

Draft-----Master Working Draft -----Draft

August 29, 2026

BY-LAWS OF SADDLEWOOD FOUNDATION, INC.

ARTICLE 1: Name of the Saddlewood HOA, Membership and Definitions

Section 1: Name. The name of the Association shall be the Saddlewood Foundation, Inc., (hereafter sometimes referred to as the "Association").

Section 2: Membership.

A. Membership. The Association shall have one (1) class of membership as established in the Declaration of Covenants, Conditions, and Restrictions for Saddlewood Foundation, Inc. ("Declaration"), as amended from time to time. Every person or entity holding record title to a fee simple interest or an undivided ownership interest in a Single-Family Lot within the Property shall automatically be a Member of the Association. Persons or entities holding an interest solely as security for the performance of an obligation shall not be Members.

B. Member in Good Standing. A "Member in Good Standing" is a Member who is not more than thirty (30) days delinquent in the payment of any dues, assessments, fees, fines, or other charges properly levied by the Association.

C. Voting Rights. Each Single-Family Lot shall be entitled to one (1) vote. When more than one person owns an interest in a Lot, all such persons shall be Members; however, the Lot shall be entitled to only one (1) vote, which shall be exercised as the owners determine among themselves.

Only Members in Good Standing may vote on matters submitted to the membership unless otherwise required by Colorado law.

D. Membership Voting Authority. Members in Good Standing shall have the right to vote on matters specifically reserved to the membership by the Declaration, the Articles of Incorporation, these By-Laws, or applicable Colorado law, including any proposed veto of the annual budget and any special assessment submitted to the membership.

E. Secret Ballots. Whenever a vote of the membership is conducted by written ballot, voting shall be by secret ballot. Election results shall be reported in a manner that does not identify how any individual Member voted.

F. Use of Common Areas. Members and their guests shall have the right to use and enjoy the Common Areas in accordance with the Declaration, these By-Laws, and any rules adopted by the Board. No horses or motorized vehicles shall be permitted on Common Areas except as authorized for maintenance, emergency services, or Association business.

- G. Participation in Association Affairs.** Members are encouraged to participate in Association activities, serve on committees, and contribute to the governance and maintenance of the Saddlewood community.

Section 3. Transfer fee. All individuals who purchase property within the Association are required to pay a transfer fee to the Association. Upon closing, the purchaser will become a member of the Association and shall agree to promptly fulfill all financial obligations, including fees and assessments, to the Association's treasurer. Current fees, dues, and assessments are available on the Saddlewood website.

Section 4: Definitions. The words used in these By-Laws shall have the same meaning as those set forth in the Declaration, unless the context shall prohibit.

- A. "By-Laws"** Means the code or codes of rules, other than the articles of incorporation, adopted pursuant to regulation or management of the affairs of the Saddlewood HOA, (Association) by which such rules are designated, and includes amended bylaws and restated bylaws. (Colorado Revised Statutes 2024 TITLE 7 CORPORATIONS AND ASSOCIATIONS CORPORATIONS.)
- B. "Board of Directors"** Means the elected body authorized to manage the affairs of the association. The Board shall consist of not fewer than three (3) and not more than nine (9) Directors.
- C. "Director"** Means a member who is elected to serve as one of the Board Directors.
- D. "Officers"** Means members of the board who have been elected by the board members to serve as President, Vice President, Secretary and Treasurer.
- E. "President"** Is responsible to conduct all meetings of the HOA Board and annual meetings of the association, unless the Vice President is so designated in his absence. The President's vote will break tie vote. The president shall be the official spokesman for the Association.
- F. "Vice-President"** Is responsible to assist the President and conduct the meetings in the absence of the President.
- G. "Secretary"** Is responsible for the recording, preparation and maintenance of minutes of the meetings of the Association. The minutes will include an accurate account of motions and discussions and other records required to be kept by the Association for purposes of preserving and authenticating the records.
- H. "Treasurer"** Is responsible for maintaining all financial accounting records including detailed receipts and expenditures affecting the Association. All books and records shall be kept in accordance with generally accepted accounting practices. The Treasurer shall provide current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Association to the members, first mortgage holders, Insurers, and Guarantors of a first Mortgage.
- I. "Duties of officers."** Means each officer shall have the authority to perform the duties stated in the bylaws as authorized by the board of directors with respect to such office.
- J. "Vote"** Means and vote which includes a show of hands, voice, authorization by written ballot and written consent.

