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**2016 AMENDED AND RESTATED BYLAWS  
OF  
CENTENNIAL GLEN HOMEOWNERS ASSOCIATION, INC.**

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**2016 AMENDED AND RESTATED BYLAWS  
OF  
CENTENNIAL GLEN HOMEOWNERS ASSOCIATION, INC.**

These Bylaws of Centennial Glen Homeowners Association, Inc. (“**Bylaws**”) are made this 3 day of March, 2016, by Centennial Glen Homeowners Association, Inc., a Colorado nonprofit corporation (“**Association**”).

**RECITALS**

- A. The Association now desires to make an amendment to the Bylaws.
- B. The Owners have approved this Amendment

**BYLAWS**

**NOW, THEREFORE**, in accordance with Article XV of the Original Bylaws and with the approval of a majority of the Owners, the Association hereby adopts these Bylaws.

**ARTICLE 1  
DEFINITIONS**

When used in these Bylaws, the following terms, whether or not capitalized, have the following meaning:

- 1.1 Incorporation by Reference.** Except as otherwise provided in these Bylaws, unless the context clearly requires otherwise, whether or not capitalized:
  - (1) Terms defined in the Declaration have the same meaning in these Bylaws.
  - (2) Terms used in these Bylaws that are defined in CRS 38-33.3-103 have the meanings set forth in CRS 38-33.3-103, unless the term is defined otherwise in the Declaration.
- 1.2 Other Definitions.** Terms that are not defined in this article but are defined elsewhere in these Bylaws, whether or not capitalized, have the respective meanings given them in the provisions of these Bylaws.

**ARTICLE 2  
ASSOCIATION IDENTITY, PURPOSES, POWERS AND OFFICES**

- 2.1 Name and Location.** These are the Bylaws of Centennial Glen Homeowners Association, Inc., a Colorado nonprofit corporation. Centennial Glen Filing No. 1 is a planned community located in the El Paso County, Colorado, more particularly described in attached **Exhibit A**.

## 2.2 Purposes; Powers and Governance.

- (a) **Purposes.** The Association was organized to serve as the means through which the Owners may take action with regard to the administration, management and operation of the Planned Community.
- (b) **Powers.** The Association has such powers and duties as may be granted to it by the Act, including each of the powers set forth in CRS 38-33.3-302, as the statute may be amended to expand the scope of association duties and powers, together with such additional powers and duties afforded by the Declaration, the Articles of Incorporation, these Bylaws and the Colorado Revised Nonprofit Corporation Act, CRS Chapter 7, Articles 121 to 137, including the following:
  - (1) Carry out the program for maintenance, upkeep, repair and replacement of any property required to be maintained by the Association as described in the Declaration and these Bylaws;
  - (2) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures;
  - (3) Preparation of a budget for the Association, and assessment and collection of the Assessments;
  - (4) Employment and dismissal of such personnel as necessary for such maintenance, upkeep and repair of the Common Areas;
  - (5) Employ legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association;
  - (6) Opening of bank accounts on behalf of the Association and designating the signatories;
  - (7) Preparing or causing to be prepared and filed any required income tax returns or forms for the Association;
  - (8) Purchasing Lots at foreclosure or other judicial sales in the name of the Association, or its designee
  - (9) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Lots acquired by the Association or its designee;
  - (10) Obtaining insurance or bonds pursuant to the provisions of these Bylaws, and reviewing such insurance coverage at least every two (2) years;

- (11) Making additions and improvements to, or alterations of, the Common Areas;
  - (12) From time to time adopt, modify, or revoke such Policies and Procedures governing the conduct of persons and the operation and use of the Lots and the Common Areas as the Board of Directors may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property;
  - (13) Enforcement by legal means of the provisions of the Declaration, these Bylaws and any Policies and Procedures adopted thereunder;
  - (14) In the name of the Association, maintain a current mailing address of the Association, file annual reports with the Colorado Secretary of State, and maintain and keep current the information required to enable the Association to comply with Colorado Revised Nonprofit Corporation Act; or
  - (15) Enter into management agreements with professional management firms.
- (c) **Governance.** The affairs of the Association shall be governed by the Board of Directors as provided in these Bylaws. Owners have no authority to act on behalf of the Association and may only take action with respect to affairs of the Association as specifically provided under the Declaration, these Bylaws or the Act.

**2.3 Principal Office.** The principal office of the Association shall be located at PO Box 50436 Colorado Springs, CO 80949-0436 or at another location within the State of Colorado as is determined by the Board of Directors from time to time.

**2.4 Applicability of Bylaws.** The Association, all Owners and all other persons using any part of the Planned Community are subject to these Bylaws and to all rules and regulations.

**2.5 Organization.**

- (a) **Incorporation.** The Association is incorporated under the Colorado Revised Nonprofit Corporation Act. The Articles of Incorporation must be consistent with the Declaration and these Bylaws. These Bylaws constitute the bylaws of the incorporated association.
- (b) **Duration.** Except as otherwise provided under the Act, if the Association is at any time administratively dissolved, whether inadvertently or deliberately:
  - (1) The Association automatically continues as an unincorporated association under the same name.

- (2) The unincorporated association has all of the property, powers and obligations of the incorporated Association existing immediately prior to dissolution.
- (3) The unincorporated association shall be governed by the Bylaws and, to the extent applicable, the Articles of Incorporation of the incorporated Association.
- (4) The Board of Directors and the officers of the Association serving immediately prior to the dissolution continue to serve as the directors and officers of the unincorporated association.

### **ARTICLE 3 MEMBERSHIP AND VOTING**

#### **3.1 Membership in the Association.**

- (a) **Automatic Membership.** The Owner of each Lot is automatically a member of the Association, including the Association, itself, to the extent it owns a Lot in the Planned Community. The membership commences, exists and continues by virtue of the ownership. Membership under this subsection need not be confirmed or evidenced by any certificate or acceptance of the membership.
- (b) **Determination of Ownership.** Ownership is determined, for all purposes of the Declaration and these Bylaws and the administration of the Planned Community and Association, from the record of ownership maintained by the Association in accordance with Section 11.1 below. The record shall be established and updated by the Owners filing with the Association a copy of the deed or land sale contract for the Lot evidencing the certificate of the recording officer of El Paso County, Colorado, a copy of a title insurance policy or other evidence reasonably acceptable to the Board of Directors.

**3.2 Voting.** Each Lot is allocated one vote in the affairs of the Association in accordance with Section 5.3 of the Declaration. The Board of Directors is entitled to vote on behalf of any Lot that has been acquired by or on behalf of the Association, except the Board of Directors is not entitled to vote on behalf of an acquired Lot in any election of directors.

**3.3 Record Date; Owners Entitled to Vote.** Unless otherwise determined by resolution of the Board of Directors, the record date required for determining Owners entitled to vote is as follows:

- (a) **Association Meeting.** For any meeting of members, the record date is the time the meeting is called to order.
- (b) **Action by Written Ballot in Lieu of a Meeting.** For action by written ballot in lieu of a meeting conducted under Section 4.8 below, the record date is the day

before written ballots are mailed or otherwise delivered. If the Board specifies a different record date, the date shall be included in the solicitation given under Section 4.8(c) below.

- (c) **Action without a Meeting.** For action taken without a meeting under Section 4.9 below, the date is the date specified in the consent, if any.

### **3.4 Proxies.**

- (a) **Requirements.**

- (1) Subject to Paragraph (2) of this subsection, a vote may be cast or consent given by proxy. A proxy given by an Owner must:
  - (A) Be in writing, dated and signed by the Owner.
  - (B) Name an individual as the proxy holder.
- (2) A proxy must be filed with the secretary or other person designated by the Board of Directors in accordance with procedures adopted by resolution of the Board of Directors. The Board may not require by resolution or other action that a proxy be on a form prescribed by the Board of Directors.

