

**RESOLUTION AMENDING THE BYLAWS OF
CEDAR PARK OWNERS MASTER ASSOCIATION, INC.**

WHEREAS, it appearing that the number of directors needs be increased because the number of units sold has exceeded fifty percent, so that at least one third of the Board must be elected by Members;

WHEREAS, there is no vacancy on the Board of Directors;

WHEREAS, the number of the Board of Directors shall be established from time to time by amendment to the Bylaws;

THEREFORE, Be It Resolved:

Bylaw Section 5.1, Number and Initial Board, is hereby amended by the addition of a NEW Section 5.1a, to read in its entirety, as follows:

Section 5.1a. The Board of Directors (also known herein as the Executive Board) shall consist of three (3) Directors, one of whom shall be a member of the Association and shall be elected by the unit owners other than the Declarant, to a term of three years.
(added February 21, 2000)

DULY MOVED, SECONDED AND PASSED UNANIMOUSLY by the Board of Directors of CEDAR PARK OWNERS MASTER ASSOCIATION, INC. this 21st day of February, 2000.

CEDAR PARK OWNERS
MASTER ASSOCIATION, INC.

By: _____
Chair

**BYLAWS OF
CEDAR PARK MULTI-FAMILY UNIT OWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is CEDAR PARK MULTI-FAMILY UNIT OWNERS ASSOCIATION, INC., (the "Association"), a Colorado not-profit corporation. The principal office of the Association is located at 524 30 Road, Suite 4, Grand Junction, CO 81504.

**ARTICLE II
DEFINITIONS, PURPOSES AND ASSENT**

Section 2.1. Definitions. The definitions in the Supplementary Declaration of Covenants, Conditions, and Restrictions and Easements for Cedar Park Filing No. 2, Multi-Family Lots Declarations, City of Fruita, Mesa County, Colorado, as amended from time to time and recorded in the office of the Clerk and Recorder of Mesa County, Colorado, shall apply to these Bylaws, and all defined terms used in the Bylaws shall have the same meaning as the defined terms used in the Declaration.

Section 2.2. Declaration Administration Purpose. To administer and enforce the covenants and restrictions and to collect and disburse the assessments and charges set out in the Supplementary Declaration of Restrictions, Easements and Covenants of Covenants of Cedar Park Filing No. 2, Mesa County, Colorado (the "Declaration"), a common interest ownership subdivision consisting of Lots 1, 2 and 9 of Block One; Lots 1, 4, and 5 of Block Two; and Lots 1 through 3 of Block Three. The Declaration is recorded in the records of the Mesa County Clerk and Recorder's Office on March 1, 1999, in Book 2557 at Pages 337 through 366.

Section 2.3. Association Function, Purpose. To be the Association referred to in said Declaration, and to take such actions and perform such duties as are required of the Association in said Declaration, including the maintenance and administration of properties and facilities owned by the Association and to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration.

Section 2.4. Nonprofit Purpose. The Association is formed exclusively for purposes for which a corporation may be formed under the Colorado Revised Nonprofit Corporation Act and not for pecuniary profit or financial gain. No part of the assets, income or profit of the Association shall be distributable to, or inure any person except to the extent permitted under the Colorado Revised Nonprofit Corporation Act. The Association shall not operate any listing service for its directors or contributors, or take steps which will serve to facilitate the transaction

of specific business by its directors or promote the private interest of any director or contributor, or engage in any activities which would constitute a regular business of a kind ordinarily carried on for profit.

Section 2.5. Assent. All present or future Owners, their families, present or future tenants, and their guests and invitees, and any other person using the private, common or public facilities of the Cedar Park Filing No. 2 in any manner are subject to the Association Documents, including the Bylaws. The mere acquisition or rental of any of the multi-family units (hereinafter referred to as units) of the project or the mere act of occupancy of any of said units will signify that these bylaws and the provisions of the regulatory agreement are accepted, ratified, and will be complied with.

ARTICLE III **MEMBERSHIP**

Section 3.1. Membership and voting privileges. The Association shall have two (2) classes of voting membership:

Class A Membership: Class A Members shall be all Owners, with the exception of Declarant. Class A Members shall be entitled to vote on Association matters on the basis of one (1) vote for each unit owned.

When more than one (1) person holds an interest in any unit, all such persons shall be Members. The vote for such unit shall be exercised by one (1) person appointed by proxy in accordance with Section 4.7. below. The vote allocated to the unit shall be suspended in the event more than one (1) person or entity seeks to exercise the right to vote on any one (1) matter. Any Owner of a unit which is leased may assign his voting right to the tenant, provided that the tenant is appointed to vote on behalf of the Owners by proxy and the proxy is furnished to the secretary of the Association prior to any meeting in which the tenant exercises the voting right.

Class B Membership: Class B Member(s) shall be Declarant and any successor of Declarant who takes title to all or part of the property for the purpose of development and sale of units and who is designated as Successor Declarant in a recorded instrument executed by Declarant. Class B membership shall terminate on the earlier of the following dates:

a. no later than sixty days after conveyance of seventy-five percent of the units that may be created to unit owners other than declarant; or

b. July 1, 2005; or

c. two years after the last conveyance of a unit by the declarant in the ordinary course of business; or

- d. two years after any right to add new units was exercised; or
- e. the date on which Declarant voluntarily relinquishes its Class B membership, as evidenced by a notice recorded in the office of the Mesa County Clerk and Recorder.

After termination of the Class B membership, Declarant and any designated successor Declarant shall be entitled to one (1) Class A membership and one (1) Class A vote for each unit owned. At such time, Declarant shall call a special meeting of the Members to advise the members that Class B membership has been terminated and to relinquish control of the Association to the Class A Members.