- K. “Voting Member”** Means a Member holding Voting Rights, Section 2(C), pursuant to provisions of the association’s bylaws.
- L. “Majority of Members”** Means that when a quorum is present and a vote is taken, a simple majority (50% plus 1) causes the motion to pass or fail.
- M. “Quorum of the Board of Directors”** Shall consist of a majority of the directors currently holding office prior to the commencement of the meeting. For instance, if nine directors are elected, a quorum would consist of five members. When a quorum is established and voting occurs, an affirmative majority vote among the directors present constitutes an official act of the board. A director may be considered present at a meeting and eligible to vote by providing a signed written proxy to another director in attendance, authorizing that individual to cast a vote on a specific proposal detailed with reasonable clarity in the proxy.
- N. “Quorum of the Membership”** Shall consist of at least one-fourth (25%) of all Voting Members (currently 35) represented either in person or by proxy. Any provisions regarding quorums contained in the Declaration are expressly incorporated herein.
- O. “Meetings by telecommunication” (7-127-108.)** When the Board has determined that appropriate technology is available and should be utilized to enable members to participate in meetings such as Zoom or other equivalent technology, such technology will be provided. Members may attend board meetings—whether annual, regular, or special—using this platform. Meetings must employ communication methods allowing all participants to hear one another throughout the session. Participation by this means is considered equivalent to being physically present at the meeting.

ARTICLE 2: Foundation Records and Required Disclosures

Section 1: **Commonly Available Records and Disclosures.** The Foundation will make the following readily available:

- A. The name of the association and its address in Elizabeth, Colorado.
- B. The names and contact information of the Board of Directors
- C. The initial date and recording of the Declaration of Covenants and any changes within 90 days of such change.

The Foundation will make the following information available to the Members 90 days following the end of the Foundations fiscal year:

- A. The date the Foundation’s fiscal year commences (January 1).
- B. The Foundation’s current fiscal year budget.
- C. The annual financial statements, including any profit or loss for the fiscal period and all cash balances as of the period.

- D. The results of any financial audits or reviews from the previous year and the current year.
- E. A list of all Foundation insurance policies Including the company name, and expiration dates, unless otherwise required by law.
- F. The Foundation's bylaws, covenants and rules and regulations and other governing documents.
- G. The minutes of all executive board and annual or special meetings for the previous three and current year.

The above information shall be made available through one or more methods authorized by these By-Laws, including the Association website, electronic mail, U.S. Mail, or other legally authorized means.

Section 2: Inspection of the records by the Members. All books and records of the Foundation shall be made available for review by any Member in Good Standing, or their duly authorized representative, at a reasonable time (within 14 days of notice) and for purposes reasonably related to their membership interests. To initiate an inspection, members should contact the Foundation President or Secretary to arrange a mutually agreeable time and location.

Rules for Inspection:

- A. The Board will establish appropriate procedures governing member inspections.
- B. Members seeking to inspect records must provide advance notice to the custodian of records.
- C. The date, time, and location of the inspection will be determined by mutual agreement.
- D. Members requesting copies of documents are responsible for covering reproduction costs.

Section 3: Inspection by Board Members. Each Board Member is entitled, at any reasonable time, to inspect all books, records, documents, and physical properties owned or controlled by the Association, provided that a mutually agreed upon date and time for the inspection are established. This right of inspection also includes the authority to make extracts and copies of documents at the Association's expense.

Section 4: Foundation Records. The Foundation shall keep, as permanent, the following:

- A. The minutes of all annual or special membership and Board meetings.
- B. All actions taken by the Board pursuant to written ballots rather than at a meeting.
- C. All actions taken by a committee on behalf of the Board.
- D. All actions and decisions made by The Architectural Review Committee.

The Foundation will maintain the following at its principal place of storage.

- A. Articles of organization, declaration, covenants, bylaws, minutes of all Board meetings and resolutions and annual or special membership meetings and a record of all actions taken by The Board without a meeting in the past three years.

- B. All written communications from the Foundation to Members for the past three years.
- C. A list of names or contact information of the current Board Members and officers.
- D. The most recent annual report if any.
- E. A list of all Members who are entitled to vote.

ARTICLE 3: Association Meetings, Quorum, Voting and Voting Proxies

Section 1: Place of Meetings. All Meetings of the Association shall be held at a suitable place convenient to the Members as determined by the Board of Directors.

