

INITIAL BYLAWS OF
GYM LOFTS ASSOCIATION, INC.

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INITIAL BYLAWS OF
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ARTICLE I
Introductory Provisions

1.1. Applicability. These Bylaws provide for the governance of the Association pursuant to the requirements of Section 47-7C-6 of the Act with respect to the Gym Lofts Condominium (the "Condominium") to be created by the recording of the Declaration in the real estate records of Bernalillo County, New Mexico, as said Declaration may be amended.

1.2. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act.

1.3. Compliance. Pursuant to the provisions of the Act, every Unit Owner and all persons entitled to occupy a Unit shall comply with these Bylaws.

1.4. Office. The office of the Association and the Executive Board shall be located at the Property, 100 Arno NE, Suite A, Albuquerque, New Mexico 87102, or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II
The Association

2.1. Composition. The Association has been organized as a non-profit incorporated association under the laws of the State of New Mexico. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to the Act and the Declaration. The foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in these Bylaws.

2.2. Annual Meetings. The annual meetings of the Association shall be held on such date as the Executive Board may determine from time to time, unless such date shall occur on a weekend or holiday, in which event the meeting shall be held on the succeeding Monday. Except as otherwise provided in Article III of these Bylaws, the Association's election of the Executive Board shall occur at such an annual meeting, as well as such other business as may properly come before the meeting.

2.3. 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 Unit Owners as may be designated by the Executive Board.

2.4. Special Meetings. The President shall call a special meeting of the Association if the President so desires or if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty percent (20%) of the aggregate Percentage Interests. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within sixty (60) days after receipt by the President of said resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.5. Notice of Meetings.

(a) The Secretary shall give to each Unit Owner a notice of each annual, regularly-scheduled or special meeting of the Association at least ten (10) but not more than fifty (50) days prior to such meeting, stating the time, place and items on the agenda, including the general nature of any proposed amendment to the Declaration, the Association's Articles of Incorporation, or these Bylaws, any budget changes and any proposal to remove a director. The giving of a notice of meeting in the manner provided in this Section and Section 10.1 of these Bylaws shall be considered service of notice.

(b) Attendance at any meeting by a Unit Owner shall constitute a waiver of notice of the meeting, except where a Unit Owner attends a meeting for the expressed purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

2.6. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Unit Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight (48) hours after the time for which the original meeting was called.

2.7. Voting.

(a) Except as otherwise provided below or in the Declaration, each Unit shall be entitled to vote on all matters properly submitted for vote to the membership of the Association. Each Unit Owner shall be entitled to the number of votes as provided for in the Declaration.

(b) Any Unit Owner which is not a natural person will designate a natural person to serve as its representative in the Association, by written notice to the Executive Board. Such Unit Owner will, upon request by the Executive Board, promptly provide a certificate or other evidence of the authority of the person so designated to serve as its representative.

(c) Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by a majority in interest of the multiple owners of such Unit and

filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. If more than one person owning such Unit is present at the meeting, then such vote shall be cast only in accordance with the agreement of a majority in interest of the multiple owners pursuant to Section 47-7C-10 of the Act. There shall be deemed to be a majority agreement if any one of the multiple owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. Subject to the requirements of the Act, wherever the approval or disapproval of the Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Unit at any meeting of the Association.

(d) Except with respect to election of members of the Executive Board and except where a greater number is required by the Act, the Declaration or these Bylaws, the affirmative vote of the owners of a majority of the Percentage Interests in the Condominium that are entitled to vote and that are present in person or by proxy at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. Unless otherwise provided, any specified percentage of the Unit Owners means the Unit Owners owning such Percentage Interests.

(e) Every Unit Owner entitled to vote at any election of members of the Executive Board may cumulate his votes and give any one or more candidates a number of votes equal to the number of votes to which the member is entitled, multiplied by the number of Directors to be elected. Those candidates for election receiving the greatest number of votes cast in such election shall be elected.

(f) If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No votes allocated to a Unit owned by the Association may be cast.

(g) The right to vote may not be severed or separated from any Unit, and any sale, transfer, or conveyance of the beneficial interest of the fee of any Unit to a new Owner shall operate to transfer the appurtenant voting rights without the requirement of any express reference thereto.

2.8. Proxies. A vote may be cast in person or by proxy. 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. Proxies shall be duly executed in writing. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of written notice of revocation from the grantor(s) of the proxy. A proxy is void if it is not dated or purports

to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.

2.9. Quorum.

(a) Except as set forth below, the presence, at the commencement of a meeting, in person or by proxy of Unit Owners owning fifty percent (50%) or more of the Percentage Interests in the Condominium that are entitled to vote shall constitute a quorum at all meetings of the Association.