- (b) **Validity.**

- (1) A proxy:
  - (A) Given to an individual to vote at a specific meeting, unless withdrawn, is also valid at an adjourned meeting called under Section 4.7 below.
  - (B) Is not valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy. However, a proxy is not valid for more than eleven (11) months after the date of execution.
  - (C) Is not valid if it purports to be revocable without notice to the Association.
  - (D) Automatically revokes all previously given proxies.
- (2) A copy of a proxy in compliance with this section provided to the secretary (or other person designated by the Board of Directors) by facsimile, electronic mail or other means of electronic communication utilized by the Board of Directors is valid.

- (c) **Revocation.**

- (1) An Owner may not revoke a proxy given except by actual notice of revocation to the person presiding over a meeting of the Association or to the Board of Directors if a vote is being conducted by written ballot in lieu of a meeting under Section 4.8 below.
- (2) A proxy given by an Owner is automatically revoked upon sale of the Lot by the Owner.

**3.5 Absentee Ballots.** At the discretion of the Board of Directors, a vote may be cast or consent given by absentee ballot as provided in this section.

- (a) An absentee ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.
- (b) All solicitations for votes by absentee ballot must include:
  - (1) Instructions for delivery of the completed absentee ballots, including the delivery location.
  - (2) Whether or not an absentee ballot may be cancelled if the absentee ballot has been delivered according to the instructions.
  - (3) Any other information required by the Act.
- (c) An absentee ballot shall be counted as an Owner present for the purpose of establishing a quorum.
- (d) Even though an absentee ballot has been delivered to an Owner, the Owner may vote in person at a meeting if the Owner has:
  - (1) Returned the absentee ballot; and
  - (2) Cancelled the absentee ballot, if cancellation is permitted in the instructions given under Subsection (b) of this section.

**3.6 Fiduciaries and Joint Owners.**

- (a) **Fiduciaries.** An attorney-in-fact, executor, administrator, guardian, conservator or trustee may vote or grant approval or consent with respect to any Lot owned or held in such capacity, whether or not the Lot has been transferred to the person's name; provided the person satisfies the secretary that the person is the attorney-in-fact, executor, administrator, guardian, conservator or trustee holding the Lot in the fiduciary capacity.

- (b) **Joint Owners.** Whenever a Lot is owned by two (2) or more persons jointly, according to the records of the Association, the vote (or consent) of the Lot may be exercised by any one of the Owners, in the absence of protest by a co-owner. If a co-owner protests, no one co-owner is entitled to vote without the approval of all co-owners. If there is a disagreement among the co-owners, the vote (or consent) of the Lot must be disregarded completely in determining the proportion of votes given with respect to the matter.

**3.7 Binding Vote.** At an Association meeting of Owners at which a quorum is constituted, the vote of Owners representing a majority of the voting rights, present, in person, by proxy or absentee ballot, if permitted under Section 3.5 above, is binding upon all Owners for all purposes except when a higher percentage vote is required by law, the Declaration or these Bylaws.

#### **ARTICLE 4 ASSOCIATION OWNER MEETINGS**

**4.1 Place of Meeting.** All meetings of Property Owner Members shall be held at the Corporation's principal office or at such other place in El Paso County, Colorado as the Board of Directors designates.

**4.2 Annual and Special Owner Meetings.**

(a) **Annual Meetings.**

- (1) The Association shall hold at least one meeting of the Owners each calendar year. The Board shall designate the date, hour and place of the meeting.
- (2) The annual meeting is for the purpose of electing directors as provided under Section 5.3 below and for the transaction of such other business as may properly come before the meeting.

(b) **Special Meetings.**

- (1) Special meetings of Owners may be called by the president or by a majority of the Board of Directors and must be called by the president or secretary upon receipt of a written request from at least thirty percent (30%) of the Owners stating the purpose of the meeting. Only matters of business within the purpose or purposes described in the notice given under Section 4.3 below may be conducted at a special meeting.
- (2) If a notice for a special meeting requested by Owners under this subsection is not given within thirty (30) days after the date the written request is delivered to the president or secretary, a person signing the request may set the date, time and place of the meeting and give notice as specified in Section 4.3 below.

- (c) **Effect of Failure to Hold Meetings as Scheduled.** The failure to hold an annual or other Association Owners meeting stated in or fixed in accordance with these Bylaws does not affect the validity of any actions taken by the Board of Directors at a duly noticed Board meeting.

#### **4.3 Notice of Owner Meetings.**

- (a) **Requirements.** Notice of all meetings of the Owners shall be given by the president or secretary or other person authorized by resolution of the Board of Directors. All notices must be in writing and must:
  - (1) State the date, time and place of the meeting.
  - (2) State the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a director of the Association.
  - (3) Subject to Section 14.2 below, be delivered to each Owner, and to all mortgagees that have requested notice, not less than ten (10) or more than fifty (50) days before the date of the meeting in accordance with Section 14.1 below.
- (b) **Proof of Delivery.** The person giving the meeting notice shall give a signed written statement that states notice was given in accordance with these Bylaws. The written statement constitutes proof of delivery of notice.
- (c) **Adjourned Meetings.** When a meeting is adjourned for less than thirty (30) days under Section 4.7 below, no notice of the adjourned meeting need be given other than by announcement at the meeting at which the adjournment takes place.

**4.4 Quorum.** At any Association meeting of Owners, Owners representing one-third (1/3rd) of the voting rights constitute a quorum whether present in person, by proxy or absentee ballot. When a quorum is once present to organize a meeting, the quorum cannot be broken by the subsequent withdrawal of an Owner or Owners.

**4.5 Order of Business.** The order of business at annual meetings of the Association is:

- (a) Certifying of proxies and determination of quorum
- (b) Proof of notice of meeting given under Section 4.3(b) above or waiver of notice.
- (c) Election of directors in accordance with Section 5.3 below.
- (d) Approval of minutes of preceding meeting.

- (e) Reports of officers.
- (f) Reports of committees, if any.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

Any new business requested by Members to be considered by the Property Owner Members at any annual or special meeting shall be a motion concisely stated in writing and signed by the requesters. Such motion shall address only one subject that is not inconsistent with Colorado law, the Articles of Incorporation, the Bylaws, the Rules and Regulations or the Declaration and shall be delivered to the Secretary at the Corporation office for notice and publication at least ten (10) days prior to the date of such meeting. The requested business matter shall then be placed on the agenda of the annual or special meeting for consideration under New Business.

**4.6 Meeting Procedure.** Unless other rules of order are adopted by resolution of the Board of Directors or the Owners:

- (a) Except when inconsistent with these Bylaws, Association meetings of Owners shall be conducted according to the latest edition of *Robert's Rules of Order* published by the Robert's Rules Association.
- (b) A decision of the Association may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied.
- (c) A decision of the Association is deemed valid without regard to procedural errors related to the rules of order one (1) year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

**4.7 Adjournment of Meetings.**

- (a) **Lack of Quorum.** Unless otherwise specified, if any meeting of Owners, except meetings conducted under Section 4.8 below, cannot be organized because of a lack of quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum as specified in Section 4.4 above is present. However, the meeting may not be adjourned to a date that is thirty (30) days or more from the date the original meeting was called.
- (b) **Extension of Due Date for Action by Written Ballot.** If a due date for return of ballots has been specified in a solicitation of a meeting by written ballot conducted

under Section 4.8(c) below, the Board of Directors may extend the due date as provided under Section 4.8(e) below.

