

**AMENDED AND RESTATED BYLAWS  
OF  
CASTLE PINES HOMES ASSOCIATION, INC.**

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THESE AMENDED AND RESTATED BYLAWS OF CASTLE PINES HOMES ASSOCIATION, INC. (the "Bylaws") amend and restate and replace in their entirety the Bylaws of Castle Pines Homes Association, Inc., previously adopted.

**ARTICLE I**

**NAME AND LOCATION**

The name of the corporation is Castle Pines Homes Association, Inc., herein after referred to as the "Association," a Colorado nonprofit corporation. The registered office of the Association is 688 E. Happy Canyon Road, Castle Rock, Colorado, but meetings of Members and Directors may be held at such places within the State of Colorado as may be designated by the Board of Directors.

**ARTICLE II**

**OBJECT AND DEFINITIONS**

**Section 2.1. Purposes.** The specific purposes for which the Association is formed are:

- (a) to provide for the maintenance, preservation, and control of the Common Area, and the real property (the "Property") which is subject to the Amended and Restated Castle Pines Declaration and Agreement Creating Covenants, Conditions, Restrictions and Easements executed by Castle Pines Land Company, a Colorado limited partnership (the "Land Company"), CPV, Inc., a Colorado corporation ("CPV"), Fidelity Castle Pines, Ltd., a Maryland limited partnership ("Fidelity"), and the Castle Pines Golf Club, Inc., a Colorado corporation, ("Golf Club") as of May 2, 1989, and recorded on May 5, 1989, in the office of the Clerk and Recorder of Douglas County, Colorado, in Book 852 at Page 981 Reception No. 9810284 (the "Declaration");
- (b) to promote the health, safety, and welfare of the owners and residents within the Property;
- (c) To enforce the rights and fulfill the obligations of the Association as set forth in the Declaration.

**Section 2.2. Definitions.** The defined terms used in these Bylaws shall have the same meaning as the same terms have in the Declaration.

## ARTICLE III

### MEMBERSHIP

#### Section 3.1. Membership in Association.

**3.1.1 Owners as Members.** Except as set forth in the Declaration, every Owner shall be a Member. Status as an Owner is the sole qualification for membership.

**3.1.2 Termination of Ownership Status.** Rights to a membership and status as a Member terminate upon termination of status as an Owner. Upon conveyance, sale, or assignment of the Owner's interest as provided in the Declaration, the selling Owner or Owners shall be relieved of liabilities attendant upon membership arising thereafter; provided, however, that no such sale or transfer shall relieve an Owner of liability arising prior to the date such sale or transfer is consummated.

**3.1.3 No Avoidance By Non-Use.** No Owner may avoid the obligations of membership during the period of ownership by non-use of Association facilities, renunciation or abandonment of such Owner's Dwelling Unit, or any other act of abandonment or renunciation.

#### Section 3.2. Voting Rights.

There shall be two (2) classes of voting rights: Class A voting rights and Class B voting rights.

**3.2.1 Class A Voting Rights.** All Members other than the Land Company, CPV, and Fidelity (or a designated assignee of the Class B voting rights of any one of these entities) shall have Class A voting rights, entitling each to one (1) vote for each Dwelling Unit of which such Class A Member is the Owner. When more than one person holds an interest in a Dwelling Unit, the vote for such Dwelling Unit shall be exercised as the Owners thereof determine, but votes attributable to the Dwelling Unit shall be cast by only one (1) person.

Each Owner having Class A voting rights shall be entitled to one vote for each Dwelling Unit owned; only one vote per Dwelling Unit shall exist at any time. When more than one person holds an interest in any Dwelling Unit, all such persons shall be Members. The vote for such Dwelling Unit shall be exercised as they among themselves determine, and the Secretary or Assistant Secretary of the Association shall be notified of such designation, to be represented by a proxy as described in Section 4.6 hereof, prior to any meeting. In the absence of such advice, the Dwelling Unit's vote shall be suspended in the event more than one person or entity seeks to exercise it. Any Owner of a Dwelling Unit which is leased may assign the voting rights appurtenant to such Dwelling Unit to the lessee, but only for the term of such lease, provided that a copy of the instrument of assignment is furnished to the Secretary or Assistant Secretary of the Association prior to any meeting.