(b) If a meeting is properly adjourned, the quorum at such second meeting shall be deemed present throughout any meeting of the Association if Unit Owners that are able to cast thirty-three and one third (33-1/3%) percent or more of the aggregate Percentage Interests are present in person or by proxy at the beginning of the meeting.

2.10. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE III Executive Board

3.1. Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of five (5) natural persons.

3.2. Delegation of Powers; Managing Agent. The Executive Board may employ for the Condominium a "Managing Agent" at a compensation established by the Executive Board. The Managing Agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, the duties listed in the Act, the Declaration and these Bylaws, but not including the powers listed below. Provided, however, that where a Managing Agent does not have the power to act under the Act, the Declaration on these Bylaws, such duties shall be performed as advisory to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers:

(a) to adopt the annual budget, any amendment thereto or to assess any Common Expenses;

- (b) to adopt, repeal or amend Rules and Regulations;
- (c) to designate signatories on Association bank accounts;
- (d) to borrow money on behalf of the Association; and
- (e) to acquire and mortgage Units.

Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty (30) days' written notice, and without cause and without penalty or any termination fee on no more than ninety (90) days' written notice. The term of any such contract may not exceed three (3) years.

Any contract with the Managing Agent entered into during the period of Declarant Control as described in subsections D and E of Section 47-7C-3 of the Act shall provide that the Association shall have the right to terminate said contract without cause and without penalty or any termination fee on sixty (60) days' written notice exercisable at any time after the termination of the period of Declarant Control.

3.3. Selection of Members of Executive Board During Period of Declarant Control.

(a) The Declarant, or persons designated by the Declarant, may appoint and remove the members of the Executive Board during the period of Declarant Control, which terminates on the earlier of:

(i) One month after the Declarant has ceased to offer Units for sale in the ordinary course of business;

(ii) Three years after the first Unit is conveyed to a Unit Owner other than Declarant;

(iii) One hundred twenty days after conveyance of seventy-five percent (75%) of the Units to Unit Owners other than Declarant; or

(iv) Upon Declarant terminating the period of Declarant Control.

(b) The Declarant may voluntarily surrender the right to appoint and remove officers of the Association and members of the Executive Board before termination of that period, but in that event the Declarant may require, for the duration of the period of Declarant Control, that specified actions of the Association or Executive Board, as provided in a recorded instrument executed by the Declarant, be approved by the Declarant before the actions become effective.

(c) Not later than thirty days after conveyance of fifty percent of the Units to Unit Owners other than the Declarant, at least one member and not less than twenty-five percent of the members of the Executive Board will be appointed by the Declarant from among the Unit Owners. No member so appointed will be an affiliate of the Declarant if such persons are available.

3.4. Election and Term of Office.

(a) On or before the termination of the period of Declarant Control, a meeting of the Association shall be held at which all of the members of the Executive Board appointed by the Declarant will resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, will thereupon elect three members of the Executive Board, a majority of whom will be Unit Owners or officers, directors, partners, agents or employees of Unit Owners that are not natural persons.

(b) The terms of office of any Executive Board member to be elected shall be fixed at two (2) years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

(c) Persons qualified to be members of the Executive Board may be nominated for election only as follows:

(1) Each Unit Owner may submit to the Secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by at least one Unit Owner and a statement that the person nominated is willing to serve on the Executive Board. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting.

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by petition.

3.5. Removal or Resignation of Members of the Executive Board.

(a) At any regular or special meeting of the Association duly called and at which a quorum is present any one or more of the members of the Executive Board, except a member appointed by the Declarant, may be removed with or without cause by a two-thirds vote of all Unit Owners present, in person or by proxy, and entitled to vote.

(b) A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit, if, as a result of such transfer, such member of the Executive Board has no ownership interest in any Unit.

3.6. Vacancies. All vacancies of seats of elected members of the Executive Board shall be filled by a vote of a majority of the remaining members of the Executive Board. Such vote shall be conducted at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Any person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced. In the case of multiple vacancies, the person receiving the greatest number of votes shall be elected for the longest term.

3.7. Organizational Meeting. The first meeting of the Executive Board following each annual meeting of the Association shall be held within ten (10) days after such meeting of the Association at such time and place fixed by the President (even if he is the outgoing President) at such meeting of the Association. No notice shall be necessary to the newly elected members of the Executive Board in order to legally constitute such meeting, providing a majority of the whole Executive Board shall be present at such meeting.

3.8. Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of its members, but such meetings shall be held at least once every four (4) months. Notice of regular meetings of the Executive Board shall be given to each of its members, by mail or telegraph, at least ten (10) business days prior to the day named for such meeting.