- (c) **Continuation of Business.** In accordance with *Robert's Rules of Order* or other rules of order adopted under Section 4.6 above, a meeting may be adjourned until later the same day or some other day and time pursuant to Section 4.7(b) above.

#### **4.8 Action by Written Ballot in Lieu of a Meeting.**

- (a) **Action by Written Ballot.** At the discretion of the Board of Directors, any action that may be taken at any annual, regular or special meeting of Owners may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. 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, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; specify the time by which a ballot must be received by the Association in order to be counted; and be accompanied by written information sufficient to permit each person casting a ballot to reach an informed decision on the matter. In the event the action is for election of Directors, there shall be space left on the ballot for write in nominations. Action taken under this section has the same effect as action taken at a meeting of Owners and may be described as such in any document.
- (b) **Delivery, Form and Effect of Ballot.** Subject to Subsection (d) of this section, a written ballot:
  - (1) Must be delivered to every Owner entitled to vote on the matter at least ten (10) days before the deadline for return of ballots specified in the solicitation described under Subsection (c) of this section.
  - (2) Must set forth each proposed action and provide an opportunity to vote for or against each proposed action.
  - (3) May be revoked before the final return date of the ballots unless the vote is by secrecy procedure under Subsection (d) of this section or revocation is prohibited under the solicitation given under Subsection (c) of this section.
- (c) **Information Required in Ballot Solicitations.** All solicitations for votes by written ballot must comply with the Colorado Common Interest Ownership Act ("CCIOA").

- (d) **Secrecy Procedure.** Except as otherwise provided under CCIOA, unless the vote will be conducted according to secrecy procedure, the Board of Directors shall provide Owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered. The notice must:
- (1) Be delivered in the manner prescribed by the Board.
  - (2) Inform the Owners that if at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, which date must be stated, at least ten percent (10%) of the Owners petition the Board of Directors requesting the secrecy procedure, the procedure specified in CCIOA must be followed.
- (e) **Extension of Deadline; Determination of Vote.**
- (1) If a due date for return of ballots has been specified in a solicitation of a meeting by written ballot conducted under Subsection (c) of this section, the Board of Directors may extend the due date in one or more extensions, for up to ninety (90) days after the originally specified return of ballots date by delivering written notice to all Owners of such extension.
  - (2) The outcome of a vote conducted by written ballot in lieu of a meeting must be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Matters that may be voted on by written ballot are deemed approved or rejected as provided under CCIOA and the Declaration.
- (f) **Counting of Votes.** Unless otherwise provided in CCIOA or the Declaration:
- (1) Except as provided in Paragraph (2) of this subsection, votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are entered.
  - (2) Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

#### **4.9 Action without a Meeting.**

- (a) Any action that may be taken at any Association annual, regular or special meeting of Owners, may be taken without a meeting and without solicitation of written ballots under Section 4.8 above, if the action is taken by all of the Owners entitled to vote on the action.

- (b) The action must be evidenced by one or more written consents describing the action taken, signed by all of the Owners entitled to vote on the action, and delivered to the Association for inclusion in the minutes or filing with the Association records.
- (c) Action taken under this section is effective when the last Owners signs the consent, unless the consent specifies an earlier or later effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

## **ARTICLE 5 BOARD OF DIRECTORS**

### **5.1 Number and Term.**

- (a) **Number.** The affairs of the Association shall be governed by a Board of Directors composed of at least three (3) but no more than five (5) directors elected as provided in Section 5.3(b) below.
- (b) **Term.** Three (3) or five (5) directors shall be elected annually for a term of one year. Directors shall hold their offices until the expiration of the terms for which they were elected and are serving, their resignation, or their removal from office, whichever occurs first.

### **5.2 Qualifications.**

- (a) **Individuals.** Except as provided in Subsections (b) and (c) of this section, each member of the Board of Directors must be an individual and an Owner or co-owner of a Lot. However, multiple Owners of the same Lot may not serve as directors simultaneously even if one of the multiple Owners has an interest in another Lot.
- (b) **Entities and Trusts.**
  - (1) A trustee may serve on the Board of Directors if the trustee holds legal title to a Lot in trust for the benefit of the Owner of the beneficial interest in the Lot.
  - (2) Prior to an election of members of the Board of Directors, a trustee shall provide the Board of Directors with documentary evidence that the person is qualified to represent the beneficiary owning an interest in the Lot.
- (c) **Fiduciaries.**

- (1) An executor, administrator, guardian, conservator or other person appointed by a court to serve in a fiduciary capacity, for an Owner of a Lot may serve on the Board of Directors.
- (2) Prior to an election of members of the Board of Directors, an individual described in Paragraph (1) of this subsection shall provide the Board with documentary evidence that the individual is qualified to serve on the Board of Directors.
- (d) **Vacancies.** The position of an individual serving on the Board of Directors under Subsection (b) or (c) of this section becomes vacant if the individual no longer meets the requirements of Subsection (b) or (c) of this section.

### **5.3 Nomination and Election.**

- (a) **Nomination.** Incumbent Directors shall set the time and prescribe the conditions for nominations of candidates for Director.
- (b) **Election.**
  - (1) **Election at Meeting.** Directors shall be elected at the annual meeting of the members. The three or five nominees receiving the greatest number of votes shall be elected. Should a tie for the third or fifth position occur, the chair of the Election Committee shall conduct a blind draw from the names of the tied candidates to determine which one is elected.
  - (2) **Election Committee.** The Board of Directors shall appoint an Election Committee to conduct the election by written ballot.
  - (3) **Voting.** Voting shall be by written ballot only by Members in good standing. Voting may be by absentee ballot provided by the Secretary, if requested, and may be cast at any time prior to a scheduled election.
  - (4) **Ballot.** The ballot shall bear the names of all qualified candidates for Directors. The Election Committee shall tally the ballots cast, while the remaining committee members view the tallying to verify accuracy. The committee will then certify to the Board of Directors in writing the names of the candidates receiving the five (or three) highest numbers of votes from members entitled to cast votes.

### **5.4 Resignation; Removal of Directors.**

- (a) **Resignation.** Any director may resign at any time by giving written notice to the Board of Directors, president or secretary. A resignation is effective upon receipt of the notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation is not necessary. Any director who fails

to qualify as a voting member in good standing shall be automatically deemed to have resigned without a right of reinstatement.

- (b) **Removal of Directors by Owners.** At any annual or special meeting, other than a meeting by written ballot conducted under Section 4.8 above, any one or more of the directors may be removed, with or without cause, by a vote of a sixty-seven percent (67%) of Owners present and entitled to vote at any meeting of the Owners. The notice of the meeting must state that the removal will be considered. Any director whose removal has been proposed by the Owners must be given an opportunity to be heard at the meeting. The agenda of the meeting called under this subsection must include the election of a successor to fill the vacancy created as provided under Section 5.5(b) below.
- (c) **Removal by Board for Failure to Attend Board Meetings.** A director who fails to attend three (3) successive meetings of the Board of Directors that have been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a twelve (12) month period that have been properly called, may be removed by a majority of the remaining directors. The vacancy created by the removal shall be filled as provided in Section 5.5(a) below.

#### **5.5 Filling of Vacancies on Board; Term.**

- (a) **Filling of Vacancies by Board of Directors.** Except as provided in Subsection (b) of this section, vacancies on the Board of Directors shall be filled by vote of a majority of the remaining directors even though they may constitute less than a quorum.
- (b) **Filling of Vacancies Created by Removal of Director by Owners.** A vacancy created by the removal of a director by the Owners at a meeting held under Section 5.4(b) above, shall be filled by the Owners at the meeting in accordance with the meeting notice. However, if the Owners fail to elect a director at the meeting, any unfilled director position shall be filled by the Board of Directors in the same manner as a vacancy under Subsection (a) of this section.
- (c) **Term of Director Elected to Fill Vacancy.** Each person elected to fill a vacancy under this section serves for the remainder of the term of the vacated director position.