**3.2.2 Class B Voting Rights.** The Land Company, CPV, and Fidelity shall have Class B voting rights entitling each to three (3) votes for each Dwelling Unit of which it is the Owner. Further, whenever the Land Company, CPV, or Fidelity causes Additional Property to become

subject to the Declaration by recording a Declaration of Annexation as provided in paragraph 2 of the Declaration, then such annexing entity shall be given Class B voting rights corresponding to the Dwelling Unit or Dwelling Units included in such Annexation. In addition, the Land Company, CPV, and Fidelity shall have the right to assign Class B voting rights corresponding to a portion of Developed Property consisting of at least one hundred (100) Dwelling Units, or the potential Class B voting rights corresponding to a portion of Additional Property consisting of acreage zoned for a maximum permissible density of at least one hundred (100) Dwelling Units pursuant to the Development Plan, or a combination of Developed Property and Additional Property totaling at least one hundred (100) Dwelling Units, as calculated above, to a purchaser of such portion of Developed Property, Additional Property, or combination thereof, provided that:

(i) Such purchaser has agreed under binding agreement to plat any Additional Property into Custom Lots or Cluster Lots and to offer the same for sale to persons who, upon purchase, shall become Members entitled to exercise Class A voting rights; and,

(ii) The assignment is made by specific written instrument signed by both assignor and assignee. An Owner's right to exercise Class B voting rights and an Owner's or an Additional Property Owner's right to assign the right to exercise Class B voting rights to purchasers of all or a portion of its Developed Property or Additional Property as provided in this Section 3.2.2, may be made subject to a Mortgage and subsequently exercised by the Mortgagee who forecloses or obtains a deed or conveyance in lieu of foreclosure.

**3.2.3 Proof of Class B Rights** Persons claiming Class B Voting Rights will file with the Secretary or Assistant Secretary of the Association ten days prior to any meeting of the Members a list of the lots or parcels for which that Person claims Class B Voting Rights. Said person will also provide the following information to the extent not previously filed with the Association. A Superblock (by which herein is meant a "Lot" which has not been finally platted i.e., subdivided and platted so that more than one (1) Dwelling Unit may be constructed on the Lot), will be entitled to one (1) vote as one (1) Lot under the Declaration until the further subdivision and replatting of the Lot is completed and recorded in the Douglas County real property records.

1. A copy of the recorded deed by which the claimant took title to each Custom or Cluster Lot or tract.
2. In the case of a Cluster Lot (other than a Cluster Lot platted for condominiums), a copy of the plat filed with the Clerk and Recorder of Douglas County which includes the Cluster Lot(s).
3. In the case of a Cluster Lot(s) consisting of condominiums that have been constructed, a copy of the Condominium Map filed with the Clerk and Recorder of Douglas County.
4. In the case of a Cluster Lot(s) where the lot(s) is/are platted for construction of condominiums, which construction has not been completed, a copy of the recorded final site plan which allows for construction of condominiums which have been approved by Douglas County. For purposes of this provision, a plat for construction of condominiums will consist of (1) a plat of a parcel of property, and (2) a final site plan which allows the construction of condominium units what has been approved by Douglas County in

accordance with the applicable site plan approval procedures and, if required by Douglas County, filed with the Clerk and Recorder of Douglas County. Each such parcel will be entitled to one vote for each condominium unit shown on the final site plan.

5. A copy of the recorded Declaration of Annexation which includes the Custom Lots or Cluster Lots for which voting rights are claimed.
6. In the case of a member who claims voting rights by assignment, (a) a copy of the assignment by specific written instrument signed by both the assignor and assignee and (b) a copy of the binding agreement to plat the Additional Property into Custom Lots or Cluster Lots (to the extent not previously platted) and to offer the same for sale to persons who, upon purchase, will become Members entitled to exercise Class A voting Rights.

The Secretary of the Association will make a determination of whether a person qualifies for Class B Voting Rights and the number of units which may be voted, which determination is appealable to the Board of Directors of the Association. The decision of the Board will be final, subject to any applicable legal challenge.

**3.2.4 Conversion of Class B to Class A Voting Rights.** Class B voting rights then existing shall be converted to Class A voting rights upon the earliest to occur of the following events:

- (a) In the case of a Custom Lot, a final Certificate of Occupancy has been obtained from the appropriate governmental authority for construction of the improvements on a Dwelling Unit to which such Class B voting rights correspond; or
- (b) In the case of a Cluster Lot, the number of Dwelling Units for which final certificates of occupancy have been obtained is greater than fifty percent (50%) of all Dwelling Units comprising the Cluster Lot (in which event all the remaining Dwelling Units shall convert to Class A voting rights); or
- (c) Twenty (20) years from the date of the Declaration.

