

**AMENDED AND RESTATED BY-LAWS
OF
SPRUCE MOUNTAIN RANCH HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

General

Section 1. Association. SPRUCE MOUNTAIN RANCH HOMEOWNERS ASSOCIATION, INC. ("Association") is a nonprofit corporation organized under the Colorado Nonprofit Corporation Act.

Section 2. Purpose. The purposes of the Association are set forth in the Articles, as hereinafter defined. In addition, the purpose for which the Association is formed is to govern the property described, and in the manner stated, in the Declaration of Covenants, Conditions and Restrictions for Selected Lots, Spruce Mountain Estates, Units One and Two (40 Selected Lots), dated April 14, 1999, recorded May 11, 1999, at Reception No. DC99041790, Book 1705, Pages 1999 through and including 2009, with the Clerk and Recorder of Douglas County, Colorado ("Declaration"), together with all amendments and supplements thereto.

Section 3. Definitions.

(a) "Articles" mean the Articles of Incorporation of Spruce Mountain Ranch Homeowners Association, Inc., dated April 14, 1999, filed with the Colorado Secretary of State on that same date, at Reception No. 19991070734, including any amendments to the same.

(b) "By-Laws" mean any instruments, however denominated, which are adopted by the Association for its regulation and management, including any amendments to the same.

(c) "Common Elements" mean the Association's right, title, and interest in and to the Water Plan for Augmentation dated December 31, 1998 in Case No. 90 CW 179 of Division 1 of the Water Court of the State of Colorado as the same relates to the Property.

(d) "Common Expenses" mean expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

(e) "Executive Board" means the body, regardless of name, designated in the Articles to act on behalf of the Association.

(f) "Member" means every individual or entity that is a record Owner of a fee or undivided fee interest in any portion of the Property, including contract sellers, but not including contract purchasers.

(g) "Owner" means and refers to the owner of record, whether one or more persons or entities of fee simple title to any Lot situated within the Property which is subject to these By-Laws, but not withstanding any applicable theory relating to mortgages, deeds of trust,

or other liens or encumbrances upon any such property. Owner shall not include or refer to a mortgagee, beneficiary of a deed of trust, or a lien holder unless and until such party has acquired title pursuant to a foreclosure or any applicable procedure in lieu of foreclosure.

(h) "Person" means a natural person, a corporation, a partnership, an association, a trust, or any other entity, or any combination thereof.

(i) "Rules and Regulations" mean any instruments, however denominated, which are adopted by the Association for the regulation and management of the Planned Community, including any amendment to those instruments.

Unless the context shall otherwise require or unless otherwise defined herein, all terms used in these By-Laws shall have the same definitions as set forth in the Declaration.

Section 4. Registered Agent and Office. The Association shall maintain a registered office and a registered agent in the State of Colorado as required by the Colorado Nonprofit Corporation Act. Such registered office or registered agent may be changed from time to time as provided in the Colorado Nonprofit Corporation Act.

ARTICLE II

Membership, Voting, Quorum, Majority of Owners, Proxies

Section 1. Membership. Every person or entity who is an Owner of a fee or undivided interest in any Lot within the Property described in the Articles or the Declaration shall automatically be a Member of the Association, provided that any such person or entity who holds such an interest merely as security for the performance of an obligation shall not be a Member.

The Association shall have one (1) class of voting membership. Each Lot Owner shall be entitled to one (1) vote for each Lot owned. When more than one Lot Owner holds an interest in the same Lot, all such Lot Owners shall be Members, and the vote for such Lot shall be cast as the Lot Owners thereof agree, but in no event shall more than one (1) vote per question be cast with respect to such Lot. If the Lot Owners of such Lot do not agree as to the manner in which their vote should be cast when called upon to vote, then they shall be treated as having abstained.

Section 2. Voting. Owners shall be entitled to vote on all matters submitted to a vote of the membership of the Association. The allocation of votes and method of exercise shall be as set forth in the Declaration and the Articles. Cumulative voting in the election of members of the Board shall not be permitted. Voting by mail shall be allowed in the manner provided in the Colorado Nonprofit Corporation Act. Votes by mail shall have the same effect as votes by written proxy.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of Members holding one-third (1/3) of the votes entitled to be cast on the matter to be voted upon shall constitute a quorum at a meeting of the Members.