**5.6 Powers and Duties.** The Board of Directors has all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or these Bylaws may not be delegated to the Board of Directors by the Owners.

**5.7 Specific Powers and Duties.** The powers and duties to be exercised by the Board of Directors include, without limitation, the following:

- (a) **Maintenance of Common Property.** Operation, care, upkeep, maintenance, repair and replacement of Common Property in accordance with the Declaration and these Bylaws.
- (b) **Maintenance Plans.** Preparation and update, as necessary, of the maintenance plan described in the Declaration.
- (c) **Borrowing Funds.** Borrowing of funds for Association capital or other financial needs, provided that the Board must obtain the approval of a majority of the membership prior to borrowing in excess of twenty-thousand dollars (\$20,000).
- (d) **Bank Accounts.** Opening and maintenance of accounts on behalf of the Association in accordance with Section 11.3 below and designating the signatories required therefor in accordance with these Bylaws.
- (e) **Budgets and Reserve Studies.** Preparation and adoption of Association budgets and preparation, review and update of reserve studies, all in accordance with these Bylaws.
- (f) **Reserves.** Establishment and maintenance of reserve accounts as may be required by the Declaration, these Bylaws or the Act and such other reserve accounts, including a general operating reserve account described in Section 11.3 below, as are permitted under these Bylaws.
- (g) **Maintenance, Repairs, and Improvements.** Disbursement of funds for maintenance, repairs, and improvements.
- (h) **Assessment Collection.** Designation and collection of assessments from the Owners in accordance with these Bylaws, the Declaration and the Act.
- (i) **Personnel.**
  - (1) Designation, employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Property and any other property for which the Association has maintenance, repair or replacement responsibility in accordance with the Declaration and these Bylaws.

- (2) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association. The Board of Directors may employ or enter into a contract with a management agent as provided under Section 5.9 below.
  
- (j) **Insurance.**
  - (1) Obtaining and maintaining the insurance required or permitted under Article 12 below.
  - (2) At least annually, the review of the insurance coverage of the Association as provided in Article 12 below.
  
- (k) **Purchase of Lots.** Purchasing Lots of the Planned Community at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all Owners as provided in these Bylaws.
  
- (l) **Annual Financial Statement.** The preparation and distribution of an annual financial statement of the Planned Community to each Owner in accordance with Section 11.6 below.
  
- (m) **Annual Report with Secretary of State.** The filing of the Annual Report with the Colorado Secretary of State in accordance with CCIOA. The Annual Report will be filed with the Department of Regulatory Agencies.
  
- (n) **Income Tax Returns.** Causing any required income tax returns or forms to be prepared by a certified public account or other professional licensed in Colorado to prepare income tax returns or forms and filed as required by law.
  
- (o) **Association Records.** Compliance by the Association with CCIOA relating to maintenance of Association records and maintenance of copies suitable for duplication of the documents specified in CCIOA and its resolutions.
  
- (p) **Association Mailing Address.** Maintenance of a current mailing address for the Association.
  
- (q) **Rules and Regulations.** Promulgation, adoption, amendment and repeal of rules and regulations, as provided in the Declaration, these Bylaws and the Act.
  
- (r) **Enforcement.** Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any rules and regulations.

- (s) **Committees.** Establishment, by Board resolution, of committees and appointment of members thereof as the Board of Directors, in its sole discretion, deem necessary or appropriate to assist the Board in its duties. Unless otherwise provided by the CCIOA, authority of the Board of Directors may only be granted to a committee in accordance with Colorado Revised Nonprofit Corporation Act.
- 5.8 Standards of Conduct.** Unless otherwise provided in CCIOA or the Declaration, in the performance of their duties, members of the Board of Directors are governed by the Colorado Revised Nonprofit Corporations Act.
- 5.9 Managing Agent or Manager.** On behalf of the Association, the Board of Directors may employ or enter into a contract with a management agent to perform such duties and services as the Board of Directors authorizes, including, without limitation, the duties listed in Section 5.7 above. The Board shall establish the compensation of any employee or management agent to be paid under a contract.
- 5.10 Compensation of Directors.** A director may not be compensated in any manner, except for actual expenses incurred in the performance of the director's duties.

## **ARTICLE 6 MEETINGS OF THE BOARD OF DIRECTORS**

### **6.1 Annual Organization Meeting of Board.**

- (a) **Location, Date and Time.** Unless otherwise agreed by the Board, within thirty (30) days following the annual meeting of the Association, the Board of Directors shall hold an organization meeting on such date and at such time and place as is determined by the directors. No further notice of the organization meeting to the directors is necessary. If the date, time and place of the organization meeting are announced at the annual meeting, no further notice to Owners is necessary.
- (b) **Procedure and Business.** Until the election of new officers, the organization meeting shall be chaired by the outgoing president, or, in the absence of the outgoing president, the outgoing secretary, unless the Board has elected a vice-president, regardless of whether the outgoing president, secretary or vice-president is a member of the newly constituted Board. At the organization meeting, the Board of Directors shall elect officers in accordance with Section 7.2 below and may conduct any other Association business.

### **6.2 Calling of Board Meetings; Notice to Directors, Notice to Owners.**

- (a) **Calling of Meetings.**
  - (1) **Regular Meetings.** The Board of Directors may determine to hold regularly scheduled meetings monthly or quarterly at such place, date, and time as may be fixed by resolution of the Board.

- (2) **Special Meetings.** Special meetings (including emergency meetings) of the Board of Directors may be called by the president or any two directors. The secretary or other person designated by the Board of Directors shall cause notice to be given in accordance with Subsection (b) of this section.

(b) **Notice to Board of Directors.**

- (1) **Regular Meetings.** Requirements for notice to directors of regular meetings of the Board of Directors shall be determined, from time to time, by a majority of the directors.
- (2) **Special Meetings.** Subject to Paragraph (3) of this subsection, unless otherwise determined, from time to time, by a majority of the directors, notice of any special meeting shall be given to each director at least ten (10) days prior to the day named for the meeting. The notice shall be given personally or by mail, telephone or other means, including, without limitation, electronic communication, approved by the directors. The notice must state the date, time, place and purpose of the meeting.
- (3) **Emergency Meetings.** Notice requirements to directors for emergency meetings of the Board of Directors shall be as determined, from time to time, by a majority of the directors.
- (4) **Waiver of Notice.** Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

- (c) **Notice to Owners.** Notice of all Board meetings, other than emergency meetings, shall be posted at a place or places in the Planned Community at least three (3) days prior to the meeting or shall be provided by a method otherwise reasonably calculated to inform lot owners of such meetings.

**6.3 Quorum and Acts.** At all meetings of the Board of Directors, a majority of the existing directors constitutes a quorum for the transaction of business and the acts of the majority of the directors present are the acts of the Board of Directors.

**6.4 Meeting Definition; Mode of Board Meetings.**

- (a) **Definition.** As used in this article, “meeting” has the definition given the term in CRS § 38-33.3-308 or other applicable provision of the Act.
- (b) **Mode of Board Meetings.**

- (1) Subject to Paragraph (2) of this subsection, meetings of the Board of Directors shall be by a gathering of directors in person at a designated location.
- (2) Emergency meetings and other meetings of the Board of Directors may be conducted in any other manner permitted under the Act as it may be amended from time to time.
- (c) **Circumvention Prohibited.** As provided under CCIOA the meeting and notice requirements may not be circumvented by chance or social meetings or by any other means.