3.9. Special Meetings. Special meetings of the Executive Board may be called by the President on at least three (3) business days' notice to each of its members, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) members of the Executive Board.

3.10. Waiver of Notice. Any member of the Executive Board may at any time, in writing, waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meetings.

3.11. Quorum and Decision of the Executive Board. At all meetings of the Executive Board a majority of the members of the Executive Board shall constitute a quorum for the transaction of business, and the votes of the majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

At any reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment pursuant to which all persons participating in the meeting can hear each other.

3.12. Compensation. No member of the Executive Board shall receive any compensation from the Association for acting as such, but may be reimbursed for any reasonable expenses incurred in the performance of his duties.

3.13. Conduct of Meetings. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board Meetings, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. Such minute book shall be kept at the office of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board when not in conflict with the Declaration, these Bylaws or the Act.

3.14. Action Without Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

3.15. Validity of Contracts with Interested Executive Board Member. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm, or association in which one or more of the Executive Board members of the Association are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved 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 that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board 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 Executive Board member or members; or

(b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

3.16. Inclusion of Interested Executive Board Members in the Quorum. Any Executive Board member holding such director or officer position or having such

financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in the immediately preceding Section.

3.17. Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers and employees:

(a) Shall not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of the Building, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place, unless in each such instance such injury or damage has been caused by the willful misconduct or recklessness of the Association or the Executive Board;

(b) Shall not be liable to the Unit Owners as a result of the performance of the Executive Board members' duties for any mistake of judgment, negligence or otherwise, except for the Executive Board members' own willful misconduct or recklessness;

(c) Shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;

(d) Shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or recklessness in the performance of their duties; and

(e) Shall have no personal liability arising out of the use, misuse or condition of a Building, or which might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board members' own willful misconduct or recklessness.

3.18. Indemnification. Each member of the Executive Board in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member of the Executive Board and/or officer, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of

willful misconduct or recklessness in the performance of his duties. Advance indemnification of an Executive Board member or officer may be allowed by the Executive Board for reasonable expenses to be incurred in connection with the defense of the action, suit or proceeding, provided that the member or officer must reimburse the Association if it is subsequently determined that the member or officer was not entitled to indemnification. In the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association. The indemnification by the Unit Owners set forth in this Section shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise.

ARTICLE IV Officers

4.1. Officers. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. The Association may also have, in the discretion of the Executive Board, one or more additional vice-presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of this Article. One person may hold two (2) or more offices, except those of President and Secretary.

4.2. Election. The officers of the Association except such officers as may be appointed in accordance with the provisions of the Section headed, "Subordinate Officers, etc.," or the Section headed, "Vacancies," of this Article shall be chosen annually by the Executive Board, and each shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

4.3. Subordinate Officers, Etc. The Executive Board, may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Executive Board may, from time to time, determine.

4.4. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the Executive Board members at the time in office, at any regular or special meeting of the Executive Board.

Any officer may resign at any time by giving written notice to the Executive Board or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or other cause shall be filled by a vote of the Executive Board at any regular or special meeting of the Executive Board.

4.6. President. The President shall be the Chief Executive Officer of the Association and shall, subject to the control of the Executive Board, have general supervision, direction and control of the business and the officers of the Association. He shall preside at all meetings of the members and at all meetings of the Executive Board. He shall be ex officio, a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of President of an Association and shall have such other powers and duties as may be prescribed by the Executive Board or these Bylaws.

4.7. Vice-President. In the absence or disability of the President, the Vice-President shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the President. The Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Executive Board or these Bylaws.

4.8. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office of the Association or such other place as the Executive Board may order, of all meetings of the Executive Board and members, with the time and place of holding, whether regular or special, and if special, how authorized and the notice thereof given, the names of those present at the Executive Board meetings, the number of votes present or represented at the Executive Board meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office a register showing the names of the members and their addresses; the number of votes held by each; the number and date of any certificates issued for the same (if the Association causes certificates to be issued to evidence membership in the Association), and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall have charge of such books and papers as the Executive Board may direct, and perform all the duties as may be prescribed by the Executive Board or these Bylaws.

4.9. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; and be responsible for the deposit of all monies in the name of the Executive Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Executive Board; and,

in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the laws of New Mexico.

4.10. Execution of Documents. Unless otherwise determined by the Executive Board, all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of Two Thousand Dollars (\$2,000.00) shall be executed by any two (2) officers of the Association, at least one of them being the President or the Vice President. Unless otherwise determined by the Executive Board, all such instruments for expenditures or obligations of Two Thousand Dollars (\$2,000.00) or less may be executed by any one (1) officer of the Association.

