

**BYLAWS
OF
COTTONWOOD GREEN ASSOCIATION, INC.
(A Colorado Nonprofit Corporation)**

The name of the Corporation shall be Cottonwood Green Association, Inc., a Colorado Nonprofit Corporation (the "Association").

**ARTICLE I
DEFINITIONS**

- A. "Act" shall mean and refer to the Colorado Common Interest Ownership Act, as amended, Colorado Revised Statutes Title 38, Article 33.3, Sections 101 through 319.
- B. "Colorado Nonprofit Corporation Act" refers to Title 7, Articles 121 through 137.
- C. "Rules and Regulations" shall mean and refer to all written rules and regulations enacted by the Board of Directors by resolution pursuant to the provisions of these Bylaws.
- D. "Common Property" shall mean and refer to all real and personal property owned by the Association.

**ARTICLE II
OFFICES**

- A. **BUSINESS OFFICES.** The principal office of the Corporation in the State of Colorado shall be Post Office Box 786, Salida, CO 81201. The Corporation may have such other offices, either within or without the State of Colorado, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.
- B. **REGISTERED OFFICE.** The Corporation shall have and continuously maintain in the State of Colorado a registered office, and a registered agent whose office is identical with such registered office, as required by the Colorado Nonprofit Corporation Act. The registered office may be changed from time to time by the Board of Directors.

**ARTICLE III
MEMBERS**

- A. **MEMBERSHIP.** Ownership of a finally platted Lot, Town Home, or Condominium Unit within Cottonwood Green Subdivision (hereinafter referred to as a "Lot") is required in order to qualify for membership in the Association.
- B. **REPRESENTATION ON BOARD OF DIRECTORS.** If title to a Lot is held by a firm, corporation, partnership, association or other legal entity or any combination thereof, or if any individual or entity shall own title to more than one (1) Lot, then in either case that individual or entity may appoint, by a writing furnished to the Association, a delegate to

represent each such Lot as a candidate for, and if elected, as a member of, the Board of Directors. Such delegate shall not vote as a member of the Association unless such person shall be appointed by a proxy executed in conformance with Article III, Paragraph H of these Bylaws to cast the voting interest of the Lot which he represents.

C. **RESPONSIBILITIES OF MEMBERS.** Any person, including Declarant, upon becoming an owner of a Lot, shall automatically become a member (a "Member") of the Association and shall be subject to these Bylaws. Such membership shall terminate without any formal action by the Association whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under, or in any way connected with, the Association during the period of such ownership, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former owner arising out of ownership of the Lot and membership in the Association and the covenants and obligations incident thereto.

D. **MEMBERSHIP CERTIFICATES.** No Certificates of Stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue membership cards to owners of Lots. Such membership cards shall be surrendered to the Secretary of the Association whenever ownership of the Lot designated on the card shall terminate.

E. **CLASSES OF MEMBERS.** The Corporation shall have one class of Members.

F. **VOTING RIGHTS.** Subject to Declarant's control of the Association, each Lot shall be allocated one (1) vote on the affairs of the Association. The Association shall not have a vote with respect to any Lot which may be owned by it. Owners, including Declarant, shall be entitled to one (1) vote (the "Vote") for each Lot they own.

G. **MULTIPLE OWNERS.** If only one (1) of several owners is present at a meeting of the Association, the owner present is entitled to cast the Vote. If more than one (1) of the owners is present, the Vote may be cast only in accordance with the agreement of a majority of the owners of that Lot. Majority agreement exists if any one (1) of the owners casts the Vote without protest being made promptly to the person presiding over the meeting by another owner of that same Lot.

H. **PROXY.** Votes allocated to a Lot may be cast under a proxy duly executed by a Member. If a Lot is owned by more than one (1) person, each owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly executed proxy. An owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term.

I. **REPRESENTATIVES.** The Vote of a corporation or limited liability company may be cast by an officer or designated agent of that corporation or by the manager of the limited liability company in the absence of express notice of the designation of a specific person by the

Board of Directors, members, manager, operating agreement or bylaws of the owning corporation or limited liability company. The Vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, limited liability company, partnership or Lot is qualified to vote.