Section 2: Conduct of Meetings. The President or his designee shall preside over all meetings of the Association. The Secretary (or designee) shall take minutes and record the proceedings of each meeting and record all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat. Minutes shall be distributed to the board members for correction/approval prior to posting to the membership.

Section 3: Association Board Meetings.

- A. All regular and special meetings of the Association's Board, or committee thereof, shall be open to all Members of the association or their representative. An owner's representative must have written authority.
- B. When requested, Agendas for these meetings shall be made reasonably available (7 days before the meeting) for examination by all Members of the association or their representatives.
- C. Members shall be permitted to attend, listen and speak at an appropriate time, during the proceedings; except that, for regular and special meetings of the board, Members who are not Board Members may not participate in any deliberation or discussion unless expressly authorized by a vote of the majority of a quorum of the Board.
- D. The Board may place reasonable restrictions on those persons speaking during the meeting. Eligible Members wishing to speak may do so before the Board takes formal action on the item under discussion. The Board shall provide for a reasonable number of persons to speak from each side of an issue.
- E. Conflicts of interest- Board Members – If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a member of the Board or spouse of any of those persons, the member of the Board shall declare a conflict of interest for that issue. The Board member shall declare the conflict and recuse themselves in an open meeting, prior to any discussion or action taken on that issue. The member may participate in the discussion but shall not vote on that issue.

Section 4: Annual Membership Meetings. Annual meetings of the Members shall be held at least once each year. The time, date and agenda of the meetings will be set by the Board. Notice shall normally be given thirty (30) days in advance but not less than ten (10) days of any meeting of the Foundation Members.

Section 5: Special Membership Meeting. The President, a majority of the Board, or five (5) percent of the eligible foundation Members (who are current in payment of all Association dues, and fees.) may call a special membership meeting. Notice of the special meeting shall be the same as for the annual membership meeting. No business shall be transacted at a special membership meeting except as stated in the notice. Any proposed changes to the “HOA Covenants” must follow rules as described in that document.

Section 6: Notices of the annual meeting and nomination and election of board members:
(7-127-104)

Each member entitled to vote at the meeting shall be notified of the meeting consistent with the bylaws in a fair and reasonable manner.

- A. Notice is fair and reasonable if: The association notifies its members of the place, date, and time of each annual, regular, and special meeting no fewer than thirty (30) days prior to the meeting. The notice shall include the general nature of any proposed amendment to the Declaration or by-laws, any budget changes, and any proposal to remove an officer or member of the board. Notice may be delivered by mail, electronic mail, posting on the Association website, or any other method permitted by Colorado law.
- B. If the Board determines that the nomination and election to the Board members will be held during the Annual meeting notices requesting nominations will be mailed 30 days prior to the date of the annual meeting. The Election committee shall be notified of this action .
- C. Voting procedures at the annual membership meeting, a Quorum of the Membership being present:
 - a. After fixing a record date for a notice of a meeting, or for determining the members entitled to act by written ballot, the Secretary shall prepare in connection with the annual or special meetings of the members, an alphabetical list of all eligible Lot Members names and addresses. Members will sign in to confirm that a quorum is present or not. If not, the election cannot be held in that meeting.
 - b. The members list shall be available for inspection by any member entitled to vote at the meeting, beginning before the meeting for which the list was prepared, after notice of the meeting is given, and continuing through the meeting. If prepared in connection with action to be taken by the members by written ballot, the members list shall be available for inspection by any member entitled to cast a vote by such written ballot,
 - c. Any written ballots distributed to the members for a vote at the meeting will require a second signature on the membership list prior to issuing a ballot to validate that they are eligible to vote and have received a ballot.
 - d. If the Board of Directors determines to hold the election of the Board of Directors at the annual meeting, The Election committee will need to send out the Notice of Nominations 30 days prior to the date of the annual meeting and receive written acceptance of nomination in time (seven (7) days before the meeting) to prepare and print official ballots. Members shall be encouraged to attend in person or by proxy so that a quorum will be present.
 - e. Persons nominated at the meeting, whose names are not printed on the ballot, must then be written in (as write in) on the ballot by each voting member that wishes to vote for them.

Section 7: Voting by Proxy. Members may vote in person or by proxy.