4.11. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any reasonable out-of-pocket expenses incurred in performing his duties.

4.12. Limited Liability and Indemnification. The provisions of Sections 3.17 and 3.18 hereof, regarding limited liability and indemnification of members of the Executive Board, shall also apply in the same manner to officers of the Association.

ARTICLE V Common Expenses; Budgets

5.1. Determination Of Common Expenses And Assessments Against Unit Owners.

5.1.1 Fiscal Year. The fiscal year of the Unit Owners Association shall be January 1 through December 31 unless otherwise determined by the Board of Directors.

5.1.2 Preparation of Budget.

(a) At least ninety (90) days before the beginning of each fiscal year, the Executive Board shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Condominium Documents or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. The budget shall reflect any known General Assessments that are disproportionate to Percentage Interests, as addressed in Article VIII of the Declaration. Such budget shall also include such reasonable amounts as the Executive Board considers necessary to provide for

reserves to meet unforeseen expenditures or to purchase any additional equipment or services.

(b) As provided in the Act, within thirty days after adoption of any proposed budget for the Condominium, the Executive Board shall provide to all the Unit Owners a summary of the budget in a reasonably itemized form and shall set a date for a meeting of the Association to consider ratification of the budget not less than fourteen nor more than thirty days after mailing of the summary. Unless at that meeting a majority of all the Unit Owners rejects the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board.

(c) At least thirty (30) days before the beginning of each fiscal year, the Executive Board shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. The ratified budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses for the Condominium.

5.1.3. Assessment and Payment of Common Expenses.

(a) Subject to the provisions of the Act and the Declaration, the total amount of the estimated funds required from General Assessments for the operation of the Property set forth in the ratified budget shall be assessed against each Unit Owner in proportion to his respective Percentage Interest, except for General Assessments that are disproportionate to Percentage Interests, as addressed in Article VIII of the Declaration. Such Assessment against each Unit Owner shall be a lien against each Unit Owner's Unit as provided in the Act, the Declaration and these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Executive Board or the Managing Agent (as determined by the Board), one-twelfth (1/12th) of such Assessment.

(b) Within ninety (90) days after the end of each fiscal year, the Executive Board shall supply to all Unit Owners, and to each Qualified Mortgagee requesting the same, an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Executive Board for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be handled as provided in Article VIII of the Declaration. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Percentage Interests and shall be payable either: (1) in full with payment of the next

monthly Assessment due; or (2) in equal monthly installments over a time period as the Executive Board may determine.

5.1.4. Reserves. The Executive Board shall build up and maintain a reasonable reserve fund for operations, maintenance, repair, contingencies and replacements, which fund shall be maintained out of General Assessments. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's General Assessment, the Executive Board may at any time levy a further General Assessment, which shall be assessed against the Unit Owners according to their respective Percentage Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Executive Board shall serve notice of any such further General Assessment on Unit Owners by a statement in writing giving the amount and reasons therefor, and such further General Assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten days after the delivery of such notice. All Unit Owners so notified shall be obligated to pay the adjusted monthly amount or, if such further General Assessment is not payable in installments, the amount of such General Assessment.

5.1.5. Initial Capital Payment. The Declarant shall establish an initial working capital fund in an amount equal to two months of estimated common charges for each Unit. Each Unit's share of the working capital fund shall be collected either at or prior to the earlier of the time of closing of the sale of the Unit or the termination of the period of Declarant Control of the Association. The working capital fund shall be transferred to the Association for deposit to a segregated fund at or before the termination of the period of Declarant Control, when control of the Association is transferred to the Unit Owners. When an unsold Unit is sold, the Declarant shall be reimbursed for funds Declarant paid or is paying to the Association for the unsold Unit's share of the working capital fund from funds collected at closing. The working capital fund may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Executive Board may determine. Any amounts paid into this fund should not be considered as advance payments of Assessments. The Declarant shall not use the working capital funds to defray any of the Declarant's expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

5.1.6. Initial Budget. Pursuant to the initial contract with the Declarant, the Managing Agent shall prepare for approval by the Executive Board an estimated budget for the Association, for the one year period commencing upon the date of the first conveyance to a purchaser of a Unit. Assessments relating to the initial budget shall be levied and become a lien against the Unit Owners during such period as provided in this Article.

5.1.7. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not

constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been delivered.

5.1.8. Accounts. Except as may otherwise be provided herein, in the Act or in the Declaration, all sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund.