ARTICLE IV MEETINGS OF MEMBERS

A. **ANNUAL MEETING.** The first annual meeting of the Association Members shall be held within one (1) year after the date of adoption of these Bylaws. Thereafter, the annual meetings of the Members shall be held on a date and at a time selected by the Board of Directors in September of each year, for the purpose of electing Directors and for the transaction of any other business as may lawfully come before the meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be held.

B. **SPECIAL MEETINGS.** Special meetings of the Association Members may be called by the President or a majority of the Board of Directors.

C. **PLACE OF MEETING.** The Board of Directors of the Association may designate any place within Chaffee County, Colorado as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors.

D. **NOTICE OF MEETINGS.** Written notice stating the place, day and hour of any meeting of Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) or more than fifty (50) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Corporation, with postage thereon prepaid. Notice of meetings shall be physically and electronically posted in accordance with the Act.

E. **QUORUM.** Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of the Members possessing sufficient votes to constitute fifty percent (50%) of the votes of all Members shall constitute a quorum, and such Members present in person or by proxy shall constitute the Members entitled to vote upon any issue lawfully presented at a meeting at which a quorum is present. A majority of votes entitled to be cast by such Members present in person or by proxy shall be sufficient to make decisions binding on all owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles of Incorporation of the Association, or these Bylaws. If a quorum is not

present at any meeting of the Members, a majority of the Members present may adjourn the meeting from time to time without further notice.

F. **PROCEDURE.** The Board of Directors shall determine the rules of order and procedure to be followed at meetings.

ARTICLE V BOARD OF DIRECTORS

A. **GENERAL POWERS.** Except as otherwise provided below, the affairs of the Association shall be managed by a Board of Directors.

B. **NUMBER.** The affairs of the Common Interest Community and the Association shall be governed by an Executive Board, who shall be the policy-making body. The initial Executive Board is set forth in the Articles of Incorporation. The Articles of Incorporation provide for the increase of the Board to three (3) members. Thereafter, the number of members of the Executive Board may be increased or decreased by amendment of these Bylaws; provided, however, the number must be an odd number of not less than three (3).

C. **QUALIFICATION.**

(1) Other than the representatives of the Declarant, candidates for the Board of Directors must be Members and eligible to vote.

(2) If any Lot is owned by a partnership or corporation, any officer, partner or employee of that owner shall be eligible to serve on the Board of Directors and shall be deemed to be an owner for the purposes of the preceding sentence.

(3) A Director whose term is expiring is eligible to serve any number of succeeding terms.

D. **STAGGERED TERMS.** The terms of the members of the Board of Directors shall be staggered terms of three (3) years.

E. **NOMINATING PROCEDURES.** Nomination for election to the Board of Directors of Directors other than those appointed by Declarant shall be made by a Nominating Committee composed of at least three (3) Members appointed by the President. Nominations may also be made from the floor at the annual meeting.

F. **ELECTION PROCEDURES.** Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these Bylaws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

G. VACANCIES. Vacancies may be filled at a special meeting of the Board of Directors held for that purpose at any time after the occurrence of the vacancy, even though the members of the Board of Directors present at that meeting may constitute less than a quorum. These appointments shall be made by a majority of the remaining Directors. Each person so elected or appointed shall serve on the Board of Directors for the remainder of the term of the Director so replaced.

H. COMPENSATION. No Director shall receive compensation from the Association for any service he may render to the Association for service as a Director. However, any Director may be reimbursed for his actual expenses, excluding travel expenses, incurred in the performance of his duties, as determined and approved by the Board of Directors.

I. ACTION TAKEN WITHOUT A MEETING. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

J. REMOVAL OF BOARD OF DIRECTORS MEMBER. The Members, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Members at which a quorum is present, may remove any member of the Board of Directors, other than those appointed by the Declarant, with or without cause.

K. REGULAR MEETINGS. A regular annual meeting of the Board of Directors shall be held without other notice than this Bylaw, immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide by resolution the time and place, either within or without the State of Colorado, for the holding of additional regular meetings of the Board without other notice than such resolution. The Board may also hold meetings (annual, regular or special) by telephone conference call.

L. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President, or any two (2) Directors in accordance with Article V subsection M herein.

M. NOTICE OF MEETINGS. Notice of each meeting of Directors, whether annual, regular or special, shall be given to each Director. If such notice is given either (a) by personally delivering written notice to a Director, (b) by e-mail, or (c) by personally telephoning such Director, it shall be so given at least two (2) days prior to the meeting. If such notice is given either (a) by depositing a written notice in the United States mail, postage prepaid, or (b) by transmitting a cable or telegram, in all cases directed to such Director at his residence or place of business, it shall be so given at least thirty (30) days prior to the meeting. The notice of all meetings shall state the place, date and hour thereof, but need not, unless otherwise required by statute, state the purpose or purposes thereof.

N. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, but if less than a majority of the

Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

O. **MANNER OF ACTING.** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

P. **POWERS.** In addition to those powers granted to the Association pursuant to the Act and the Colorado Nonprofit Corporation Act, the Board of Directors, in its sole discretion and authority, has the power to:

- (1) Adopt and amend the Bylaws and Rules and Regulations for the operation and regulation of Cottonwood Green Subdivision;
- (2) Establish architectural control policy and guidelines necessary to implement the provisions of the Declaration. Such policy and guidelines shall be for the purpose of assisting the Design Review Committee (as hereinafter defined) in its duties and for all purposes shall be considered part of the Rules and Regulations authorized pursuant to subsection (1) above;
- (3) Adopt and amend budgets for revenues, expenditures and reserves;
- (4) Collect assessments for Common Expenses, hereinafter defined in Article XIII, from Members;
- (5) Hire and discharge managing agents to perform any duty permitted under applicable law specifically including, but not limited to, those described in this Article V, Section P;
- (6) Hire and discharge employees, independent contractors and agents other than managing agents;
- (7) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws or Rules and Regulations in the Association's name, on behalf of the Association;
- (8) Enter into contracts with Declarant and others;
- (9) Regulate the use, maintenance, repair, replacement and modification of the Common Property;
- (10) Cause additional improvements to be made as a part of the Common Property;

- (11) Borrow funds from any source, acquire, hold, encumber, and pledge and convey, in the Association's name, any right, title or interest to real estate or personal property;
- (12) Grant easements for any period of time, including permanent easements, and grant leases and licenses for no more than one (1) year, through or over the Common Property;
- (13) Impose and receive a payment, fee or charge for services provided to Members and for the use, rental or operation of the Common Property;
- (14) Impose reasonable charges for non-payment or late payment of assessments and levy a reasonable fine, and file and enforce a lien for a delinquency in payment of charges due or for a violation of the Declaration, Bylaws, or Rules and Regulations of the Association;
- (15) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;
- (16) Provide for the indemnification of the Association's officers and the Board of Directors and maintain directors' and officers' liability insurance;
- (17) Exercise any other powers conferred by the Declaration, the Articles of Incorporation, Bylaws, the Act, and the Colorado Nonprofit Corporation Act;
- (18) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;
- (19) Exercise any other power necessary and proper for the governance and operation of the Association;
- (20) By resolution, establish committees, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain minutes of their actions which are available to Members and the Board of Directors. Actions taken by a committee may be appealed to the Board of Directors by any Member within forty-five (45) days of the date of such action, and, if so appealed, the committee's action must be ratified, modified or rejected by the Board of Directors at its next regular meeting;
- (21) Upon the violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Declaration, after an opportunity to be heard, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

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

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

(22) Adopt resolutions providing for fines or other monetary penalties for the infraction of its Rules and Regulations or of the Declaration. Fines will be levied after notice thereof and an opportunity to be heard. The Board of Directors may levy fines in amounts that it, in its sole discretion, shall determine to be reasonable for each violation of the Declaration, these Bylaws, Rules or Regulations, including those violations which persist after notice and an opportunity to be heard is given;

(23) Employ a manager or other employees for the Association, at a compensation established by the Board of Directors, to perform duties and services authorized by the Board of Directors.