- A. All proxies shall be in writing and filed with the Foundation Secretary before the appointed time of each meeting.
- B. A proxy is void if it is not dated and signed or purports to be revocable without notice. The proxy may be revoked by actual notice of revocation to the person presiding at the meeting.
- C. A proxy terminates eleven months after its date, unless it provides otherwise. A Proxy shall not be valid if obtained through fraud or misrepresentation.
- D. A written form of proxy or printed ballot may provide an opportunity to specifically approve or disapprove any proposal.
- E. The association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the Secretary or other officer or person authorized to tabulate the votes, acting in good faith, has reasonable basis for doubting the validity of the signature.
- F. The association and its officers or agents who accept or reject a vote as noted in paragraph 5, above, are not liable in damages for the consequences of the acceptance or rejection. The vote is valid unless a court of competent jurisdiction determines otherwise.

Section 8: Referendum Votes. Action taken without a meeting (7-127-109).

- A. When the Board determines that a proposal requires approval of the membership between meetings of the annual or a special meeting of the association, the Foundation will deliver a written ballot by US Mail to every member entitled to vote on the matter, accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.
- B. The written ballot shall include the following:
 - 1. State each proposed motion and provide an opportunity for the members to vote for or against each of the proposed actions.
 - 2. State the date and time by which a ballot must be received by the Association election committee in order to be counted.
 - 3. The number of responses needed to meet the quorum requirement of one-fourth of the members (1/4) (35 Members.)
 - 4. Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action. Approvals of a simple majority (50% plus 1) cause the motion to pass.
 - 5. As provided in the bylaws when all voting instructions are followed, a written ballot may not be revoked.
 - 6. Action taken under this section has the same effect as action taken at a meeting of members and may be described as such in any document.

7. In the event that not enough returned ballots are received by the election committee on the day the tabulations are to be conducted, the committee shall leave the ballots in the post office box and solicit members who have not voted to mail their ballots in order to achieve a quorum, an additional ten (10) days will be allowed to return their ballots. Failure to achieve a quorum will cause the vote to be invalid.

Section 9: Voting using the US Mail for the election of Foundation Board of Directors

- A. After the solicitation and nomination of candidates for Board of Director positions, the election committee is responsible for preparing and printing all election materials. This includes ballots, voting instructions, and preaddressed return envelopes, in accordance with Article 6, Section C of the By-Laws.
- B. The secretary or treasurer shall furnish the committee with an alphabetical roster of all eligible Voting Members, including their names and addresses.
- C. The election committee will distribute the election package to each Voting Members' most recent address as listed in the membership records. Voting Members will have thirty (30) days from the date the ballots are mailed until the ballots are tabulated.
- D. Voting instructions will accompany the ballot. Pre-addressed return envelopes will be provided and must be signed by the Voting Member. The instructions will specify the deadline for receipt of ballots by the election committee, as well as the number of Board Members to be elected. If more than nine candidates are nominated, the nine individuals receiving the highest number of votes will be declared elected.
- E. When the signature on a vote, consent, written ballot, waiver, proxy appointment, or proxy revocation matches the name of a member acting in good faith, that member's vote shall be recognized as the official act of the member.
- F. If the name signed on a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation does not match that of a member, or if the election committee responsible for tabulating votes has legitimate concerns regarding the validity of the signature or the authority of the signatory to represent the member, the committee, acting in good faith, is authorized to challenge, address, or reject the respective vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation.
- G. Election committee members of the foundation who accept or reject a vote, consent, written ballot, waiver, proxy appointment, or revocation thereof, in good faith and pursuant to the standards outlined in this section, shall not be held liable for damages resulting from their decisions unless determined otherwise by a court of competent jurisdiction.
- H. The election committee shall formally certify the ballot tabulation in writing, providing detailed information regarding the number of ballots printed, cast, challenged, and cured, as well as the votes received by each candidate and the names of those elected.

- I. All ballots, returned envelopes, challenged ballots, and election documents utilized in vote tabulation shall be securely sealed by the election committee and preserved for a period of three (3) years.

ARTICLE 4: The Board of Directors

Section 1: Governing Body. Those who are elected to The Board of Directors shall govern the affairs of the Association.

Section 2: Executive Session. The Board may, with approval of a majority of a quorum, adjourn an Annual or Special Meeting and reconvene in executive session to discuss and vote upon appropriate matters, including litigation in which the Association is or may become involved. The order of business to be considered in executive session shall first be announced in open session.

Section 3: Term of Office. Officers will normally be elected for a one year period and may be reelected. The terms of the Board Members shall be fixed at the time of their election, as they among themselves shall determine, and may be staggered. (Provides for a one or two year term.)