## **6.5 Board Meeting Procedure.**

- (a) **Director Assent Presumed.** Unless otherwise provided under the Act, a director who is present at a meeting of the Board of Directors at which action is taken on any Association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest.
- (b) **Recording of Votes; Proxies and Secret Ballots Prohibited.** A vote or abstention for each director present must be recorded in the minutes. Directors may not vote by proxy or by secret ballot at Board meetings, except officers may be elected by secret ballot.
- (c) **Rules of Procedure.** Unless other rules of order are adopted by resolution of the Board of Directors:
  - (1) Meetings of the Board of Directors must be conducted according to the latest edition of *Robert's Rules of Order* published by the Robert's Rules Association.
  - (2) A decision of the Board of Directors may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting at which the right to be heard was denied.
  - (3) A decision of the Board of Directors is deemed valid without regard to procedural errors related to the rules of order one (1) year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

## **6.6 Open Meetings; Executive Sessions.**

- (a) **Open Meetings.** Unless otherwise provided under the Act, except as provided in Subsection (c) of this section, all meetings of the Board of Directors are open to

Owners for observation. An Owner has no right to participate in the meeting of the Board unless the Owner is also a member of the Board. The president or presiding officer has the authority to exclude an Owner who disrupts the proceedings at a Board meeting. At the end of each regular Board meeting, an open microphone or Community Forum meeting may be opened to the members to interact directly with the Board.

(b) **Executive Sessions.** Unless otherwise provided under the Act, in the discretion of the Board of Directors, the Board may close the meeting to Owners other than Board members and meet in executive session to:

- (1) Matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
- (2) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (3) Investigative proceedings concerning possible or actual criminal misconduct;
- (4) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (5) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (6) Review of or discussion relating to any written or oral communication from legal counsel.
- (7) Any other matter included in the Act as it may be amended from time to time.

(c) **Executive Session Procedure.** Unless otherwise provided under the Act:

- (1) Except in the case of an emergency, the Board of Directors shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president or other presiding officer shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting.
- (2) A contract or an action considered in executive session is not effective unless the Board, following the executive session, reconvenes in open

meeting and votes on the contract or action. The contract or action must be reasonably identified in the open meeting and included in the minutes of the meeting. No minutes shall be taken of the discussion had in executive session.

## **ARTICLE 7 OFFICERS**

### **7.1 Designation and Qualifications.**

- (a) **Designation.** The principal officers of the Association are a president, a secretary and a treasurer. The Board may establish any other offices such as vice president or assistant secretary as in their judgment may be appropriate.
- (b) **Qualifications.** The president must be a member of the Board of Directors. The secretary must be an Owner, but need not be a member of the Board. Any two offices may be held by the same person except the offices of president and secretary. All members of the Board must be homeowners.

### **7.2 Election of Officers; Term; Vacancies.**

- (a) **Election; Term.** The principal officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board held in accordance with Section 6.1 above to serve until their respective successors are elected at the next organization meeting. Other officers may be elected at any meeting of the Board. There is no limit on the number of successive Terms anyone one person can serve as long as they are duly reelected for each term.
- (b) **Vacancies.** If any office becomes vacant, the Board shall elect a successor to fill the unexpired term at any meeting of the Board of Directors.

### **7.3 Removal; Resignation.**

- (a) **Removal.** Officers hold office at the pleasure of the Board of Directors. When in the judgment of the Board of Directors the best interest of the Association will be served, by an affirmative vote of a majority of the members of the Board, any officer may be removed with or without cause.
- (b) **Resignation.** Any officer may resign at any time by giving written notice to the Board of Directors, president or secretary. A resignation is effective upon receipt of the notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation is not necessary.

### **7.4 President.** The president is the chief executive officer of the Association; shall preside at all meetings of the Association and of the Board of Directors; has all of the general powers and duties that are usually vested in the chief executive officer of an association; and has

such other powers and duties as may be prescribed by these Bylaws or resolution of the Board of Directors.

**7.5 Secretary.** The secretary shall keep or cause to be kept the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association; shall give or cause to be given such notice of meetings of the Association and the Board of Directors; is responsible for all books, records and papers of the Association except those that are in the care of the treasurer or other person designated in a resolution of the Board of Directors; and shall act as vice-president, taking the place of the president and performing the duties of the president, whenever the president is absent or unable to act, unless the Board has elected a vice president.

**7.6 Treasurer.** The treasurer:

- (a) Has responsibility for the Association's funds and securities not otherwise held by the managing agent, if any.
- (b) Shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements.
- (c) Is responsible for the deposit of all monies 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 of Directors in accordance with Section 11.3 below. The treasurer shall disburse the funds of the Association in accordance with these Bylaws.
- (d) Shall perform all other duties incident to the office of treasurer of an association.
- (e) Has such other powers and duties as may be prescribed by these Bylaws or resolution of the Board of Directors.

**7.7 Execution of Documents; Checks.**

- (a) **Documents.** All agreements, contracts, deeds, leases and other instruments of the Association, except checks and other evidences of indebtedness, shall be executed by such person or persons as may be required by law or designated by resolution of the Board of Directors. In the absence of a law or resolution applicable to any instrument, then the instruments shall be executed by the president.
- (b) **Checks, Drafts and Other Evidences of Indebtedness.** Two authorized signatures will be required on all checks, drafts, vouchers and other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association.

**7.8 Standards of Conduct.** Unless otherwise provided in the Act, in the performance of their duties, officers are governed by the Colorado Revised Nonprofit Corporations Act § 7-128-401.

**7.9 Compensation of Officers.** An officer who is a member of the Board of Directors may not receive any compensation from the Association for acting as an officer. The Board of Directors may fix any compensation to be paid to any officers who are not also directors.

## **ARTICLE 8**

### **LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS**

**8.1 Liability.** A member of the Board of Directors or an officer of the Association is not liable to the Association or any Owner for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts.

**8.2 Indemnification.** If any member of the Board of Directors or officers of the Association is made a party of any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify the individual against liability and expenses incurred to the maximum extent permitted by law.

## **ARTICLE 9**

### **RULES AND REGULATIONS**

**9.1 Adoption of Rules and Regulations by Board.** Pursuant to the Act, in addition to the other provisions of the Declaration and these Bylaws, the Board of Directors from time to time may by resolution adopt, amend and revoke such rules and regulations as it may deem necessary or appropriate, in order to assure the peaceful and orderly use and enjoyment of the Planned Community and the management and administration of the Association. The resolution may include, without limitation, rules and regulations that:

(a) Govern the conduct of persons and the operation and use of the Lots and Common Property; and

(b) Interpret the Declaration and these Bylaws.

**9.2 Annulment by Owners of Rules and Regulations.**

(a) By a vote of at least fifty percent (50%) of total voting rights present, in person or by proxy, at a special meeting of Owners called in accordance with Subsection (b) of this section, the Owners may adopt an Association resolution that annuls any or all of the rules adopted by resolution of the Board of Directors under Section 9.1 above.

(b) A special meeting of Owners for the purpose of considering adoption of an Association resolution under Subsection (a) of this section must be requested by

Owners under Section 4.2(b) above not later than ten (10) days after a copy of the resolution adopted by the Board under Section 9.1 above is delivered to Owners in accordance with Section 9.3 below.

- (c) Any rule adopted by the Board of Directors under Section 9.1 above is void upon the adoption by the Owners of an Association resolution under this section that specifically annuls the rule.

### **9.3 Distribution of Copy of Resolution; Binding Effect.**

- (a) The secretary shall cause a copy of a resolution adopted under this article to be provided promptly to each Owner in accordance with Section 14.1 below.
- (b) Rules as adopted, amended or repealed by a resolution adopted under this article are binding upon all Owners and occupants of all Lots from the date of delivery of the copy required to be delivered under Subsection (a) of this section. If a special meeting is requested under Section 9.2(b) above, the resolution adopted by the Board is not effective until adjournment of the special meeting, subject to any Association resolution adopted by the Owners at the special meeting.