Section 4. Majority of Owners. Unless otherwise required by law, the Declaration, the Articles, or these By-Laws, the affirmative vote of a simple majority of those present at a meeting where a quorum is in attendance, whether in person or by proxy, shall be necessary to transact business, take actions, and adopt decisions binding on all Owners.

Section 5. Proxies. Votes may be cast in person or by written proxies. Proxies must be filed with the Secretary before or at the appointed time of each meeting. All proxies must be in writing and may be either general or for a particular meeting. A proxy holder need not be an Owner.

ARTICLE III

Meetings

Section 1. Place of Meeting. Annual and special meetings of the Members shall be held at such suitable place or places within the State of Colorado which are convenient for the Owners, as determined by the Board.

Section 2. Annual Meetings. The annual meetings of the Association shall be held each year on such date as shall be selected by the Board, provided that such meeting shall occur no later than five (5) months after the end of the Association's fiscal year. At such meetings, the Members shall transact such business of the Association as shall properly come before the meeting, including election of members of the Board.

Section 3. Special Meetings. The President or the Board may call a special meeting of the Members at any time, and it shall be the duty of the President to call a special meeting within thirty (30) days after the receipt of written request(s) therefore signed by Owners representing at least thirty-three percent (33%) of the total votes of the Members. No business shall be transacted at a special meeting, except as stated in the notice, without the consent of the Owners representing at least sixty-six percent (66%) of the total votes of the Association.

Section 4. Notice of Meetings; Waiver of Notice. Written or printed notice of each annual or special meeting of the Members shall be given to each Owner of record, which notice shall state the day, place, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called. A written waiver of notice signed before, at, or after any meeting of the Members shall be the equivalent to giving notice. The certificate of the Secretary that notice was properly given as provided in these By-Laws shall be prima facie evidence thereof. Notices shall be given at least fifteen (15) days, but not more than fifty (50) days in advance of any meeting. Notices shall be deemed given and received upon deposit thereof in regular United States mail, postage prepaid, addressed to the Members at their addresses appearing in the membership records of the Association.

Section 5. Adjourned Meetings. If any meeting of Members cannot be convened because a quorum has not attended, or if the business of the meeting cannot be concluded, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time without further notice, until a quorum is present or the business of the meeting is concluded for a

period not to exceed ten (10) days for any one adjournment. At such adjourned meeting at which a quorum is present or represented any business may be transacted which could have been transacted at the meeting as to which notice was originally given.

Section 6. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and approval of minutes.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors (annual meetings only).
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

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Section 7. Action without Meeting. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members of the Association entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Members and may be stated as such in any articles or documents filed with the Secretary of State of Colorado under the Colorado Nonprofit Corporation Act.

ARTICLE IV

Board of Directors

Section 1. Association Responsibilities. The Owners will constitute the Association, which will have the responsibility of administering the Property through a Board of Directors.

Section 2. Number and Qualification. The affairs of the Association shall be managed and governed by a Board composed of an odd number of not less than three (3) nor more than five (5) directors. The number of directors may be increased or decreased by amendment to these By-Laws; provided, however, that the number of directors shall not be reduced to less than three (3) nor increased to more than five (5) and shall always be an odd number from three (3) to five (5). Until so increased or decreased, the Association shall have three (3) directors. No decrease in the number of directors shall have the effect of shortening the term of any incumbent director.

Section 3. Powers and Duties. The Board shall have the powers and duties necessary or convenient for the administration and management of the affairs of the Association. The Board may do and perform all such acts and things as are not by law, the Declaration, the Articles, or these By-Laws either prohibited or directed to be exercised and done by the Members.

