the Board of Directors, the

Annual Assessment against the proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) providing for the operation, care, upkeep and maintenance of all of the Common Elements and other property as set out in the Declaration;

(d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, other property as set out in the Declaration and the operation of the Association; and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) opening bank accounts on behalf of the Association and designating the signatories required;

(f) collecting the Assessments, depositing the proceeds thereof in a bank depository and using the proceeds to administer the Association;

(g) making and amending Rules;

(h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Elements and other property in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the Rules adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration and as required by the Fannie Mae Project Standards Guidelines, Chapter 7, Insurance Requirements, and paying the premium cost thereof, obtaining fidelity bonds as required by the Act and Fannie Mae;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable to individual Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) making available to any prospective purchaser of a Unit, any Owner, any First Mortgagee, and the holders, insurers and guarantors of a first Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the Bylaws, Rules governing the Lot, and other books, records and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Elements reasonably necessary to the ongoing development or operation of the Property.

ARTICLE VII

Officers

7.1 Officers and Qualification. The officers of the Association shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers as may be deemed necessary by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary. The officers shall be natural persons over the age of twenty-one.

7.2 Election and Term of Officers. During the Development Period, the officers of the Association shall be appointed by Declarant. Thereafter, the officers of the Association shall be elected annually for a one year term by the Board of Directors at the regular annual meeting of the Board of Directors. Each officer shall hold office until his or her successor has been duly elected and qualified.

7.3 Removal of Officers. Any officer, except an officer appointed by Declarant may be removed by the Board of Directors with or without cause whenever in the Board of Directors' judgment the best interests of the Association will be served thereby.

7.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

7.5 President. The President shall be the principal executive officer of the Association and shall supervise all of the business and affairs of the Association. In general, he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall preside at all meetings of the Board of Directors and of the Members of the Association.

7.6 Vice-President. In the absence of the President or in the event of his or her inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting shall have all of the powers of and shall be subject to all of the restrictions upon the President. A Vice-President shall perform such other duties as may be assigned to him or her by the President or by the Board of Directors.

7.7 Treasurer. The Treasurer shall have the charge and custody of and be responsible for all funds and security of the Association; the Treasurer shall keep correct and complete financial records of books of accounts and records of financial transactions and condition of the Association and shall submit such reports as the Board of Directors may from time to time require. In general, the Treasurer shall perform all of the duties incident to the office of Treasurer and such other duties as may be from time to time assigned to him or her by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety as the Board of Directors shall determine. The Association shall pay the premium for such bond.

7.8 Secretary. The Secretary shall keep the minutes of the meetings of the Members and of the Board of Directors; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be the custodian of the corporate records and of the seal of the corporation; keep Membership books and a register of the address of each Member; prepare, execute, certify and record amendments to the Declaration on behalf of the Association; and 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 or her by the President or by the Board of Directors.

ARTICLE VIII

Committees

8.1 Committees of Directors. The Board of Directors may designate and appoint one or more committees which may consist of or include Members or their designated representatives who are not directors. Any such committee shall have and exercise such authority as may be specified in the resolution creating such committee except such authority as can only be exercised by the Board of Directors.

8.2 Design Review Committee. The Board of Directors may appoint a Design Review Committee that shall consider requests by Owners for consent to make alterations or improvements outside of a Unit, shall determine if an Owner is in violation of the requirements of the Declaration, these Bylaws, and the Rules, shall hold hearings and establish fines and penalties, and shall perform other similar tasks as delegated by the Board of Directors. The Design Review Committee shall be a committee of the Association under the authority and control of the Board of Directors.

8.3 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation of authority shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law. The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorum, adjournment, votes required, and action by consent applicable to meetings of the Board of Directors shall be applicable to meetings of committees. In addition, each committee may adopt rules for its own governance not inconsistent with these Bylaws, the Declaration, the Articles of Incorporation, or with Rules adopted by the Board of Directors.

ARTICLE IX

Managing Agent

9.1 **Employment of Managing Agent.** The Board of Directors may employ for the Association a professional management agent or agents (the "Managing Agent") at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the Managing Agent, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (a), (b), (e), (g) and (i) of Section 6.1 of Article VI. The Declarant, or an affiliate of the Declarant, may be employed as Managing Agent, so long as the Association has the right to terminate the management contract without cause and at any time after the majority of Board members are elected by the Owners.

ARTICLE X

Financial Matters

10.1 **Contracts.** The Board of Directors may authorize any officer or officers of the Association to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Association.

10.2 **Checks and Drafts.** All checks, drafts or orders for the payment of money or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or agents of the Association and in such manner as shall from time to time be determined by the Board of Directors.

10.3 **Deposits.** All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

10.4 **Gifts.** The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for any purpose of the Association.

10.5 **Compensation of Officers, Directors and Members.** No director shall have the right to receive any compensation from the Association for serving as a director except for reimbursement of expenses as may be approved by resolution of the Board of Directors. Officers, agents and employees shall receive such reasonable compensation as may be approved by the Board of Directors.

10.6 **Loans to Directors and Officers Prohibited.** No loan shall be made by the Association to any director or officer.

10.7 **Delegation of Collection.** If the Association delegates powers of the Board relating to collection, deposit, transfer or disbursement of Association funds to a third party or a Managing Agent, then such third party or Managing Agent shall:

(1) maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand-dollars or such higher amount as the Board may require;

(2) maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by such third party or Managing Agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association.

In addition, an annual accounting for Association funds and a financial statement shall be prepared and presented to the Association by the Managing Agent, a public accountant, or a certified public accountant.

ARTICLE XI

Notice and Hearing Procedure

The Board shall not impose a fine, suspend voting, or perform obligations on behalf of an Owner, for violations by an Owner, Guest, or other occupant of a Unit of the Declaration, these Bylaws or the Rules unless and until the procedure set forth in this Article is followed: The Design Review Committee, if any, may serve under this Article in the place of the Board.

(a) Demand. Written demand to cease and desist from an alleged violation shall be served (in the same manner as notice of a meeting of the Members of the Association) upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanctions, (if such violation is a continuing one) or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing (if the violation is not continuing).

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Board in executive session. The notice shall be served in the same manner as notice of a meeting of the Members of the Association. The notice shall contain:

(i) the nature of the alleged violation;

(ii) the time and place of the hearing, which time shall not be less than ten (10) days from the date of the notice;

(iii) an invitation to attend the hearing and produce any statement, evidence and witness on his or her behalf; and

(iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session of the Board of Directors pursuant to this notice affording the Owner, Guest or other occupant a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard 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 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.

ARTICLE XII

Amendments to Bylaws

Prior to the sale of the first Unit, the Declarant may amend these Bylaws. Thereafter, these Bylaws may be amended by a majority of the directors present at any regular meeting or at any special meeting of the Board of Directors if at least five (5) days written notice is given of intention to amend these Bylaws at such meeting; provided, however, no amendment of these Bylaws shall be inconsistent with the Articles, the Declaration or the requirements of the Act.


CERTIFICATE OF SECRETARY

I, the undersigned, do certify that:

1. I am the duly appointed and acting Secretary of The Pearl Condominium Association, Inc.; and

2. The foregoing Bylaws constitute the Bylaws of the Association duly adopted by unanimous consent of the Board of Directors of the Association.

IN WITNESS WHEREOF, if have hereunto subscribed my hand this 29th day of August, 2002.



Lisa L. Denk, Secretary