Section 4: Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget, collection of dues, fees and payment of expenses and charges.

Section 5: Agreements, Contracts, Deeds, Leases, and Checks. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by the board following a written motion, which is seconded and approved by resolution of the Board of Directors.

Section 6: Vacancy. A vacancy in any office arising because of death, resignation, removal, or otherwise will be filled by the Board for the unexpired portion of the term.

Section 7: Resignation. Any Board Member or Officer may resign, at any time, by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on 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.

Section 8: General standards of conduct for directors and officers. Each director commits to faithfully discharge their duties as a director; including the director's duties as a member of a committee of the board. Each officer shall also discharge the officer's duties under that authority of the bylaws in good faith and with respect and care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the director or officer reasonably believes to be in the best interests of the Association. In discharging duties, a director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data.

Section 9: Unauthorized assumption of Association powers. All persons purporting to act as or on behalf of the association without authority to do so and without good-faith belief that they have such

authority shall be jointly and severally liable for all liabilities incurred or arising as a result thereof. (7-122-105)

Section 10: Indemnification of Directors, Officers, Committee Members, and Volunteers

- A. **Right to Indemnification.** To the fullest extent permitted by Colorado law, the Association shall indemnify and hold harmless any current or former Director, Officer, Committee Member, or volunteer acting on behalf of the Association from and against any liability, claim, damage, judgment, settlement, penalty, fine, cost, or reasonable attorney fees incurred in connection with any threatened, pending, or completed action, suit, or proceeding arising out of such person's service to the Association, provided that such person acted in good faith and in a manner reasonably believed to be in the best interests of the Association.
- B. **Limitations.** The Association shall not indemnify any person for acts or omissions involving fraud, willful misconduct, gross negligence, knowing violation of law, breach of fiduciary duty, or actions resulting in an improper personal benefit.
- C. **Advancement of Expenses.** The Association may advance reasonable expenses, including attorney fees, incurred in defending any proceeding, provided the recipient agrees in writing to repay such amounts if it is ultimately determined that such person is not entitled to indemnification under these By-Laws or applicable law.
- D. **Insurance.** The Board of Directors may purchase and maintain Directors and Officers Liability Insurance (D&O Insurance) or other appropriate insurance coverage to protect Directors, Officers, Committee Members, employees, and volunteers acting on behalf of the Association.
- E. **Survival of Rights.** The rights provided in this section shall continue after a person has ceased serving the Association and shall inure to the benefit of such person's heirs, executors, administrators, and legal representatives.

Section 11: Removal of any Officer or Board Member.

- A. The Board is empowered to remove any Officer or Board Member when, in its determination, such action serves the best interests of the Association, provided there is just cause.
- B. A Board Member whose removal has been proposed by Members of the Association shall receive at least ten (10) days' notice prior to the meeting, including notification of the meeting's purpose. The Board Member will be afforded the opportunity to present their case at the meeting. Removal from office prior to the expiration of a Board Member's term may occur through a majority vote of the Board, provided a quorum is present.
- C. Furthermore, any Board Member who accumulates three (3) consecutive unexcused absences from Board Meetings, or who remains delinquent in the payment of an assessment for more than twenty (20) days, may be subject to removal by a majority vote of the Board at a meeting where a quorum is present.

Section 12: Meetings of the Board, Quorum, Notice, and Compensation.

A. Organization Meetings. Each year following the election of board members, the officers shall be elected by the Board Members, and shall consist of a President, Vice President, Secretary, and Treasurer or a Secretary-Treasurer. No person shall hold more than one office. The organizing meeting shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

B. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Board Members. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice shall be at least four days before the meeting is to be held. Notice may be provided by personal delivery, U.S. Mail, electronic mail, telephone, or any other reasonable method permitted by Colorado law.

C. Action without a Formal Meeting. Any action to be taken at a meeting of the Board or any action that may be taken at a meeting of the Board may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Board Members and recorded. An explanation of the action taken shall be posted at a prominent place or places within the mail kiosk and the Saddlewood HOA website within three (3) business days following the date of approval of the agreed action.

D. Compensation. No Board Members shall receive any compensation from the Association for acting as such unless approved by a majority vote of the total vote of the Association at a regular or special meeting of the Association. An exception to the above provision is paid attendance by a Board Member at Board-approved training, determined by the Board to directly benefit the Association.