Section 4. Other Powers and Duties. The Board, on behalf of the Association, shall have the rights, powers, and duties described below, which are in addition to and not in limitation of any other power and duties of the directors:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration and in the Articles;

(b) To establish, make, and enforce compliance with such reasonable Rules and Regulations as may be necessary for the operation, use, and occupancy of the Property, with the right to amend the same from time to time. Such Rules and Regulations shall be adopted, amended, or repealed consistent with procedures for the same set forth in the Declaration or Articles, if any. A copy of the Rules and Regulations and any amendments thereto shall be delivered or mailed to each Member promptly upon the adoption thereof;

(c) To keep under surveillance and in good order, condition, and, except as otherwise provided in the Declaration, repair all items of personal or real property owned by the Association and used in the enjoyment of the Property;

(d) To obtain and maintain, to the extent possible, all policies of insurance required by the Declaration;

(e) To periodically fix, determine, levy, and collect the assessments to be paid by each of the Owners toward the gross expenses of the Association; to levy and collect Common Expense assessments; to adjust, decrease, or increase the amount of the assessments; to credit any excess of assessments over expenses and cash reserves to the appropriate Owners against the next succeeding assessment period or to refund such excess assessments to the Owners consistent with the provisions set forth in the Declaration and in the Articles; and to levy and collect special assessments. All assessments shall be made and Owners notified in the manner as provided in the Declaration. All assessments shall be in statement form and shall set forth in reasonable detail the various expenses for which the assessments are being made;

(f) To levy penalty assessments by imposing penalties and fines on an Owner for each violation of, or act of noncompliance with, the Declaration, Articles, these By-Laws, or Rules and Regulations by such Owner and his Guests; provided, however, that such penalties and fines shall not exceed One Hundred Dollars (\$100.00) per violation; to collect delinquent assessment, interest and late charges thereon by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and these By-Laws; and to assess and collect attorneys' fees and court costs expended or incurred by the Association in enforcing the provisions of the Declaration, the Articles, these By-Laws and the Rules and Regulations;

(g) To protect and defend the Property from loss and damage by suit or otherwise;

(h) To borrow funds and to give security therefore in order to pay for any expenditure or outlay required pursuant to the authority granted by the Declaration, the Articles, or these By-Laws, and to execute any instruments creating or evidencing such indebtedness or

security therefore as the Board may deem necessary or desirable, subject to restrictions set forth in the Declaration and Articles;

(i) To enter into contracts within the scope of their duties and powers;

(j) To establish bank accounts which are interest bearing or noninterest bearing, as may be deemed advisable by the Board;

(k) To keep and maintain detailed, complete, and accurate books and records showing in chronological order all the receipts, expenses, or disbursements of the Association in appropriate specificity and itemization; to permit inspection thereof during convenient weekday business hours by any of the Owners, their mortgagees, or their respective authorized representatives; and, upon affirmative vote of Members representing at least two-thirds (2/3) of the votes in the Association present in person or by proxy and entitled to be cast, to cause a complete audit to be made of the books and accounts by a competent certified public accountant;

(l) To prepare and deliver to each Owner at least ten (10) days prior to each annual meeting of Members, a statement showing all receipts, expenses, and disbursements since the last such statement;

(m) To suspend the voting rights or to take any other action authorized in Article IX hereof upon delinquency in the payment of any assessment or for failure to comply with any other provisions of the Declaration, Articles, these By-Laws, or the Rules and Regulations; and

(n) In general, to carry on the administration of the Association and to further the purposes of the Association as stated in the Declaration and the Articles, and to do all of those things necessary, convenient, or desirable in order to carry out the governing and operating of the Property.

Section 5. Managing Agent. The Board may employ a Managing Agent for the Association to perform such duties and services as it shall authorize. Such Managing Agent may be either an individual or a professional management company, whichever the Board determines to be able to best serve the interests of the Association. The Board may delegate to the Managing Agent all or any of the powers and duties granted to the Board, but, notwithstanding such delegation, the Board shall not be relieved of any responsibility under the Declaration. A Managing Agent under contract with the Association may be required to post a fidelity bond in such amount as determined by the Board as a condition of such management contract, if such contract requires the handling of funds of the Association.