## **ARTICLE 10 ASSESSMENTS; BUDGET**

**10.1 Assessments.** In accordance with Article 10 of the Declaration, the Board of Directors shall assess and collect from every Owner assessments in the manner described in the Declaration and in these Bylaws. Assessments shall be due on a date set by the Board of Directors. Any assessment that is not paid within 30 days of the due date set shall be delinquent.

### **10.2 Budgets.**

- (a) **Adoption of Budget.** The Board of Directors shall, from time to time and at least annually, prepare and adopt a budget for the Association (the “annual budget”). The annual budget shall be based on:
  - (1) An estimate of the common expenses expected to be incurred;
  - (2) Any expected revenue; and
  - (3) Any surplus available from the prior year.
- (b) **Continuation of Prior Adopted Budget.** If the Board of Directors fails to adopt an annual budget, the last adopted budget continues in effect.
- (c) **Amended Budget.** Subject to Subsection (d) of this section, if all or any part of a budget adopted under Subsection (a) of this section is or will become inadequate to

meet common expenses incurred for any reason, as soon as practicable, the Board of Directors shall determine the approximate amount of the inadequacy and adopt by resolution an amended budget. The resolution shall identify the reason for the inadequacy.

- (d) **Special Budget.** If all or any part of a budget adopted under Subsection (a) of this section is or will become inadequate to meet common expenses incurred for any reason, in lieu of adopting an amended budget under Subsection (c) of this section, the Board may adopt a special budget. As soon as practicable, the Board of Directors shall determine the approximate amount of the inadequacy and adopt by resolution a special budget. The resolution shall identify the reason for the inadequacy.

### 10.3 Default on Assessments.

- (a) **Personal Obligation.** All assessments properly imposed under the Declaration or Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure) the grantees shall be jointly and severally liable with the grantor(s) for all Association assessments imposed through the recording date of the instrument affecting the conveyance. The Association has authority to take action, including without limitation filing a suit for a money judgment against the Owner personally for the amount due.
- (b) **Assessment Lien.**
  - (1) **Notice of Lien.** At any time any assessment (of any type provided for by the Declaration or Bylaws) or installment thereof is delinquent, the Association, by and through its Board or any management agent, may file a notice of lien in the deed records of El Paso County, Colorado against the Lot in respect to which the delinquency pertains.
  - (2) **Future assessments, Fines, Late Fees, Interest, and Attorneys' Fees.** Once filed, such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorneys' fees (whether or not suit or action is instituted) and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under CRS §38-33.3-316 as the same may be amended, shall apply to the Association's lien.
  - (3) **Foreclosure.** The Association has authority to bring suit to foreclose the assessment lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under the statute. The lien of the Association shall be superior to all other liens and encumbrances except property taxes and assessments, any first mortgage, deed of trust or land sale contract recorded previously to the Association's notice of lien and any

mortgage or deed of trust granted to an institutional lender which is recorded previously to the Association's notice of lien.

- (c) **Fines, Late Charges, Interest, and Attorneys' Fees.** All fines, late charges, and interest and attorney fees for collecting on the unpaid debt are enforceable as assessments. The Board in its reasonable discretion may adopt a resolution to set the rate of interest not to exceed eighteen percent (18%) per annum and to impose a one-time late charge on any delinquent accounts not to exceed ten percent (10%) of the delinquent assessment.
- (d) **Attorneys' Fees.** Any Owner who defaults on his or her obligation to pay assessments is obligated to pay reasonable fees and costs, including without limitation attorneys' fees and costs, related to collection of unpaid assessments regardless of whether or not the attorney fees have been secured by a judgment of the court.

## **ARTICLE 11 ASSOCIATION RECORDS AND ACCOUNTS**

### **11.1 General Records.**

- (a) The Board of Directors and managing agent or manager, if any, shall keep records of the actions of the Board of Directors and managing agent or manager, minutes of the meetings of the Board of Directors and minutes of meetings of the Association.
- (b) The Board of Directors shall maintain a Book of Resolutions containing the rules and regulations adopted by the Association and the Board of Directors.
- (c) The Board of Directors shall maintain a list of Owners. The list must indicate the name, address and Lot number of the Owner.
- (d) Unless otherwise provided in CCIOA the Association shall retain within this state the documents, information and all other records of the Association for not less than the period specified in CCIOA or any other applicable law, except that:
  - (1) The documents described in CRS 38-33.3-317, if received, and required to do so, must be maintained as permanent records of the Association.
  - (2) Proxies and ballots must be retained for one (1) year from the date of determination of the vote, except proxies and ballots relating to an amendment to the Declaration, Bylaws or other governing document must be retained for one year from the date the amendment is recorded.

### **11.2 Financial Records.**

- (a) **Required Records.** The Board of Directors or its designee shall keep within the State of Colorado financial records sufficient for proper accounting purposes.
- (b) **Assessment Roll.** An assessment roll shall be maintained in a set of accounting books in which there is an account for each Lot. The account shall designate the Lot number, the name and address of the Owner or Owners, the amount of each assessment against the Owners and Lot, the dates and amounts in which the assessment is due, the amounts paid upon the account and the balance due on the assessments.

### **11.3 Association Funds and Accounts.**

- (a) **Deposit of Funds.** All assessments and other funds of the Association shall be deposited in accounts described in Subsection (c) of this section. The Board shall cause to be allocated to the accounts those amounts from the assessments deemed necessary by the Board for the purposes set forth in the Declaration and these Bylaws.
- (b) **Distribution of Funds.** All expenses of the Association shall be paid from accounts of the Association in accordance with the Declaration and these Bylaws. The Association shall maintain a voucher or payment system that requires a sufficient number of signatories as is reasonably necessary to prevent any misuse of the Association's funds.
- (c) **Association Accounts.** The Association shall establish and maintain, in accordance with CCIOA two (2) primary accounts and such other accounts as the Board of Directors deems necessary or appropriate to manage the Association's funds. The accounts shall be in the name of the Association with a financial institution in accordance with CCIOA. The primary accounts shall be generally identified as the:
  - (1) General Operating Account.
  - (2) Reserve Account for major maintenance, repair and replacement established under Section 11.4 below.
- (d) **General Operating Reserve Account.**
  - (1) **Establishment of Account.** The Board of Directors may establish and maintain a general operating reserve account by allocation and payment periodically of an amount determined by the Board of Directors to be appropriate.
  - (2) **Use of Funds.** A general operating reserve account may be used for the purposes the Board of Directors determines appropriate, including, without limitation:

- (A) Expenses that exceed budgeted amounts.
- (B) Deductibles under property damage insurance in accordance with Article 12 below.
- (C) Contribution to the reserve account established under Section 11.4(a) below.

#### **11.4 Reserve Accounts; Reserve Study.**

- (a) **Establishment and Maintenance of Reserve Account.** To the extent required, the Board of Directors shall establish and maintain a reserve account for major maintenance, repair and replacement of all items of Common Property that will normally require replacement in whole or in part, in more than one (1) or less than thirty (30) years, for exterior painted surfaces if the Common Property includes exterior painted surfaces, for major maintenance, repair and replacement of all other property for which the Association has maintenance, repair or replacement responsibility, including exterior painted surfaces, and for such other items as may be required by the Declaration or these Bylaws. The reserve fund need not include items:
  - (1) That can reasonably be funded from non-reserve items in the annual budget; or,
  - (2) For which one or more, but less than all, Owners are responsible for maintenance and replacement under the provisions of the Declaration or these Bylaws.
- (b) **Determination of Reserve Accounts; Reserve Study.**
  - (1) The Board of Directors annually shall determine reserve account requirements. In determining the requirements, the Board may periodically conduct a reserve study or review and update an existing study.
- (c) **Use of Reserve Fund.**
  - (1) The reserve account established under this section may be used only for the purposes for which the reserves have been established and must be kept separate from other Association funds.
  - (2) The Board of Directors may borrow funds from the reserve account to meet high seasonal demands on the non-reserve items in the annual budget or to meet unexpected increases in expenses if the Board has adopted a resolution authorizing the borrowing of funds. The resolution may be an annual continuing resolution.