E. Emergency powers. In anticipation of or during an emergency defined as: An emergency exists if a quorum of the directors cannot readily be obtained because of some catastrophic event, then the board of directors may: **(7-123-103)**

- A. Modify lines of succession to accommodate the incapacity of any director or Board member to enable administration of the Association.
- B. Notice of a meeting of the board of directors need be given only to those directors, whom it is practicable to reach and may be given in any practicable manner, including by US Mail, electronic medium, publication or radio. Notice of a meeting of the membership would also utilize whatever means was possible.
- C. (c)Members of the Association must forward contact information of location, address, cell phone and email numbers as soon as possible.
- D. One or more officers of the Association present at a meeting of the board of directors may be deemed to be directors for the meeting, in order to achieve a quorum.
- E. Board action taken in good faith during an emergency under this section to further the ordinary business affairs of the Association binds the Association; and may not be the basis for the imposition of liability on any director, officer, employee, or agent of the Association on the ground that the action was not an authorized action, and may not be challenged on the ground that the Association lacks or lacked power to act.
- F. During such a catastrophic event the Board of Directors would have power to suspend or modify the covenants to enable home owners to reconstruct homes using building materials, now not allowed, to be used in reconstruction. All current State and County building codes are applicable to facilitate the rebuilding process.

ARTICLE 5: Additional Responsibilities, Powers and Duties of the Board

Section 1: Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things that are allowed by the Declaration, Articles, or these By-Laws, or directed to be done and exercised exclusively by the Board of Directors.

Section 2. Responsibilities In accordance with the By-Laws and resolutions of the Association, the Board of Directors is entrusted with a comprehensive range of duties vital to the proper governance and administration of the Association. The following enumerates these responsibilities in detail:

- A. **Annual Budget.** The Board shall prepare and adopt an annual budget which delineates each owner's contribution, including any dues and assessments, toward common expenses. Upon adoption of a proposed budget for the common interests of the Foundation, the Board is required to deliver a summary of said budget to all Members within ninety (90) days. Subsequently, the Board must schedule a meeting of Members to review the budget, providing appropriate notice. This meeting will take place within a reasonable timeframe after the budget summary is delivered, as specified by these By-Laws. The budget does not necessitate Member approval and will be deemed approved unless a majority of qualified Members present at the meeting, constituting a quorum, reject it. If rejection occurs, the most recent, previously proposed budget not vetoed by Members will remain in effect until an alternative budget is adopted and not rejected.
- B. **Making Assessments.** In extraordinary circumstances, the Board may propose assessments to address the Association's common expenses. Members will have the opportunity to discuss and vote on such assessments. Upon approval, the Board will determine the methods for collection, deposit the proceeds into a designated bank depository, and allocate the funds as necessary for the Association's purposes.
- C. **Opening of Bank Accounts.** The Board shall open bank accounts on behalf of the Association, designate the required signatories, and ensure payment for all services rendered to the Association or its Members that are not otherwise chargeable to owners.
- D. **Operation and Maintenance.** The Board shall provide for the operation, care, upkeep, and maintenance of all Areas of Common Responsibility. This includes repairs, additions, improvements, and alterations to Common Areas, in accordance with the Declaration and By-Laws, especially following damage or destruction by fire or other casualty.
- E. **Engagement of Volunteers.** The Board shall solicit volunteers from Members for maintenance projects. If necessary, outside contractors may be requested to submit bids for projects approved by the Board, with funding allocated from the budget.
- F. **Personnel Management.** When required, the Board shall designate, hire, and dismiss personnel contracted for the maintenance, operation, repair, and replacement of Association property and Common Areas. Where appropriate, the Board shall also provide for the compensation of personnel and procure equipment, supplies, and materials necessary for their duties.
- G. **Rulemaking Authority.** The Board is empowered to make and amend rules and regulations deemed necessary, provided such rules are not mandated by the Covenants, By-Laws, or Articles of Incorporation.