Section 6. Election and Term of Office. Members of the Board shall be elected by a majority of the Owners voting at the annual meetings of the Members. The term of each director's service shall extend until his successor is duly elected and qualified or until he is removed in the manner hereinafter provided. Directors shall be elected for terms of three (3) years each. In the event the number of directors is increased to five (5), the fourth director shall be elected for an initial term of one (1) year and the fifth director shall be elected for an initial

term of two (2) years. Thereafter, the directors elected for the fourth and fifth director positions shall be elected for two (2) year terms.

Section 7. Vacancies. Vacancies in the Board caused by any reason other than an increase in the number of directors or the removal of directors by a vote of the Members shall be filled by a vote of the remaining directors, even though they may constitute less than a quorum. Each director so elected shall serve for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by a vote of the majority of the Board for a term of office continuing only until the next election of directors by the Members.

Section 8. Removal of Directors. At any duly called annual or special meeting of the Association, any one or more of the directors may be removed, with or without cause, by a majority of Members, and a successor may then and thereby be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 9. Annual Meeting. The annual meeting of the Board shall be held within thirty (30) days after each annual meeting of the Members for the purpose of electing officers and conducting such other business as may come before the meeting. Notice of the time and place of each annual meeting shall be given to each director personally or by mail, telephone, or e-mail at least three (3) days prior to the meeting.

Section 10. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held each year. Notice of regular meetings of the Board may be given to the Members.

Section 11. Special Meetings. Special meetings of the Board may be called by the President on his own initiative upon three (3) days' prior notice given personally, or by mail, telephone, or e-mail to the address of each director appearing on the books of the Association, which notice shall set forth the time, place, and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice upon receipt of a written request to call such a special meeting signed by at least one-third (1/3) of the directors.

Section 12. Waiver of Notice. Any director may, in writing, waive notice of any meeting of the Board, either before, at, or after such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof unless attendance is for the express purpose of objecting to the transaction of business because the meeting was not lawfully called or convened. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. Board of Directors Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of a majority of

the directors present at a meeting at which a quorum is present shall be the acts of the Board. If less than a quorum is present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Compensation. The members of the Board shall serve without salary or compensation, provided that directors shall be reimbursed for all expenses incurred in their capacity as such which have been authorized by the Board. All actions of members of the Board taken in good faith and using reasonable care shall be without recourse by the Association or any Owner.

Section 15. Action without Meeting. Any action required or permitted to be taken at a meeting of the Board 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 of the Board. Such consent shall have the same force and effect as a unanimous vote of the Board and may be stated as such in any articles or documents filed with the Secretary of State of Colorado under the Colorado Nonprofit Corporation Act.

Section 16. Telephonic Meetings. Members of the Board or any committee designated by the Board may participate in any regular or special meeting of the Board or committee by means of a telephone conference or similar communications equipment, by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

ARTICLE V

Executive Board

Section 1. Number and Qualification. The Executive Board shall consist of no less than two (2) Owners. If any Lot is owned by a partnership or corporation, any officer, partner or employee of that Owner shall be eligible to serve as a director and shall be deemed to be an Owner for the purposes of the preceding sentence. Directors shall be elected by the Owners. At any meeting at which directors are to be elected, the Owners may, by resolution, adopt specific procedures which are not inconsistent with these By-Laws or the Corporation Laws of the State of Colorado for conducting the elections.

Section 2. Powers and Duties. The Executive Board may act, in all instances, on behalf of the Association, except as provided in the Declaration, these By-Laws, or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association, which shall include the powers and duties set forth in C.R.S. § 38-33.3-302(1), and shall specifically include:

- (a) Owner Relations. Maintain businesslike relations with Owners or occupants.

(b) Interpretation. The powers herein granted or necessarily implied shall be construed to favor the broadest discretion of the Executive Board, except that the Executive Board shall have the duty to exercise all of such powers as required by law.

(c) Fiscal Responsibility. The Executive Board shall be governed by the following with respect to its' fiscal duties and responsibilities:

(1) Bank Accounts. The depository of the Association shall be such a bank or banks as shall be designated from time to time by the Executive Board and in which the moneys of the Association shall be deposited. Withdrawals of moneys from such accounts shall be only by checks signed by such persons as are authorized by the Executive Board, provided that a management agreement may include among its provisions authority for the manager to sign checks on behalf of the Association for payment of the obligations of the Association.