5.2. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article. Multiple owners of a single Unit will be jointly and severally liable for the Common Expense Liability with respect to that Unit. No Unit Owner may be exempted from liability for the assessment of Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and Assessments shall be paid in full and discharged. Unpaid Assessments against a Unit are the personal obligation of the Unit Owner who owned the Unit at the time the Assessment became due, and are not the personal obligation of a successor in title to such Unit Owner unless such successor agrees to assume the obligation; provided, however, that the lien created by such unpaid Assessments shall continue to be a lien on the Unit after transfer of title, foreclosable as set forth herein; and provided, further, that each mortgagee under any recorded first mortgage upon a Unit made in good faith and for value who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid Assessments or charges against such Unit which accrue prior to the time such person comes into possession thereof.

5.3. Collection of Assessments. The Executive Board, or the Managing Agent at the request of the Board, shall have the right to take action to collect any Assessments for Common Expenses due from any Unit Owner. Any Assessment, or installment thereof, not paid within ten (10) days after due shall accrue a late charge in the amount of Ten Dollars (\$10.00), or such other amount as may be established from time to time by the Executive Board. Any Assessment, or installment thereof, not paid within ten (10) days after due shall bear interest starting on the eleventh (11) day after due at the rate of twelve percent (12%) per year, or such other rate established by the Executive Board, not to exceed eighteen percent (18%) per year.

5.4. Statement of Common Expenses. The Executive Board shall promptly provide any Unit Owner, and any holder, servicer, insurer or guarantor of a Qualified Mortgage on such Unit, so requesting the same in writing, with a written

statement of all unpaid Assessments due from such Unit Owner. If requested by a Unit Owner, such statement shall be in recordable form and furnished within ten business days after receipt of the request. The Executive Board may impose a reasonable charge to cover the cost of preparation of such statement.

5.5 Lien for Assessments.

(a) The Association has a lien on a Unit for any Assessment levied against the Unit or fines imposed against a Unit Owner from the time the Assessment or fine becomes due. The lien of the Association may be foreclosed in like manner as a mortgage on real estate. Fees, charges, late charges, fines and interest and attorney fees are enforceable as Assessments as provided in this Section. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment of the Assessment becomes due.

(b) Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of the claim of lien for Assessments is required.

(c) As provided in Section 47-7C-16 of the Act, a lien for unpaid Assessments is extinguished unless proceedings to enforce the lien are instituted within three years after the full amount of the Assessments become due.

(d) This Section does not prohibit actions to recover sums for which Subsection (a) of this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

(e) A judgment or decree in any action brought as provided in this Section may include costs and reasonable lawyer's fees for the prevailing party.

ARTICLE VI Compliance and Default

6.1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws, the Rules and Regulations and the Act, as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any

increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged breach by a Unit Owner of the terms of the Act or the Condominium Documents, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorney's fees.

(c) No Waiver of Rights. The failure of the Association, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

(d) Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE VII Insurance

7.1. Power of Attorney. The Association is hereby irrevocably appointed as attorney-in-fact for each Unit Owner and for each holder of a mortgage or other lien upon a Unit and for each owner of any other interest in the Property for the purpose of purchasing and maintaining insurance as set forth in this Article including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

7.2. Insurance Trustee. The Executive Board shall have the option, in its sole discretion, of naming as an insured, on behalf of the Association, an Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement. The duty of the Insurance Trustee shall be to receive, hold or otherwise properly dispose of, in accordance with Section 47-7C-13 of the Act, proceeds of insurance

designated in the Insurance Trust Agreement in trust for Unit Owners and their mortgagees as their interests may appear.

7.3. Types and Amounts. Commencing not later than the time of the conveyance of the first Unit to a person other than the Declarant, the Association shall, to the extent reasonably available, obtain and maintain the types and amount of insurance set forth in Sections 7.3.1 through 7.3.3, and may obtain insurance as set forth in Sections 7.3.4 through 7.3.6. Except as otherwise provided, the premiums for all such insurance policies shall be a Common Expense.