**Section 3.3. Suspension of Membership.** During any period in which a Member shall be in default in the payment of any Assessment levied by the Association, the voting rights and rights to use of the recreational facilities of such Member may be suspended by the Board until such Assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board, including, but without limitation, rules governing the use of the Common Area and recreational facilities.

## ARTICLE IV

### MEETINGS OF MEMBERS

**Annual Meetings:** Each regular annual meeting of the Members shall be held during the first 90 days of each calendar year: provided that the Board by resolution shall fix the actual time and date of the meeting.

**Section 4.2. Extraordinary Meetings.** Extraordinary meetings of the Members may be called at any time by the President of the Association or by the Board or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A or Class B membership.

**Section 4.3. Notice of Meetings.** Written notice of each meeting of the Members shall be given by, or at the direction of the Secretary of the Association or other person authorized to call the meeting, by mailing or delivering a copy of such notice, postage prepaid, at least seven (7) days and no more than sixty (60) days before such meeting to each Member entitled to vote thereat addressed to each Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of an extraordinary meeting, the purpose of the meeting.

**Section 4.4. Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation for the Association, as may be amended from time to time, the Declaration, or these Bylaws. If, however, such quorum shall not be present, the meeting may be adjourned to a date no less than forty-eight (48) hours nor more than thirty (30) days thereafter. At such reconvened meeting, the presence of members entitled to cast at least one-tenth (1/10) of the votes of each class of membership in person or by proxy shall constitute a quorum. A meeting may only be reconvened once. Thereafter, a new meeting must be called and the original quorum requirements shall be applicable.

**Section 4.5. Proxies.** At all meetings of Members each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary or Assistant Secretary of the Association prior to commencement of any meeting where the proxy is to be exercised. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Dwelling Unit. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

**Section 4.6. Designation of Voting Representative – Proxy** If title to a Dwelling Unit is held by more than one individual, by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, a proxy must be executed and filed with the Secretary of the Association appointing and authorizing one person or alternate persons to attend all annual and

special meetings of Members and to cast the vote of the Dwelling Unit at the meeting. Such proxy shall be effective and remain in force for eleven (11) months from the date of its execution unless voluntarily revoked, amended, or sooner terminated by operation of law; provided, however, that within thirty (30) days after such revocation, amendment, or termination, the Owner or Owners shall reappoint and authorize one person or alternate persons to attend all annual and special meetings as provided by this Section.

**Section 4.7. Waiver of Notice.** Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

**Section 4.8. Majority of Owners.** As used in these Bylaws, the term "majority" shall mean those votes, owners, or other groups (as the context may indicate) totaling more than fifty percent (50%) of the total number.

**Section 4.9. Conduct of Meetings.** The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring there.

**Section 4.10. Action Without a Meeting** Any action which may be taken by the vote of Members at a regular or special meeting may be taken without a meeting with the written approval of all Members or their proxies.

**Section 4.11. Fixing of Record Date.** For the purpose of determining (i) members entitled to notice of or vote at any meeting of members or any adjournment thereof, (ii) members entitled to demand a special meeting, or (iii) the current members for any other proper purpose, the record date for any such determination of members, will be ten days prior to the date on which the particular action requiring such determination of members is to be taken. If a determination is made to adjourn the date on which any such action is to be taken, the Board of Directors will fix a new record date, which will be ten days prior to the adjourned date on which the action requiring such determination of members is to be taken. Any determination to be made on a record date will be as of the corporation's close of business on the record date.

Notwithstanding the above, the record date for determining the members entitled to take action without a meeting will be the date on which the writing that is to form the basis of the action is first received by the Association. The record date for determining members entitled to demand a special meeting will be the date of the earliest of any of the demands pursuant to which the meeting is called.

## ARTICLE V

### **BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE**

**Section 5.1. Number.** The affairs of this Association shall be managed by a Board of five (5) elected Directors (each a "Director").

**Section 5.2. Selection of the Board.** The elected Directors on the Board shall be selected at each annual meeting by a vote of Members having Class A or Class B voting rights and voting in person or by proxy. The Directors on the Board need not be Members of the Association in their individual capacity, but shall be deemed to be the agents of the Members.

**Section 5.3. Nominating Committee.** Nominations for election to the Board shall be made by a Nominating Committee, consisting of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than twenty (20) days prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event fewer than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

**Section 5.4. Term of Directors.** From and after the date of these Bylaws, the terms of the Directors elected to the Board shall be as follows: initially, one Director shall have a one-year term; two shall have a two-year; and two shall have a three-year term. Each subsequently elected Director shall have a three-year term of office.