(2) Interest and Counsel Fees. The Executive Board, at its option, shall have the right, in connection with the collection of this or any other charge, to impose an interest charge of eighteen percent (18%) per annum, if such payment is made after a date certain stated in such notice. In the event that the Executive Board shall effectuate collection of said charges by report to counsel, the Executive Board may add to the aforesaid charge or charges a sum or sums of twenty percent (20%) of the gross amount due as counsel fees, in addition to such costs allowable by law.

(3) Budget. The Executive Board shall prepare a proposed annual budget at least one (1) month prior to the beginning of each calendar year. Within thirty (30) days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) days and not more than sixty (60) days after mailing or other delivery of the summary. Unless a majority of the Owners present or represented by proxy at the meeting vote to reject the budget, the budget is ratified whether or not a majority is present. In the event the budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

(4) Disbursement. The Executive Board shall take and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by law.

(5) Reserves. The Executive Board shall not be obligated to expend all of the revenues collected in any accounting period, but may maintain a reasonable reserve for, among other things, emergencies, contingencies of bad weather or uncollected accounts. Said reserve fund or funds shall, however, be kept in interest bearing securities, either short or long term, or in an insured, interest bearing savings account. The foregoing shall not be construed to mean that the Executive Board shall not be permitted to keep additional cash on hand in a checking or petty cash account for the necessary discharge of its function.

(6) Accounts. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications, as shall be appropriate, all of which expenditures shall be Common Expenses:

(i) Current Expenses. Current expenses, which shall include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements or to operations. The balance of this fund, at the end of each year, shall be applied to reduce the assessments for current expenses for the succeeding year, or may be distributed to the membership as the directors shall determine;

(ii) Deferred Maintenance Reserve. Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually;

(iii) Replacement Reserve. Reserve for replacement, which shall include funds for repair or replacement required because of damage, depreciation, or obsolescence;

(iv) Capital Expenditures. Capital expenditures, which shall include the funds to be used for capital expenditures for additional improvement or additional personal property that will be part of the Common Elements.

Section 3. Standard of Care. In the performance of their duties, the officers and members of the Executive Board are required to exercise ordinary and reasonable care.

Section 4. Term of Office. A term of office shall be three (3) years. Any member shall be permitted to serve a maximum of two (2) full terms of office in succession, upon the completion of which such person shall be disqualified from holding office as a member of the Executive Board for a period of three (3) years.

Section 5. Election of Directors. Election of directors shall be by simple majority vote of the Owners at the annual meeting of the Members.

Section 6. Removal of Directors. The Owners, by a two-thirds (2/3) vote of all persons present and entitled to vote, at any meeting of the Owners at which a quorum is present, may remove any director of the Executive Board.

Section 7. Vacancies. Vacancies in the Executive Board, caused by any reason other than the removal of a director by a vote of the Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the directors present at that meeting may constitute less than a quorum. These appointments shall be made by a majority of the remaining elected directors constituting the Executive Board.

Each person so elected or appointed shall be a Director for the remainder of the term of the director so replaced.

Section 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 the members of the Executive Board, but at least two (2) meetings shall be held each year. Notice of regular meetings of the Executive Board shall be given to each member of the Board by mail or email at least three (3) business days prior to the day of the meeting. Any member of the Executive Board may, at any time, waive notice of any meeting of the Executive Board in writing, and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by members of the Executive Board at any meeting of the Executive Board shall constitute a waiver of notice by him of the time and place thereof.

Section 9. Special Meetings. Special meetings of the Executive Board may be called by the President or by a majority of the directors on at least three (3) business days notice to each director. The notice shall be hand delivered or mailed and shall state the time, place and purpose of the meeting.

Section 10. Location of Meetings. All meetings of the Executive Board shall be held at such time and place as shall be fixed by the Executive Board.