- H. **Enforcement of Governing Documents.** The Board shall enforce, by legal means, the provisions of the Declaration, By-Laws, and adopted rules and regulations. This includes instituting or defending proceedings on behalf of or against owners concerning Association matters.
- I. **Insurance.** The Board is responsible for obtaining and maintaining insurance against casualties and liabilities, as stipulated in the Declaration, and for paying the associated premiums.
- J. **Financial Records.** The Board shall maintain books with detailed accounts of all receipts and expenditures affecting the Association and its administration. These records shall specify maintenance and repair expenses and other incurred costs. All books and supporting vouchers shall be accessible for examination by owners, mortgagees, their authorized agents, accountants, or attorneys during general business hours on working days, at times and in a manner established and announced by the Board. All records must be kept in accordance with generally accepted accounting practices.
- K. **Document Access.** The Board shall make available to any prospective purchaser of a Residential Unit, any Owner, any first Mortgagee, and the Holders, Insurers, and Guarantors of a first Mortgage, current copies of the Declaration, Articles of Incorporation, By-Laws, rules governing the Residential Unit, and all books, records, and financial statements of the Association, typically by posting them on the Association's web page.
- L. **Utility Access.** The Board shall permit utility suppliers to use portions of the Common Area as necessary for the ongoing development or operation of the Saddlewood neighborhood.

Section 3: Accounts and Reports. The following management standards will be adhered to: Cash accounting, as outlined by generally accepted accounting principles (**GAAP**), shall be utilized. Accounting practices and internal controls must comply with established AICPA guidelines and principles. Proper segregation of accounting responsibilities will be maintained, and disbursements will be issued via check.

Quarterly financial reports will be prepared for the Association, including:

- A. An income statement summarizing all income and expense activities from the previous three (3) months, based on a cash accrual method;
- B. An account activity statement detailing all receipts and disbursements from the same period, prepared using a cash accrual method;
- C. An account status report presenting the current status of all accounts in an "actual" versus "approved" budget format, accompanied by a budget report identifying any actual or anticipated obligations that exceed budgeted amounts by more than the operating reserves or ten percent (10%) of any major budget category (distinct from individual line items in an expanded chart of accounts);

Additionally, a balance sheet as of the final day of the Association's fiscal year and an income statement for that fiscal year will be distributed within ninety (90) days after the fiscal year ends.

A delinquency report will also be provided, listing all owners who have been delinquent in assessment payments during the prior three (3) months, who remain delinquent at the time of the report, and describing the current status of any collection actions regarding outstanding installments.

Section 4: Rights of the Association. With respect to the Common Areas or other Association responsibilities owned, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Board Members of the Association.

Section 5: Notices and Electronic Communications Unless otherwise provided by these By-Laws, the Declaration, or applicable Colorado law, all notices, demands, ballots, budgets, financial reports, statements, meeting announcements, election materials, and other official communications of the Association shall be in writing and may be delivered by any method authorized in this section.

A. Permitted Methods of Notice. Notice may be provided by one or more of the following methods:

1. Personal delivery;
2. First-class United States Mail, postage prepaid, addressed to the Member's address of record;
3. Electronic mail (e-mail) addressed to the Member's designated e-mail address;
4. Posting on the Association's official website;
5. Posting at a community bulletin board, mail kiosk, or other prominent location within the community; or
6. Any other method permitted by applicable Colorado law.

B. Electronic Notice. Any notice required or permitted under these By-Laws may be delivered electronically to a Member who has provided the Association with a valid electronic mail address and has not withdrawn consent to receive electronic communications. Electronic notices may include, but are not limited to:

1. Annual, regular, and special meeting notices;
2. Board meeting notices and agendas;
3. Proposed budgets and financial reports;
4. Election materials and ballots when permitted by law;
5. Committee announcements;
6. Proposed amendments to governing documents;
7. Rules, policies, and enforcement notices; and
8. Other Association business communications.

C. Member Contact Information. Each Member shall be responsible for providing and maintaining current mailing addresses, electronic mail addresses, telephone numbers, and other contact information as reasonably requested by the Association. A Member's failure to update such information shall not invalidate any notice otherwise properly delivered.

D. When Notice Is Deemed Given. Unless otherwise required by law:

1. Notice delivered personally shall be deemed given upon delivery.
 2. Notice sent by United States Mail shall be deemed given three (3) business days after mailing.
 3. Notice sent by electronic mail shall be deemed given upon transmission, unless the Association receives notice that delivery was unsuccessful.
 4. Notice posted on the Association's website or at an approved community location shall be deemed given on the date of posting when such method is authorized by these By-Laws or applicable law.
- E. **Withdrawal of Electronic Notice Consent.** A Member may withdraw consent to receive electronic notices at any time by submitting written notice to the Secretary. Upon receipt of such request, the Association shall provide future notices by another method permitted by these By-Laws and Colorado law.
- F. **Electronic Records and Signatures.** To the fullest extent permitted by Colorado law, the Association may maintain records electronically and may accept electronic signatures, electronic ballots, electronic consents, and electronic proxies. Such electronic records and signatures shall have the same force and effect as their written counterparts.