7.3.1. Hazard Insurance.

(a) A "master" or "blanket" type policy of hazard insurance, with an endorsement for extended coverage, or such other fire and casualty insurance as the Executive Board may determine provides equal or greater protection for the Unit Owners and their mortgagees. The insurance must provide the coverage set forth in Subsection b hereof and must comply with the applicable requirements of Section 7.4 hereof. Such hazard insurance shall provide coverage of the Common Elements (including the Limited Common Elements), except land, foundations, excavations and other items normally excluded from coverage, and shall provide coverage of fixtures that are part of the Common Elements and building service equipment and common personal property and supplies belonging to the Association. In addition, any fixtures, equipment or other property within the Units which are to be financed by a mortgage to be purchased by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC")(regardless of whether or not such property is a part of the Common Elements) shall be covered by such policy. Such hazard insurance shall insure against all risks of direct physical loss commonly insured against. If such hazard insurance no longer becomes available in the future, the Association shall obtain such comparable insurance as is then available. The amount of any such hazard insurance obtained pursuant to this Section shall be equal to the full insurable replacement value of the insured property, without deduction for depreciation (i.e., one hundred percent (100%) of current "replacement cost" exclusive of land, foundations, excavation and other items normally excluded from coverage, but including all Building service equipment), with an "agreed amount endorsement" or its equivalent if the policy includes a coinsurance clause and if available, and an "inflation guard endorsement" if available.

(b) Such hazard insurance shall afford protection against at least the following:

(1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;

(2) all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

(c) Such hazard insurance policy may, at the option of the Association, contain a "deductible" provision in an amount to be determined by the Executive Board but not to exceed the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. However, for losses related to individual Units that are covered by the blanket policy for the project, the deductible related to the individual Unit should not exceed the higher of One Thousand Dollars (\$1,000.00) or one percent (1%) of the replacement costs of the Unit. Funds to cover these deductible amounts should be included in the reserve account that is maintained by the Association.

7.3.2. Comprehensive Liability Insurance.

(a) Comprehensive liability insurance complying with the requirements of Section 7.4 hereof, insuring the Unit Owners, in their capacity as Unit Owners and Association members, and any Managing Agent retained by the Association, against any liability to the public or to other Unit Owners, their tenants or invitees, relating in any way to the ownership, operation, maintenance and/or use of the Common Elements and any part thereof, the public ways of the project, any other areas under the Association's supervision, and commercial spaces owned by the Association, if any, whether or not leased to some third party.

(b) Such insurance policy shall contain a "severability of interest endorsement" or equivalent coverage which precludes the insurer from denying the claim of a Unit Owner because of the negligent acts of the Association or another Unit Owner.

(c) Coverage shall be in an amount deemed satisfactory to the Executive Board, but shall be for at least One Million Dollars (\$1,000,000.00) for bodily injury, including deaths of persons, and property damage for any single occurrence.

(d) Coverage under this policy shall include legal liability arising out of lawsuits related to employment contracts of the Association.

7.3.3. Other Insurance Required By Law. The Association shall maintain any insurance coverage required by law, such as workmen's compensation insurance if applicable. If any part of the Condominium's improvements are located within a Special Flood Hazard Area on a Flood Insurance Rate Map or within an area which has been officially identified by the Secretary of Housing and Urban Development as having special flood hazards, and if flood insurance has been made available under the National Flood Insurance Program, the Association shall maintain a "master" or "blanket" policy of flood insurance on the Buildings and any other portions of the common elements that must be covered pursuant to the applicable requirements of FNMA or FHLMC, in an amount deemed appropriate by the Association, but not less

than the amount set forth in said requirements, and with a deductible no greater than the amount set forth in said requirements.

7.3.4. Fidelity Bonds or Fidelity Insurance. Fidelity bonds or fidelity insurance, as provided below, is required for the Condominium if it has more than twenty (20) Units (and may be obtained for the Condominium if it has twenty (20) Units or less at the election of the Executive Board):

(a) Such Fidelity bond or insurance coverage shall be against dishonest acts on the part of such persons (including by way of illustration and not limitation, Association members, officers, directors, trustees, managers, agents, employees and volunteers) handling or responsible for funds belonging to or administered by the Association. In the event the Association has delegated some or all of the responsibility for the handling of funds to a Managing Agent, the Managing Agent shall be required to maintain its own fidelity bonds or fidelity insurance, which must provide the same coverage required of the Association, and which shall include officers, employees and agents of such Managing Agent handling or responsible for funds belonging to the Association.

(b) Such fidelity bond or insurance shall name the Association as the named insured and be written in an amount sufficient to cover the maximum funds that will be in the custody of the Association or its Managing Agent at any time while the bond is in force which in no event shall be less than a sum equal to three months' aggregate assessments on all Units plus reserve funds.

(c) In connection with such coverage, an appropriate endorsement to such policy of bond in order to cover any persons who serve without compensation may be added if the policy would not otherwise cover volunteers.

(d) Such fidelity bond or insurance may also:

(1) name the Association as an obligee;

(2) contain waivers by the issuers of the bonds of all defenses based upon the exclusion of any person hereunder.

7.3.5. Indemnification Insurance. Insurance to satisfy the indemnification obligation of the Association and all Unit Owners set out in these Bylaws, if and to the extent available, at the election of the Executive Board.