Section 11. Waiver of Notice. Any director may waive notice of any meeting in writing. Attendance by a director at any meeting of the Executive Board shall constitute a waiver of notice. If all the directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 12. Quorum of Directors. At all meetings of the Executive Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned 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.

Section 13. Compensation. No member of the Executive Board shall receive any compensation for acting as a director. However, directors may receive reimbursement for necessary expenses actually incurred in connection with the director's duties. Directors acting as employees may be compensated for those duties.

Section 14. Consent to Corporate Action. If all the directors or all directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The Secretary shall file these consents with the minutes of the meetings of the Executive Board.

Section 15. Telephone Communication in Lieu of Attendance. A director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

Section 16. Non-Waiver. All the rights, duties, and privileges of the Executive Board shall be deemed to be continuing and shall not be exhausted by a single act or series of acts. To the same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Executive Board.

ARTICLE VI

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Section 1. Designation. The ^{Officers} officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected annually. In addition, the Board may elect or appoint an Assistant Secretary, an Assistant Treasurer, and such other officers and agents as the Board may deem appropriate. Any two or more offices may be held by the same person, except the offices of the President and Secretary.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board at the annual meeting of the Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of the president of a nonprofit corporation, including, but not limited to, the power to appoint, from time to time, committees from among the Members as may be deemed appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings. The President must be elected by and from the Board.

Section 5. Vice President. The Vice President shall have all the powers and authority and shall perform all of the functions and duties of the President in the absence of the President or in the event of the President's inability, for any reason, to exercise such powers and functions or to perform such duties. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such duties as are imposed upon him by the President or the Board. The Vice President must be elected by and from the Board.

Section 6. Secretary. The Secretary shall keep the minutes of all the meetings of the Board and of all meetings of the Association. The Secretary shall have charge of such books and papers as the Board may direct and shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall comply and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each Members name the number or other appropriate designation of that portion of the Property owned by such Member. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during the regular business hours. Assistant Secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities, shall keep the financial records and books of account of the Association, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements of money and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board.



ARTICLE VII

Amendments

Section 1. By-Laws. These By-Laws may be amended from time to time by the Members of the Association, but no amendment shall be effective unless approved at a duly authorized meeting called for such purpose by Members representing at least a majority of the votes present in person or by proxy entitled to be cast, and each notice of any meeting therefore shall specify the nature and text of any proposed amendment or amendments.

ARTICLE VIII

Mortgages and Leases

Section 1. Notice to Association. Every Owner who leases, transfers, or mortgages any interest in any portion of the Property shall notify the Association by giving the Property name and address of his mortgagee, purchaser, transferee, or tenant to the Secretary of the Association. The Association shall maintain such information in a book entitled *Mortgages and Leases*.

Section 2. Notice of Default. Upon the written request by a mortgagee, the Association shall report to such mortgagee any assessment which remains unpaid for over sixty (60) days or any other default of an Owner which remains uncured for over sixty (60) days.

ARTICLE IX

Remedies for Violations

Section 1. Enforcement. The Association shall have the power, at its sole option, to enforce the terms of this instrument, the Articles, the Declaration, or any rule or regulation promulgated pursuant thereto, by any or all of the following: self-help; by sending notice to the offending party to cause certain things to be done or undone; by restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; by taking any other action before any court, summary or otherwise, as may be provided by law; by complaint to the duly constituted authorities.

Section 2. Abatement and Enjoinment of Violations by Owners. The violation of any of the Rules and Regulations adopted by the Executive Board or the breach of any provision of the Declaration shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these By-Laws:

(a) To enter upon the Lot in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Lot) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Declaration. The Executive Board shall not be deemed liable for trespass by this action; or

(b) To enjoin, abate or remedy, by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 3. Fine for Violation. By resolution, following notice and hearing, the Executive Board may levy a fine of up to \$25.00 per day for each day that a violation of the Declaration or Rules and Regulations persists after notice and hearing.

Section 4. Assessments. Remedies for late payment or default of payment of Assessments shall be as set forth herein, consistent with the Declaration and the Articles, to include late payment penalties adopted by the Association, costs and expenses, including but not limited to court costs and attorney fees in the connection with the collection of Assessments.