- (3) Not later than the adoption of the budget for the following year, the Board of Directors shall adopt by resolution a written payment plan providing for repayment within a reasonable time of any unpaid funds borrowed under Paragraphs (2) of this subsection.
  - (4) The Board of Directors may use reserve account funds allocated to one reserve item to meet unexpected expenses of another reserve item in the same reserve account. The re-allocation of funds must be reflected in the next reserve study or reserve study update conducted under Subsection (b) of this section.
- (d) The Board of Directors has authority with respect to the reserve account as specified under Subsection (b) of this section. Any action by Owners regarding the reserve account is governed by CCIOA in effect when the action is taken.

**11.5 Fiscal Year.** Unless otherwise provided by resolution adopted by the Board of Directors, the fiscal year of the Association begins on the first day of January and ends on December 31 of each calendar year.

**11.6 Financial Reports and Audits.**

- (a) **Annual Financial Statement.** In accordance with CRS 38-33.3-317 & CRS § 7-136-105, within ninety (90) days after the end of the fiscal year, the Board of Directors shall:
- (1) Prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year; and
  - (2) Provide a copy of the annual financial statement to each Owner and to any mortgagee of a Lot who has requested in writing a copy of annual financial statement.
- (b) **Review of Annual Financial Statement.** If required by CRS 38-33.3-303, the Board of Directors shall cause the financial statement required under Subsection (a) of this section to be reviewed by an independent certified accountant licensed in this state as provided in this section.
- (c) **Audit of Books and Records.**
- (1) From time to time the Board of Directors, at the expense of the Association, may cause an audit, review, compilation or other financial examination of the books and records pertaining to the Association to be conducted and may furnish copies thereof to the Owners and mortgagees of Lots.

- (2) Subject to any rules adopted under Section 11.11 below, upon written request and notification, at any time an Owner or mortgagee may, at the Owner's or mortgagee's own expense, cause an audit, review, compilation or other financial examination of the books and records of the Association to be made.

**11.7 Copies of Documents Required to be Maintained by the Association.** Except as otherwise provided under the Act:

- (a) The Board of Directors shall maintain a copy, suitable for the purposes of duplication, of the following:
  - (1) The Declaration, Bylaws and any amendments or supplements thereto, and rules and regulations of the Association currently in effect.
  - (2) The most recent financial statement prepared in accordance with CCIOA.
  - (3) The current annual budget of the Association.
  - (4) Any reserve study conducted or updated under Section 11.4 above.
  - (5) Any other records required by CRS 38-33.3-317.
- (b) The Association, within ten (10) business days after receipt of a written request by an Owner, shall furnish the requested information required to be maintained under Subsection (a) of this section.

**11.8 Statement of Occupancy Information.**

- (a) All Owners shall provide the Board of Directors with a Statement of Occupancy Information. The Statement of Occupancy Information shall:
  - (1) Be on a form prescribed by resolution of the Board.
  - (2) Contain a statement of whether or not the Lot is occupied by the Owner. If not, state the name of the occupants.
  - (3) State the day and night telephone numbers of the Owner, tenant or other occupant.
  - (4) State the term of any rental or lease agreement.
  - (5) Be kept current by the Owner.
  - (6) Include any other information the Board deems necessary and appropriate.

- (b) The Owner shall promptly notify the Board of Directors in writing of any changes to the Statement of Occupancy Information.
- (c) Statements of Occupancy Information must be kept on file with the books and records of the Association. However, under CRS 38-33.3-3172(b)(1), Statements of Occupancy Information and specific information contained in the forms are not available for inspection or duplication by Owners, except for an Owner's individual Statement of Occupancy Information. The information required under Subsection (a) of this section is to enable the Association to respond to requests for statistical occupancy information related to Lot sales, financing of Lots, insurance and other similar matters and for contact information in the case of emergencies.

### **11.9 Inspection of Records by Owners; Restricted Owner Information.**

- (a) Except as otherwise provided in CRS 38-33.3-317 or other section of the Act, all records of the Association must be reasonably available for examination and, upon written request, available for duplication by an Owner and any mortgagee of a Lot that makes a request in good faith for a proper purpose in accordance with rules adopted by resolution of the Board of Directors under Section 11.11 below.
- (b) Unless otherwise provided in the Act, the following information of an Owner or occupant of a Lot is part of an Owner's individual file CRS 38-33.3-317(3) and is not available for examination or duplication under or use by the Association for a purpose other than for which the information was maintained or provided, without the consent of the Owner or occupant, even if the Association maintains a separate list of Owners
  - (1) Telephone numbers, cellular phone numbers and facsimile numbers.
  - (2) Electronic mail addresses.
  - (3) Any other form of telephonic or electronic communication number or address.
- (c) The rules adopted by the Board under Section 11.11 below may specify the method of providing consent of an Owner or occupant required under Subsection (b) of this section or the actions of an Owner or occupant that constitute consent for specified purposes.

**11.10 Notice of Sale; Records Update Fee.** Immediately upon the sale of any Lot, the current Owner shall promptly inform a member of the board of the name and address of the purchaser or vendee. As soon as practicable after receipt of the notice or other information evidencing the sale of the Lot, the Board shall provide the new Owner a Statement of Occupancy Information form described in Section 11.8 above and notice of any records update fee due under Section 11.11 below.

**11.11 Rules Governing Association Records and Documents.** Pursuant to Article 9 above, the Board of Directors, by resolution, may adopt reasonable rules that:

- (a) Govern the frequency, time, location, notice and manner of examination and duplication of Association records.
- (b) Prescribe a reasonable fee for furnishing copies of any requested documents, information or records. The fee may include reasonable personnel costs incurred to furnish the information.
- (c) Impose a records update fee to cover the administrative costs incurred by the Association when there is a change in Lot occupancy. Unless specifically permitted under the Act, the fee may not exceed the reasonable costs of updating records of the Association, providing copies of Association information and documents and any inspections required to determine if the Lot is in compliance with the Declaration and these Bylaws.

## **ARTICLE 12 INSURANCE**

**12.1 Types of Association Insurance.** The Board of Directors shall obtain and maintain at all times the insurance specified in this section.

- (a) **Property Damage Insurance.**
  - (1) The Association shall obtain and maintain property insurance covering loss or damage from perils normally covered by a “special,” “blanket,” or “all risk” form policy or the equivalent, including, to the extent available at a reasonable cost, earthquake and flood.
  - (2) The amount of coverage shall be for not less than the one hundred percent (100%) of the current replacement cost of the improvements on the Common Property (exclusive of land, foundation, excavation and other items normally excluded from coverage).
  - (3) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Property and all personal property and supplies belonging to the Association.
  - (4) The insurance shall include the following terms, if the Board determines they are reasonably available:
    - (A) A waiver of subrogation by the insurer as to any claims against the Board, any Owner, or any guest of an Owner;

- (B) A waiver by the insurer of its right to repair and reconstruct instead of paying cash;
- (C) A provision that no policy may be canceled, invalidated, or suspended because of the action of an Owner;
- (D) A provision that no policy may be canceled, invalidated or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the association a reasonable time to make the correction; and
- (E) A provision that any “other insurance” clause in any policy shall exclude from its coverage all owners’ policies.