ARTICLE VI DELEGATION OF POWERS OF THE BOARD

The Association may delegate powers of the Board or Officers relating to collection, deposit, transfer, or disbursement of Association funds to other persons or to a managing agent, and if so, the following shall be required:

(a) That the other persons or managing agent maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars or such higher amount as the Board may require;

(b) That the other persons or managing agent maintain all funds and accounts of the Association separate from the funds and accounts of other Associations managed by the other persons or managing agent and maintain all reserve accounts of each Association so managed separate from operational accounts of the Association;

(c) That an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

ARTICLE VII OFFICERS

A. **OFFICERS.** The officers of the corporation shall be a President, one (1) or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. The officers must be members of the Board of Directors.

B. **ELECTION AND TERM OF OFFICE.** The officers of the corporation shall be elected at the first meeting of the Board of Directors and thereafter at the next regular meeting of the Board of Directors following each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

C. **REMOVAL.** Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

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

E. **PRESIDENT.** The President shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the corporation. He shall insure that the orders and the resolutions of the Board of Directors are carried out. He shall preside at all meetings of the Members and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the corporation, leases, mortgages, deeds, contracts or other instruments which the Board of Directors has authorized to be executed, including preparing, executing, ratifying, and recording amendments to the Declaration on behalf of the Association, except in the cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by Statute to some other officer or agent of the corporation; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

F. **VICE PRESIDENT.** In the absence of the President or in event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

G. **TREASURER.** If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board of Directors, keep proper books of account, and at the direction of the Board of Directors prepare an annual budget and a statement of income and expenditures to be presented to the membership in accordance with the Act.

H. **SECRETARY.** The Secretary shall keep the minutes of the meetings of the Members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these Bylaws; keep a register of the post-office address of each Member which shall be furnished to the Secretary by such Member and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

I. **ASSISTANT TREASURERS AND ASSISTANT SECRETARIES.** If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President or the Board of Directors.

ARTICLE VIII ARCHITECTURAL CONTROL AND DESIGN REVIEW COMMITTEE

A. **DESIGN REVIEW COMMITTEE.** The Board of Directors shall appoint a design review committee, hereinafter referred to as the "Design Review Committee" to administer the architectural approvals required pursuant to the Declaration. It shall consist always of either three (3) or five (5) members. Absent a specific appointment by the Board, the members of the Board shall be the members of the Design Review Committee. The Board may reduce the number of members of the Design Review Committee to three and increase it to five as often as it wishes. Members of the Design Review Committee may be removed at any time without cause. From among the members of the Design Review Committee, the Board may appoint a Chairman of the Design Review Committee who shall coordinate the operation of the Design Review Committee.

B. APPOINTMENT AND REMOVAL. The Board shall have the right to appoint and remove all members of the Design Review Committee, and members of the Design Review Committee must be Members of the Association.

C. REVIEW OF PROPOSED CONSTRUCTION. Whenever the approval of the Design Review Committee is required, it shall have the right to consider all of the Plans and Specifications for the improvement or proposal in question and all other facts which in its sole discretion are relevant. Prior to commencement of construction of any improvement on a Lot, the documents relating to such improvement as described in the Declaration and the architectural control policy and guidelines described at Article V.P.(2) hereof (hereinafter collectively referred to as the "Plans and Specifications") shall be submitted to the Design Review Committee, and construction thereof or excavation for it may not commence unless and until the Design Review Committee has approved such Plans and Specifications in writing. The Design Review Committee shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to the Declaration, and perform such other duties assigned to it by the Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress and/or upon completion to assure its conformance with Plans and Specifications approved by the Design Review Committee. The Design Review Committee shall approve Plans and Specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will be in conformance with the Declaration and not be detrimental to the surrounding area or Cottonwood Green Subdivision as a whole. The Design Review Committee may condition its approval of Plans and Specifications on such changes therein as it deems appropriate, and may require submission of additional Plans and Specifications or other information prior to approving or disapproving the material submitted. The Design Review Committee may also issue architectural policy rules or guidelines, and revisions of prior policy regarding anything relevant to its functions, including, but not limited to, minimum standards and procedures for the submissions of Plans and Specifications for approval. The Design Review Committee may require such detail in Plans and Specifications submitted for its review and such other information as it deems proper, including, without limitation, environmental impact statements. Until receipt by the Design Review Committee of all required Plans and Specifications and other information, the Design Review Committee may postpone review of anything submitted for approval. Upon receipt by the Design Review Committee of all required Plans and Specifications and other information, the Design Review Committee shall have thirty (30) days in which to approve or disapprove such Plans and Specifications in writing. If the Design Review Committee fails to so approve or disapprove within said thirty-day period, the Plans and Specifications shall be deemed to have been approved as though written approval had been given by the Design Review Committee.