ARTICLE X

Books and Records

Section 1. Records and Audits. The Association shall maintain financial records. The financial records shall be maintained in accordance with Article V above. The cost of the audit shall be a Common Expense, unless otherwise provided in the Declaration.

Section 2. Examination. All records maintained by the Association or the Manager shall be available for examination and copying by any Owner, any holder of a Security Interest in a

Lot or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 3. Records. The Association shall keep the following records:

(a) An account for each Lot, which shall designate the name and address of each Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Lot, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account, and the balance due;

(b) An account for each Owner showing any other fees payable by the Owner;

(c) A record of any capital expenditures in excess of \$3,000.00 approved by the Executive Board for the current and next two (2) succeeding fiscal years;

(d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;

(e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(f) The current operating budget;

(g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(h) A record of any insurance coverage provided for the benefit of the Owners and the Association;

(i) A record of any alterations or improvements to Lots, which violate any provisions of the Declarations of which the Executive Board has knowledge;

(j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Executive Board has knowledge;

(k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements, if any;

(l) Balance sheets and other records required by local corporate law;

(m) Tax returns for state and federal income taxation;

(n) Minutes of proceedings of incorporators, Owners, Directors, committees of Directors and waivers of notice; and

(o) A copy of the most current versions of the Declaration, By-Laws, Rules and Regulations, and resolutions of the Executive Board, along with their exhibits and schedules.

ARTICLE XI

Miscellaneous

Section 1. Proof of Ownership. Every person becoming an Owner shall immediately furnish to the Board a photocopy or a certified copy of the recorded instrument vesting in that person such ownership, which instrument shall remain in the files of the Association, and the Association shall be entitled to rely upon such instrument to determine ownership and voting rights within the Property. A Member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met

Section 2. Character of Association. The Association is not organized for profit. No Member, member of the Board, officer, or person from whom the Association may receive any property or funds shall receive any pecuniary profit from the operation thereof, and, in no event, shall any part of the funds or assets of the Association be paid as salary or compensation, be distributed to, or inure to the benefit of any of the directors, officers, committee members, or Members, except upon a dissolution of the Association; always provided, however, (i) that reasonable compensation may be paid to any Member, director, committee member, or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (ii) that any Member, director, committee member, or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

Section 3. Conveyances and Encumbrances. Association property may be purchased, conveyed, or encumbered for security of moneys borrowed by authority of the Association or the Board. Conveyances or encumbrances shall be by any instruments executed by the President or Vice President, and by the Secretary, the Treasurer, an Assistant Secretary or an Assistant Treasurer, or executed by such other person or persons to whom such authority may be delegated by the Board.

Section 4. Inspection of Records. Any Owner or mortgagee may inspect the records of receipts and expenditures of the Association at convenient weekday business hours and upon ten (10) days notice to the Board or Managing Agent, if any. Upon payment of a reasonable fee, not to exceed Fifty and No/100ths Dollars (\$50.00), any Owner shall be furnished with a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner, or an estoppel certificate.

Section 5. Notices. All notices for the Association or the Executive Board shall be delivered to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Owners and to all holders of Security Interests in the Lots who

have notified the Association that they hold a Security Interest in a Lot. Except as otherwise provided, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. All notices to holders of Security Interests in the Lots shall be sent by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 6. Fiscal Year. The Executive Board shall establish the fiscal year of the Association, or if no fiscal year is established by the Executive Board, the fiscal year shall be the calendar year.

Section 7. Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8. Office. The principal office of the Association shall be on the Property or at such other place as the Executive Board may, from time to time, designate.

Section 9. Title to Parcels. Title to parcels may be taken in the name of an individual or in the name of two or more persons as tenants in common or as joint tenants with right of survivorship, in the name of a corporation or partnership, or in the name of a fiduciary. Any officer of a corporate Owner shall be eligible to serve on the Board.