**Section 5.5. Removal.** Any elected Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association, at a meeting called for that purpose. In the event of death, resignation, or removal of a Director, such Director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the former Director.

**Section 5.6. Compensation.** No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

**Section 5.7. 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 the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## **ARTICLE VI**

### **MEETING OF DIRECTORS**

**Section 6.1. Regular Meetings.** Regular meetings of the Board shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday then that meeting shall be held at the same time on the next day which is not a legal holiday.

**Section 6.2. Special Meetings.** Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

**Section 6.3. Quorum.** A majority of the number of Directors shall constitute a quorum of the Board for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**Section 6.4. Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if: (a) a quorum is present; and, (b) either before or after the meeting each of the Directors not present signs a written waiver of notice. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

## **ARTICLE VII**

### **POWERS AND DUTIES OF THE BOARD**

**Section 7.1. Powers.** The Board shall have power to:

**7.1.1** Exercise for the Association all powers, duties and authority vested in or delegated to this Association by these Bylaws, the Articles of Incorporation or the Declaration;

**7.1.2** Declare the office of a Director of the Board to be vacant in the event such Director shall be absent from three (3) consecutive meetings of the Board; and,

**7.1.3** Employ a manager, independent contractors or such other agents or employees as it deems necessary, and prescribe their duties.

**Section 7.2. Duties.** The Board shall duly perform all of its duties under the Declaration and the Articles of Incorporation. In addition, the Board shall:

**7.2.1** Cause to be kept a complete record of all its acts and corporate affairs which shall be made available for inspection by the Members at all reasonable times;

**7.2.2** Employ and supervise all officers, agents and employees of the Association and see that their duties are properly performed;

**7.2.3** Send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of such Assessment period;

**7.2.4** Cause such officers or employees having fiscal responsibilities and as the Board deems appropriate to be bonded; and,

**7.2.5** Cause any sums to be collected by the Association which are to be held as a reserve for contingencies, future maintenance or future replacements to be deposited in a trust account and not commingled with the Association's general funds or used for purposes other than those for which they are collected.

**Section 7.3. Non-Profit Purpose** In order to preserve the non-profit, income Tax-exempt status of the Association, neither the Board nor any Director shall do any act, or authorize or suffer the doing of any act by an officer or employee of the Association, on behalf of the Association, which is inconsistent with the Articles of Incorporation or Bylaws or the non-profit purpose of the Association. Any such act or acts shall be ultravires and void.

**Section 7.4. Hearing Procedure.** The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of rules and regulations or of the provisions of the Declaration, or the Articles of Incorporation and Bylaws of the Association unless and until the following procedure is followed:

**7.4.1 Demand.** Written demand to cease and desist from the alleged violation shall be served upon the alleged violator specifying:

- (a) The alleged violation;
- (b) The action required to abate the violation; and,
- (c) A time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any additional similar violation may result in the imposition of a sanction after notice and hearing, if the violation is not continuing.

**7.4.2 Notice.** At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Board. The notice shall contain:

- (a) The nature of the alleged violation;

- (b) The time and place of the hearing, which time shall not be less than ten days from the giving of the notice;
- (c) An invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and,
- (d) The proposed sanction to be imposed

**7.4.3 Hearing.** The hearing shall be held pursuant to this notice affording the Member (or other occupant) a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The decision of the Board shall be final.

These procedures need not be followed in order to impose any sanction or penalty for nonpayment of a delinquent assessment.

## **ARTICLE VIII**

### **COMMITTEES**

**Section 8.1. Committees.** The Board shall appoint those members of the Design Review Committee to be chosen by the Association to serve on the Design Review Committee, as provided in the Declaration, and the Board shall also appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purposes.

**Section 8.2. Number and Duties.** Such committees shall have the duties given them in the Declaration, these Bylaws and the resolutions by which they are created.

## **ARTICLE IX**

### **OFFICERS AND THEIR DUTIES**

**Section 9.1. Enumeration of Officers.** The officers of the Association shall be a President, Vice-President, Secretary, and Treasurer, who shall at all times be members of the Board, and an Assistant Secretary, who shall not be a member of the Board. and such other officers as the Board may from time to time by resolution create.

**Section 9.2. Election of Officers.** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

**Section 9.3. Term.** The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless such officer sooner resigns, or is removed, or otherwise becomes disqualified to serve.

**Section 9.4. Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

**Section 9.5. Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 9.6. Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

**Section 9.7. Multiple Offices.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices pursuant to Section 9.4 of this Article.