D. MEETINGS OF THE DESIGN REVIEW COMMITTEE. The Design Review Committee shall meet from time to time or otherwise communicate among themselves as it deems appropriate to perform its duties hereunder. The Chairman of the Design Review Committee may from time to time designate one (1) of its members to perform such duties as the Chairman may direct for and on behalf of the Design Review Committee. However, only the vote of a majority of all of the members of the Design Review Committee, or the written consent

of a majority of all of the members of the Design Review Committee taken without a meeting, shall constitute an act of the Design Review Committee.

E. NO WAIVER OF FUTURE APPROVALS. The approval or consent of the Design Review Committee to any Plans and Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Design Review Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans or Specifications or other matter whatever subsequently or additionally submitted for approval or consent by the same or a different person. Past approvals or consents of the Design Review Committee to any Plans and Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Design Review Committee or its predecessors, shall not be deemed to constitute an estoppel of any right to withhold approval or consent as to any Plans or Specifications or other matter whatever subsequently or additionally submitted for approval or consent by the same or a different Person.

ARTICLE IX ELIMINATION OF CERTAIN LIABILITIES OF DIRECTORS

There shall be no personal liability, either direct or indirect, of any Director of the corporation to the corporation or to its Members for monetary damages for any breach or breaches of fiduciary duty as a Director; except that this provision shall not eliminate the liability of a Director to the corporation or to its Members for monetary damages for any breach, act, omission or transaction as to which the Colorado Nonprofit Corporation Act (as in effect from time to time) prohibits expressly the elimination of liability. This provision is also in the corporation's original Articles of Incorporation and thus is effective on the date of the corporation's incorporation. This provision shall not limit the rights of Directors of the corporation for indemnification or other assistance from the corporation. This provision shall not restrict or otherwise diminish the provisions of Section 13-21-116(2)(b), Colorado Revised Statutes (concerning no liability of Directors except for wanton and willful acts or omissions), any amendment or successor provision to such Section, or any other law limiting or eliminating liabilities. Any repeal or modification of the foregoing provisions of this Article by the Members of the corporation or any repeal or modification of the provision of the Colorado Nonprofit Corporation Act which permits the elimination of liability of Directors by this Article shall not affect adversely any elimination of liability, right or protection of a Director of the corporation with respect to any breach, act, omission, or transaction of such Director occurring prior to the time of such repeal or modification.

ARTICLE X AMENDMENTS AND COMPLIANCE

A. AMENDMENTS. These Bylaws may be amended only by a majority vote of the members of the Board of Directors, following notice to all owners, at any meeting duly called for such purpose. No amendment of these Bylaws shall be adopted which would affect or impair the validity or priority of any mortgage or deed of trust encumbering any Lot or which would change the provisions of the Bylaws with respect to institutional mortgages of record.

B. CONFLICT BETWEEN DOCUMENTS. In the case of any conflict between the Articles of Incorporation of the Association and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws or the Articles of Incorporation of the Association, the Declaration shall control.