Section 10. Additions, Alterations or Improvements by the Board. Whenever, in the judgment of the Executive Board, Common Elements, if any, shall require additions, alterations or improvements costing in excess of \$1,000.00, said alterations and improvements shall not be made, unless they have been approved by a majority of the members present and voting at a meeting at which a quorum is present. When said approval has been obtained, all members shall be assessed for the cost thereof above and beyond that allocated from the reserve fund as a common charge.

Section 11. Right of Access. Each Owner shall grant a right of access to his parcel to any person authorized by the Executive Board for the purpose of inspecting for and correcting any condition originating on his parcel and threatening another parcel or any Common Element, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate, whether the Owner is present at the time or not.

Section 12. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect, in any manner, the enforceability or affect the balance of these By-Laws.

Section 13. Amendments. These By-Laws, or any one of them, may be altered or repealed, or new By-Laws may be made, at any meeting of the Association duly constituted for such purpose, a quorum being present, by an affirmative vote of seventy-five percent (75%) of the votes entitled to be cast in person or by proxy, except that the first annual meeting may not be

advanced and the first Board of Directors (including replacements in case of vacancies) may not be removed by reason of any such amendment or repeal.

Section 14. Exculpability of Board and Officers. Neither the Board, as a body, nor any member thereof nor any Officer of the Association shall be personally liable to any Owner in any respect for any action or lack of action arising out of the execution of his office. Each Owner shall be bound by the good faith actions of the Board and Officers of the Association in the execution of the duties of said Directors and Officers. Unless acting in bad faith, no Director or Officer of the Association shall be liable to any Owner or other person for misfeasance or malfeasance in office.

Section 15. Conflict. Anything to the contrary herein notwithstanding, if any provision of this instrument is in conflict with or contradiction of the requirements of any law, then the requirements of said law shall be deemed controlling.

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ARTICLE XII

Noncompliance

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, the Articles, these By-Laws, or the Rules and Regulations of the Association, and after written notice of such alleged violation is given to the Owner alleged to be in default ("Respondent"), in the manner herein provided, the Board shall have the right, after affording the Respondent an opportunity to be heard upon such violation and upon an affirmative vote of a majority of all directors, to take any one or more of the following actions: (i) to levy a penalty assessment as provided in the Declaration; (ii) to suspend such Owner's voting privileges as an Owner, as further provided in the Declaration; or (iii) to record a notice of noncompliance against that portion of the Property owned by or occupied by the Respondent in the real property records of the County of Douglas, State of Colorado. Any such suspension shall be for a period of not more than sixty (60) days from any noncontinuing infraction. If there is a continuing infraction (including nonpayment of any assessment after it becomes delinquent), suspension may be imposed for so long as the violation continues. The failure of the Board to enforce the provisions of the Declaration, the Articles, these By-Laws, the Rules and Regulations, or the decisions or resolutions of the Association or the Board shall not constitute a waiver of the right to enforce them thereafter. The remedies set forth above and otherwise provided by these By-Laws shall be cumulative and none shall be exclusive. However, any individual Owner must exhaust all available internal remedies of the Association prescribed by the By-Laws or by the Rules and Regulations of the Association before that Owner may resort to a court of law for relief with respect to any alleged violation of the Declaration, the Articles, these By-Laws, the Rules and Regulations, or the decisions or resolutions of the Association or the Board, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Owner where the complaint alleges nonpayment of any type of assessment.

Section 2. Notices. Any notices, demand, or other communications required or permitted to be given herein or as stated in the Declaration or Articles shall be given in writing, delivered personally or sent by U.S. Mail, postage prepaid, addressed to the person for whom intended, at

the address then appearing in the records of the Association for such person. Notice shall be considered given when personally delivered, or if mailed, shall be considered received on the earlier of the day on which such notice is actually received by the party to whom it is addressed or on the third day after such notice is mailed in the regular U.S. Mail, postage prepaid.

ADOPTED this 16 day of January, 2010.

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned President of the Association does hereby certify that the above and foregoing Amended and Restated By-Laws were duly adopted by the Owners as the By-Laws of the Association on the 16th day of January, 2010, and supersede all prior By-Laws of the Association.


President

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