Section 6: **Conflicts.** If there are conflicts or inconsistencies between these by-laws and any provisions or changes to the Colorado state law, the state law shall supersede only that provision of the by-laws in conflict.

ARTICLE 6: Committees

Section 1: General Committees. All Committees shall operate under the guidance of the Board of Directors, undertaking assignments and serving for durations specified by resolutions passed by a majority of Board Members at meetings where a quorum is established. Committees are empowered to carry out responsibilities and exercise authority as outlined in such resolutions. Each committee will be composed in accordance with legal requirements, and shall conduct its activities in alignment with the resolution issued by the Board of Directors or rules promulgated by the Board.

Committees may include, but not be limited to:

- A. **The Covenants Committee.** The Board of Directors shall designate a Covenants Committee composed of not fewer than three (3) and no more than five (5) Members. In accordance with the Declaration, these By-Laws, and any resolutions adopted by the Board, the Covenants Committee will serve as the Association's hearing tribunal.
- B. **The Architectural Review Committee.** Pursuant to the Declaration or these By-Laws, the Architectural Review Committee (ARC) is responsible for evaluating and approving submitted plans concerning new construction or modifications of residential buildings, garages, other structures, fencing, landscaping, and related matters within Saddlewood.
- C. **The Election/Nominating Committee. (Powers and duties of) (7-127-204)**
 1. The Board shall appoint the Election/Nominating Committee at least thirty (30) days before each annual membership meeting. The committee's term will begin at the conclusion of that annual meeting and end at the close of the following annual meeting, with eligibility for reappointment.

2. The appointment shall be formally announced at each annual meeting. The election committee designated by the Board of Directors is vested with the authority to conduct the election independently on behalf of the Board. (Pursuant to Section 7-128-101, Colorado State Law.)
3. The Election/Nominating Committee is required to maintain neutrality and remain nonpolitical. This committee is vested with the authority to determine qualifications, establish procedures, oversee legal vote counting, and certify the results of the election.
4. The Nominating Committee shall seek nominations for election to the Foundation Board and shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled.
5. The Nominating Committee shall be composed of a Chairperson, who must be a member of the Board. The Chairperson is responsible for supporting the election committee by providing relevant lists and materials and may serve as an advisor to the committee if they are a candidate for election. Other standing Board Members or nominees to the Board are prohibited from interfering with or attempting to influence the election committee, other candidates, election rules, or the election process in any manner.
6. The Election Committee will be composed of at least two eligible Members of the Association, who will be appointed to serve as committee members. Individuals interested in joining the Nominating Committee are encouraged to reach out to any member of the Board for consideration.
7. Nominations may be submitted in person from the floor at the annual meeting or by written correspondence addressed to the election committee either prior to or during the meeting. If the election is not conducted at the meeting, additional written nominations may be sent by mail or hand delivered to the election committee within two weeks following the annual meeting, which typically takes place in September.
8. The Election Committee is authorized to tabulate all votes taken, specifically during election of Board Members.
9. Each candidate will be afforded an equitable opportunity to voluntarily present their qualifications to the Members and seek their votes. Following nomination and prior to ballot printing, candidates are required to submit concise biographies to the election committee. All provided biographies will be included in the voting materials. The responsibility for any failure to submit a biography rest solely with the candidates.
10. The Election Committee will announce or publish the official list of candidates before proceeding with the printing of ballots. Additionally, the committee is responsible for maintaining a secure chain of custody for all ballots throughout the election process.
11. Board Members will be elected via a confidential written ballot process, either during the annual meeting or, if necessary, by mail under the supervision of the election committee.

- D. **Welcoming/Social Committee.** The Welcoming/Social Committee shall welcome new members who move into the Saddlewood Community. The committee shall be responsible for community events that may from time-to-time be scheduled for residents of the community.

ARTICLE 7: Certification.

The Board of the Saddlewood Foundation, Inc., does hereby certify that we hereby assent to the within and foregoing By-Laws and hereby adopt the same as the By-Laws of said Corporation.

Changes to these By-Laws may be made from time to time by a vote of the members at the annual membership meeting, a special membership meeting, or voting through the US Mail when a quorum is established according to the rules of these By-Laws. Once adopted the By-laws shall be recorded with the Elbert County Recorder.

Amended on _____ by vote of the membership.