7.3.6. Other Insurance. The Association may carry any other insurance it deems appropriate to protect the Association, the Executive Board, the Managing Agent or the Unit Owners.

7.4. Required Provisions; Insurance Company.

7.4.1. Required Provisions. Insurance obtained by the Association shall be in accordance with the following provisions:

(a) Exclusive authority to adjust losses under policies hereafter in force on the Property shall be vested in the Executive Board or its authorized representative.

(b) With respect to the insurance policies issued to the Association and covering all or any part of the Property, such policies shall provide that:

(1) any right of subrogation as to any and all claims against the Association, any Managing Agent, the Unit Owners and their respective tenants, employees, agents, customers and guests, shall be waived;

(2) such policies cannot be canceled, invalidated or suspended by means of the conduct of any one or more Unit Owners, all defenses based upon coinsurance or acts of the insured and all rights to subrogation against any Unit Owner or member of his household being waived by the insurer, and in no event may cancellation, material modification, invalidation, suspension or refusal to renew for any reason be effected without at least thirty (30) days' prior written notice to the Association, any Insurance Trustee, each Unit Owner, each holder of a first mortgage who is listed as a scheduled holder of a first mortgage in the policy, and each holder of a first mortgage to whom a certificate or memorandum of insurance has been issued, and, in the case of fidelity bonds or fidelity insurance, to the servicer of any FNMA mortgage on a Unit.

(3) such policies cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Association or of any Managing Agent without a prior demand in writing that the Association or any Managing Agent, as the case may be, cure the defect within a reasonable period of time;

(4) any "no other insurance" clause in such policies shall not prohibit Unit Owners from obtaining insurance on their individual Unit provided such insurance policy conforms with the requirements of this Article VII.

(5) the name of the insured under each policy required pursuant to this Article VII shall be stated in form and substance substantially as follows: Gym Lofts Association, Inc., for the use and benefit of the individual owners of the Units contained in Gym Lofts Condominium. The policies may alternatively be issued in the name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual owners, as provided for in Section 7.2 above.

(6) loss payable under each policy required pursuant to this Article VII shall be in favor of the Association or Insurance Trustee (if an Insurance Trustee has been appointed by the Executive Board pursuant to Section 7.2), as a trustee for the Unit Owners and the Unit Owner's mortgagees, as their interests may appear. Policies shall contain the standard mortgage clause or equivalent endorsement.

(7) coverage shall not be prejudiced by: (i) any act or omission of one or more Unit Owners when such act or omission is not within the control of the Association; or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

(8) all policies or property insurance shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such options shall not be exercisable (i) without the prior written approval of the Executive Board, or (ii) when in conflict with the provisions of any Insurance Trust Agreement to which the Association may be a party with any requirement of law.

(9) insurance coverage obtained and maintained by the Association pursuant to the requirements of this Article VII shall be primary, and may not be brought into contribution with insurance purchased by Unit Owners or their mortgagees.

(10) any Insurance Trust Agreement will be recognized.

(11) insurance coverage shall not provide that contributions may be made against any Unit Owners, mortgagees or the Association.

7.4.2. Insurance Company. Each insurance policy obtained by the Association shall be written with a generally acceptable insurance carrier licensed to do business in the State of New Mexico that holds a rating deemed satisfactory by the Executive Board. If a first mortgage on a Unit is held or guaranteed by FNMA or FHLMC, the requirements of such applicable entity regarding the qualifications of insurance carriers shall be followed.

7.5. Unit Owner's Insurance.

7.5.1. Each Unit Owner may obtain additional insurance at his own expense; provided, however, that: (i) such policies shall not be invalidated by the waivers of subrogation contained in the Condominium Documents; and (ii) no Unit Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association may realize under any insurance policy which the Association may have in force on the Property at any particular time.

7.5.2 Any Unit Owner who obtains individual insurance policies covering any portion of the Property, other than (i) personal property belonging to such Owner or (ii) the individual Unit of such Owner, shall be required to file a copy of such individual policy or policies with the Association within thirty (30) days after purchase of the insurance.

7.5.3 The Executive Board shall have the power to require all Unit Owners to carry such types of insurance on their Units as the Executive Board may reasonably require, including, without limitation, insurance on all portions of the Unit.

ARTICLE VIII

Additional Provisions Regarding Operation of the Property

8.1 Association Records.

(a) Inspection by Members and Mortgagees. Current copies of the Declaration, the Association's Articles of Incorporation, these Bylaws, any Rules and Regulations, as well as the Association's books, records, and financial statements, shall be made available for inspection by Unit Owners or by holders, servicers, insurers, or guarantors of a Qualified Mortgage.