**Section 9.8. Duties.** The duties of the officers are as follows:

**9.8.1 President:** The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; and shall sign all promissory notes, leases, mortgages, deeds, and other written instruments after such instruments have been approved by the Board.

**9.8.2 Vice-President:** The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

**9.8.3 Secretary:** The Secretary shall record votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the board.

**9.8.4 Treasurer:** 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, shall cosign all promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; shall prepare an annual budget and the financial statements provided for by Section 23.2 hereof; and shall deliver a copy of such annual budget and financial

statements to the Members. All checks drawn on the accounts of the Association must be signed by either the President or the Treasurer, or, if delegated in writing signed by the President and Treasurer, the Manager.

**9.8.5 Assistant Secretary:** The Assistant Secretary shall act in the place and stead of the Secretary in the event of the Secretary's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

## **ARTICLE X**

### **CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words: CASTLE PINES HOMES ASSOCIATION, INC., Colorado.

## **ARTICLE XI**

### **INDEMNIFICATION**

**Section 11.1. Indemnification.** The Association shall indemnify every Director and officer, or former director or officer, and their respective successors, personal representatives, and heirs, against all loss, costs, and expenses, including counsel fees, reasonably incurred by such person in connection with any action, suit or proceeding to which such person may be made a party by reason of such person's being or having been a Director or officer of the Association, except as to matters as to which such person shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of such person's duty to the Association. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of such person's duties as such Director or officer. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, cost, and expense arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

## **ARTICLE XII**

### **AMENDMENTS**

**Section 12.1. Amendment.** These Bylaws may be amended, at a regular or special meeting of the Board, by a vote of a majority of a quorum of Directors present in person or by proxy.

**Section 12.2. Conflicts of Documents.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

## ARTICLE XIII

### **BOOKS AND RECORDS**

**Section 13.1. Books, Records, and Documents.** The books, records, and documents of the Association shall at all times during reasonable business hours be subject to inspection by any Member or his representatives or designees. The Declaration, the Articles of Incorporation, and these Bylaws shall be available for inspection by any Member and his designees at the principal office of the Association, where copies may be made and purchased at reasonable cost.

**Section 13.2. Accounts and Reports.** The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

**13.2.1** Accrual accounting, as defined by accepted accounting principles, shall be employed.

**13.2.2** Accounting and controls should conform with established AICPA guidelines and principles. A segregation of accounting duties should be maintained, and disbursements by check shall require two signatures. Cash disbursements shall be limited to amounts of one hundred dollars (\$100.00) and under.

**13.2.3** Cash accounts of the Association shall not be commingled with any other accounts.

**13.2.4** No remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise and anything of value received shall benefit the Association.

**13.2.5** Any financial or other interest which any managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board, and the Board must approve all contracts for the procurement of goods or services from any such individual.

**13.2.6** Commencing at the end of the calendar quarter after the first meeting of the Board of Directors and continuing on a quarterly basis, financial reports shall be prepared for the Board containing:

- (a) an income statement reflecting all income and expense activity for the preceding three (3) months on an accrual basis;
- (b) an account activity statement reflecting all receipt and disbursement activity for the preceding three (3) months on an accrual basis;
- (c) a delinquency report listing all owners who have been delinquent during the preceding three (3) month period in paying the monthly installments of assessments or special assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent

**13.2.7** A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed at the annual meeting of the Members. At the written request of any Member, such statements shall be audited at Association expense and shall be distributed to the Members.

**13.2.8** An account status report reflecting the status of all accounts in an "actual" versus "approved" budget format with a budget report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts) shall be prepared for the Board and available to all Members on an annual basis.

**13.2.9** The books and records of the Association shall be audited after the end of each calendar year by a certified public accountant and furnished to each Member within ninety (90) days after the end of each calendar year, pursuant to paragraph 22 of the Declaration.

**Section 13.3. 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.

IN WITNESS WHEREOF, we, being a quorum of the Directors of Castle Pines Homes Association, Inc., have executed these Bylaws on the \_\_\_ day of January 1999.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
At Large

\_\_\_\_\_  
Treasurer

### CERTIFICATION

I, the undersigned, do hereby certify:

**THAT I** am the duly elected and acting Secretary of Castle Pines Homes Association, Inc., a Colorado non-profit corporation; and

**THAT** the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, and held on the 20 day of November, 1998.

**IN WITNESS WHEREOF**, I have signed for said association this \_\_\_\_\_ day of \_\_\_\_\_ 1999.

\_\_\_\_\_  
Mike Stefanik, Secretary

(SEAL)