(b) **Liability Insurance.**

- (1) The Association shall obtain and maintain comprehensive general liability insurance coverage insuring the Association, the Board of Directors and managing agent, if any, against liability to the public or to the Owners and their invitees or tenants incident to the operation, maintenance, ownership or use of the Common Property. There may be excluded from the policy or policies coverage of an Owner (other than as a member of the Association or the Board of Directors) for liability arising out of acts or omission of the Owner and liability incident to the ownership or use of the part of the property as to which the Owner has the exclusive use or occupancy.
- (2) Limits of liability under the insurance required under Paragraph (1) of this subsection may not be less than One Million Dollars (\$1,000,000) on a combined single limit basis.
- (3) The policy or policies obtained under this subsection shall be issued on a comprehensive liability basis and must provide cross liability endorsement wherein the rights of named insured under the policy or policies may not be prejudiced as respects his, her or their action against another named insured.

(c) **Workers’ Compensation Insurance.** The Association shall obtain and maintain workers’ compensation insurance to the extent necessary to comply with any applicable laws.

(d) **Fidelity Insurance.**

- (1) The Association shall maintain fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association.

- (2) The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board of Directors.
  - (3) The fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of “employees” or similar terms or expressions. The insurance shall provide that it may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association.
- (e) **Directors’ and Officers’ Liability Insurance.** The Association shall maintain a policy of directors’ and officers’ liability insurance with coverage in the amount of not less than One Million Dollars (\$1,000,000), subject to a reasonable deductible, if any.

## **ARTICLE 13 AMENDMENTS**

**13.1 Proposal of Amendments.** Amendments to the Bylaws may only be proposed by a majority of the Board of Directors or by Owners holding thirty percent (30%) or more of the voting rights. The proposed amendment must be reduced to writing and must be included in the notice of any meeting at which action is to be taken thereon.

**13.2 Adoption.**

- (a) Amendments may be approved by the Owners at a constituted Association meeting or by written ballot in lieu of a meeting in accordance with Section 4.8 above. Subject to Subsection (b) of this section, a vote of a majority of the Owners is required for approval of any amendment.
- (b) In accordance with CCIOA if any provision required to be in a declaration under CCIOA is included in these Bylaws, the voting requirements for amending the Declaration also govern the amendment of the provision in these Bylaws.

**13.3 Execution; Recording.** An amendment is not effective until the amendment is:

- (a) Executed and acknowledged by the president and secretary of the Association;
- (b) Certified by the president and secretary of the Association as being adopted in accordance with these Bylaws and the applicable provisions of the Act; and
- (c) Recorded in the office of the recording officer of El Paso County, Colorado.

## **ARTICLE 14 GENERAL PROVISIONS**

#### 14.1 Notices and Information.

- (a) **Association.** A notice, information or written material required to be provided to the Association or the Board of Directors shall be sent care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may designate from time to time.
- (b) **Owners.**
  - (1) Any notice, information or written material required to be provided to an Owner shall be delivered to such address as may be designated in writing by an Owner to the Board of Directors. If no address has been designated, then notice shall be delivered to the Owner's Lot.
  - (2) If a Lot is jointly owned or the Lot has been sold under a land sale contract, notice shall be sent to a single address, of which the Board of Directors has been notified in writing by the parties. If no address has been given to the Board in writing, then mailing to the Lot is sufficient.
- (c) **Manner of Delivery.** Except as otherwise required by the Declaration, these Bylaws, rules and regulations or law, if within the required time, delivery of notice of meetings and any other notice, information or written material required to be provided or allowed by the Declaration, these Bylaws, rules and regulations or law is sufficient if:
  - (1) Addressed to the Owner or the Association in accordance with this section;  
or
  - (2) Personally delivered or deposited in the United States mail, postage prepaid.
- (d) **Waiver.** Whenever any notice is required to be given under the Act or the Colorado Revised Nonprofit Corporation Act, as they exist or may be amended in the future, or under the provisions of the Declaration, Articles of Incorporation or these Bylaws, a waiver of notice in writing signed by the person or persons entitled to the notice, whether before or after the time stated in the document or law, is deemed equivalent to the giving of the notice.

#### 14.2 Electronic Communications.

- (a) Subject to Subsections (b) and (c) of this section, notwithstanding any requirement under the Declaration, these Bylaws, the Act or the Colorado Revised Nonprofit Corporation Act, in the discretion of the Board of Directors, any notice, information or written material required to be provided an Owner under the Declaration, these Bylaws or law, may be given by electronic mail, facsimile or

other form of electronic communication acceptable to the Board of Directors in accordance with rules prescribed by resolution of the Board, except notices relating to the following matters:

- (1) Failure to pay an assessment.
  - (2) Foreclosure of the Association lien
  - (3) Action the Association may take against the Owner.
  - (4) Offer to use dispute resolution program required
- (b) At the time a notice, information or written material is to be provided an Owner under subsection (a) of this section, to the extent that this section conflicts with a provision of the Act the Colorado Revised Nonprofit Corporation Act, the applicable act governs.
- (c) An Owner may not be required to receive any notice, information or material by any form of electronic communication. Any rules adopted under Subsection (a) of this section must provide for Owners to receive the notice, information or written material in the manner required under the Declaration, these Bylaws, the Act or applicable law.

### **14.3 Compliance and Enforcement.**

- (a) **Compliance.** Each Owner and occupant (including tenants) of a Lot shall comply with the provisions of the Declaration, these Bylaws and the rules and regulations and the Act.
- (b) **Violations of Bylaws.** The violation of any provision of the Declaration, these Bylaws or rules or regulations gives the Board of Directors, acting on behalf of the Association, the right, in addition to any other rights set forth in the Declaration or these Bylaws, the remedies specified in the Declaration, these Bylaws, or the Act.
- (c) **Action by the Association.** The Association may take action, including but not limited to, levying of fines to enforce compliance with the Declaration, Bylaws, or any rules and regulations. The Board shall establish an enforcement policy and a schedule of fines for violations.
- (d) **Action by Owners.** An aggrieved Owner may bring an action against another Owner or the Association for violations of, or for failure to comply with, these Bylaws or any rules or regulations as provided under the Declaration.

**14.4 Waiver, Precedent and Estoppel.** No restriction, condition, obligation or provision contained in these Bylaws or rules and regulations adopted pursuant to these Bylaws may be deemed to have been abrogated or waived by the Association or an Owner by reason of

any failure to enforce the same, irrespective of the number of violations or breaches thereof that may occur. Any failure to enforce the same may not be deemed to constitute precedent or estoppel impairing the right of the Association as to any similar matter.

**14.5 Severability; Number; Construction;**

- (a) **Severability.** The invalidity of any part of these Bylaws does not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.
- (b) **Number; Construction.** As used in these Bylaws:
  - (1) The singular includes the plural and the plural the singular as the context requires.
  - (2) “May not” and “shall not” are equivalent expressions of an absolute prohibition.
  - (3) The masculine, feminine and neuter each include the masculine, feminine, and neuter as the context requires.

**14.6 Conflicts.**

- (a) These Bylaws are intended to comply with the Act to the extent applicable, the Colorado Revised Nonprofit Corporation Act and the Declaration. In case of any irreconcilable conflict, CCIOA and the Declaration control over these Bylaws or any rules and regulations.
- (b) In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation control to the extent consistent with the Act and the Nonprofit Corporation Act.

IN WITNESS WHEREOF, we, being all of the Directors of the CENTENNIAL GLEN HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this 3 day of March, 2016.

  
\_\_\_\_\_, its President