(b) Inspection by Prospective Purchasers. The Association also shall make available for inspection by prospective purchasers of a Unit current copies of the Declaration, these Bylaws, any Rules and Regulations, and the most recent annual financial statement of the Association and the current operating budget of the Association.

(c) Rules of Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) the normal business hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(d) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

(e) Audited Financial Statements. If necessary pursuant to the applicable requirements of FNMA or FHLMC, or otherwise at the option of the Executive Board, the Association shall cause to be made an audited financial statement for the preceding fiscal year (if the Condominium has been established for a full fiscal year), which audited statement shall be available within one hundred twenty (120) days of the Association's fiscal year end. In addition, upon written request of FNMA, FHLMC, the Department of Housing and Urban Development or the Veterans Administration, if such agency or corporation has an interest or a prospective interest in the Condominium, the Association shall be required to prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year (if the Condominium has been established for a full fiscal year). If the Association is not required to prepare audited financial statements and if there is no audited statement available for the previous fiscal year of the Association, any holder of a mortgage on a Unit shall have the right to have an audited statement prepared at its own expense.

8.2 Resale of Unit.

(a) As provided in Section 47-7D-9 of the Act, except in the case of a sale where delivery of a disclosure statement is required, or unless exempt as provided in the Act, a Unit Owner will furnish to a purchaser before conveyance a copy of the Declaration (other than the Plats and Plans), the Bylaws, any Rules and Regulations and a resale certificate from the Association containing:

(i) a statement disclosing the existence and terms of any right of first refusal or other restraint on the free alienability of the Unit;

(ii) a statement providing the amount of the monthly Common Expense assessment and any unpaid Common Expense or special assessment currently due and payable from the selling Unit Owner;

(iii) a statement of any other fees payable by Unit Owners;

(iv) a statement of any capital expenditures anticipated by the Association for the current and two next succeeding fiscal years;

(v) a statement of the amounts of any reserves for capital expenditures and of any portions of those reserves designated by the Association for any specified projects;

(vi) the most recent regularly prepared balance sheet and income and expense statement of the Association;

(vii) the current operating budget of the Association;

(viii) a statement of any unsatisfied judgments against the Association;

(ix) a statement describing any insurance coverage provided for the benefit of Unit Owners; and

(x) a statement of the remaining term of any leasehold estate affecting the Condominium and the terms governing any extension or renewal of the leasehold estate.

(b) The Association, within ten business days after receipt of a request by a Unit Owner, will furnish a certificate containing the information necessary to enable the Unit Owner to comply with this Section. A Unit Owner providing a certificate as provided in Subsection (a) of this Section is not liable to the purchaser for any erroneous information provided by the Association and included in the certificate.

(c) A Unit Owner is not liable to a purchaser for the failure or delay of the Association to provide the certificate in a timely manner, but the purchase contract is voidable by the purchaser until the certificate has been provided and for seven days after the certificate is provided or until conveyance, whichever first occurs.

ARTICLE IX Amendment

9.1. Amendment to Bylaws. Except as otherwise provided in any one or more of these Bylaws, the Declaration or the Act, the provisions of these Bylaws may be amended only by vote of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws; provided, however, that if such amendment shall make any change which would have a material effect upon any of the rights, privileges, powers and options of the Declarant, such amendment shall require the joinder of the Declarant; and further provided, that the approval of the applicable percentage of Eligible Mortgagees as set forth in Section 6.6 of the Declaration shall be obtained if required by such Section.

ARTICLE X Miscellaneous

10.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at its principal office or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this section. If a Unit is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

10.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

10.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

10.4. Construction. These condominium instruments are intended to comply with all of the applicable provisions of the Act and shall be so interpreted and applied.

Dated: May 5, 2005.

GYM LOFTS ASSOCIATION, INC.

By: Robert H. D. [Signature]
President

By: Margaret L. [Signature]
Secretary

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5/5/05

Gym Lofts Association, Inc.
Bylaw Amendment
Effective October 15, 2013

Article X Miscellaneous, Section 10.1 Notices is amended as follows (adds e-mail as a vehicle for giving notices):

10.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally, by e-mail, or sent by United States mail, postage prepaid, (i) if to a Unit Owner, at the e-mail address or physical or P.O. Box mailing address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner or to the e-mail address on file with the Association, or (ii) if to the Association, the Executive Board or to the Managing Agent, at its principal office or at such other address as shall be designated by notice to the Unit Owners pursuant to this section. If a Unit is owned by more than one person, each such person who so designates a physical or P.O. Box address or e-mail address in writing to the Secretary shall be entitled to receive all notices hereunder.