ARTICLE XI SERVICES

The Association shall initially provide for the following services, among others, funded through the related payments outlined below from regular, annual assessments, which services may be amended or supplemented from time to time by the vote of the Board of Directors:

- (a) Administrative payroll;
- (b) Accounting services;
- (c) Provision of office supplies;
- (d) Maintenance, repair and improvement of the Common Property;
- (e) Provision of maintenance supply;
- (f) Legal services;
- (g) Payment of reimbursable expenses of the Board of Directors or its Committees;
- (h) Maintenance of insurance specified in the Declaration or herein;
- (i) Establishment of a reserve fund for the maintenance, repair, and replacement of the Common Property, as required by the Declaration; and

ARTICLE XII NONPROFIT CORPORATION

The Association is not organized for profit. No Member of the Association, member of the Board of Directors, or a person from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event shall any part of the funds or assets of the Association be paid as a dividend, or be distributed to, or inure to the benefit of, any member of the Board of Directors. The foregoing, however, shall neither prevent nor restrict the following:

A. Reasonable compensation may be paid to any Member or Director acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; and

B. Any Member or Director may, if previously so authorized by the Board of Directors from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, as authorized by the Board of Directors.

ARTICLE XIII OBLIGATIONS OF THE OWNERS

A. **ASSESSMENTS.** Each owner shall be obligated to pay to the Association annual assessments or charges to be established and collected as provided by the Declaration and herein. The assessments levied by the Association shall be used exclusively to preserve, protect and enhance the values and amenities of Cottonwood Green Subdivision for the benefit of all owners and to provide for the expense of repair, maintenance, operation and improvement of the Common Property ("Common Expenses"). The annual assessment shall be determined by prorating the budgeted amount for Common Expenses, including reasonable reserves, for the next fiscal year for all Lots. A Member shall be deemed to be in good standing and entitled to vote at any Annual or Special Meeting of the Members within the meanings of these Bylaws, if, and only if, he shall have fully paid all assessments made or levied against him and the Lot owned by him. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments.

B. **SPECIAL ASSESSMENTS.** In addition to the annual assessments authorized in this Article XIII, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Property, including fixtures and personal property related thereto, or for the funding of any operating deficit incurred by the Association.

C. **REGISTRATION OF MAILING ADDRESS.** All owners of each Lot shall have one and the same registered mailing address to be used by the Association for mailing of notices, demands, and all other communications. Such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association, or other legal entity or such combination thereof to be used by the Association. Such registered address of a Lot owner or owners shall be furnished by such owners to the Secretary of the Association within five (5) days after transfer of title. Such registration shall be in written form and signed by all of the owners of the Lot or by such persons as are authorized by law to represent the interest of all owners thereof. If no such address is registered or if all the owners cannot agree, then the address of the Lot shall be deemed the registered address for the purposes of this Section until another registered address is furnished as required under this Section. If the Lot is the registered address of the owners, then any notice shall have been deemed to be duly given if it is delivered

to any person occupying that Lot, or, if such Lot is unoccupied, if the notice is held and available for the owners at the principal office of the Association. The registered address may be changed from time to time by designation in accordance with this Section.

**ARTICLE XIV
BOOKS AND RECORDS: STATEMENT OF ACCOUNT**

A. **INSPECTION.** The records of receipts and expenditures of the Board of Directors, and other books, records and papers of the Association, including the Declaration, the Articles of Incorporation, and these Bylaws of the Association as well as any management agreement and any rules and regulations of the Association shall be available for inspection during convenient week day business hours by the owners, their agents, their attorneys, their lenders, and to holders, insurers or guarantors of first mortgages at the principal office of the Association, where copies may be purchased at reasonable costs.

B. **STATEMENT OF ACCOUNT.** Upon ten (10) days notice to the managing agent, if any, or to the Board of Directors, and payment of a reasonable fee, any owner shall be furnished a statement of the owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

**ARTICLE XV
CORPORATE SEAL**

The corporate seal shall be in such form as shall be approved by resolution of the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The impression of the seal may be made and attested by either the Secretary or an Assistant Secretary for the authentication of contracts or other papers requiring the seal.

**ARTICLE XVI
WAIVER OF NOTICE**

Whenever any notice is required to be given under the provisions of the Colorado Nonprofit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**ARTICLE XVII
FISCAL YEAR**

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

**ARTICLE XVIII
CAPITALIZED TERMS**

Any capitalized terms used herein and not otherwise defined shall have the meaning defined in the Declaration or Articles of the Association.

Julianne Miller