Section 3.2. Proof of membership. Any person or entity, on becoming an owner of a unit, shall furnish to the Manager or to the Secretary of the Association a photocopy or a certified copy of the recorded instrument vesting that person or entity with an ownership interest, which instrument shall remain in the files of the Association. An Owner shall not be deemed a Member of the Association in good standing and shall not be entitled to vote at any annual or special meeting of the Members unless this requirement is first met.

Section 3.3 Notice. Notice of matters affecting the common interest community may be given to unit owners by the Association or other unit Owners by personal deliver to each unit or by first class United States mails, addressed to the registered address of the unit Owner, and with postage prepaid.

ARTICLE IV

ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 4.1. Annual meetings. The first annual meeting of the Members shall be held within one (1) year after the date of incorporation of the Association. Each subsequent annual meeting of the Members shall be held on a date and at a time set by the Board of Directors. Annual meetings shall be held at a place within the State of Colorado selected by the Board of Directors.

Section 4.2. Special Meeting. Special meetings of the Members may be called at any time by the President of the Association or by the Board of Directors, or upon written request of Members who are collectively entitled to vote at least twenty percent (20%) of all of the votes of the Class A membership. Upon call, the Board of Directors shall designate a place within the County of Mesa, State of Colorado for the meeting.

Section 4.3. Notice of Meeting. Written notice stating the place, day, and hour of each meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary,

or the persons calling the meeting, to the registered mailing address of each member entitled to vote at such meeting. If mailed, notices are deemed delivered when deposited in the United States mail, postage prepaid, addressed to the registered mailing address as it appears on the records of the Association.

Section 4.4. Quorum. Except for acting on proposals to encumber or convey Common Elements, the presence at the commencement of a meeting of Members entitled to cast (or of proxies entitled to cast) one-twentieth (1/20) of the total votes shall constitute a quorum throughout the meeting for any action. If, however, such quorum shall not be present or represented at the meeting, the Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented by proxy. For matters that no other majority requirement has been established, action may be taken by a majority of those present in person or by proxy.

Section 4.5. Voting by Mail. Voting by mail is permitted for election of Directors, amendment of the Articles of Incorporation, or adoption of a proposed plan of merger, consolidation, or dissolution, and on such other matters as allowed by the provisions of the Colorado Non-profit Corporation Act, as amended from time to time. In the case of a vote by mail, the Secretary shall give written notice to all Members, which notice shall include (i) a proposed written resolution setting forth a description of the proposed action, (ii) a statement that the members are entitled to vote by mail for or against such proposal, (iii) a statement of a date not less than twenty (20) days after the date such notice shall have been given by which all votes must be received, and (iv) the specified address of the office to which all votes must be sent. Votes received after that date shall not be effective. Delivery of a vote in writing to the designated office shall be equivalent to receipt of a vote by mail at such address for the purpose of this section.

Section 4.6. Proxies. Any Member may cast such Member's vote in person or by proxy, but no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. No proxy shall be valid unless filed with the Secretary of the Association at or before the appointed time of each meeting.

Section 4.7. Designation of Voting Representative--Proxy. If title to a unit is held by more than one (1) individual, by a firm, corporation, partnership, association, or other legal entity, or any combination of such parties, a proxy must be executed and filed with the Secretary of the Association appointing and authorizing one (1) person or alternate persons (who may be a tenant of the Owners) to attend all annual and special meetings of Association Members and to cast the vote allocated to that unit at the meeting. Such proxy shall be effective and remain in force for even (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

(1) person or alternate persons to attend all annual and special meetings as provided by this section.

Section 4.8. Waiver of Notice. Waiver of notice of a 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 of the meeting 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 4.9. 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. Any provision of the Declaration, the Articles of Incorporation or these Bylaws establishing a greater quorum requirement, a higher percentage of owners or of votes to approve or disapprove an act shall apply to the specified action. In the event of conflict among the Declaration, Articles or these Bylaws, the quorum or percentage to approve or disapprove an act set forth in the Declaration shall apply first, and if no provision is made, then the requirement in the Articles shall apply, and if no provision is made, then the highest requirement of the Bylaws shall apply.

Section 4.10. 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 at such meeting.

Section 4.11. Action Without a Meeting. Any action which may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members.

ARTICLE V

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 5.1. Number and Initial Board. The affairs of this Association shall be managed by a Board of not less than one (1) and no more than twelve (12) Directors. As members are added as Declarant control ends, such member-selected directors shall be Members of the Association. The number of the Board of Directors shall be established from time to time by amendment to these Bylaws. The initial number of Members of the Board of Directors shall be two (2). The name and address of the person who is to serve on the initial Board of Directors until their successors are appointed is as listed below:

<u>Name</u>	<u>Address</u>
Terry Lawrence	524 30 Road, Suite 4 Grand Junction, CO 81504
Daren Carei	524 30 Road, Suite 4 Grand Junction, CO 81504

Section 5.2. Directors During Declarant Control. During Declarant Control, the Board of Directors shall be selected by Declarant and shall serve at the sole discretion of Declarant. The Directors selected by Declarant need not be members of the Association.

Section 5.3 Declarant Control Termination and Creation of Member-selected Directors. Director positions and the selection of directors shall occur as set forth below, and in accordance with these Bylaws:

(a) Not later than sixty days after conveyance of twenty-five percent of the units in a phase that may be created to unit owners other than a declarant, at least one member and not less than twenty-five percent of the members of the executive board must be elected by unit owners other than the declarant. Not later than sixty days after conveyance of fifty percent of the units that may be created to unit owners other than a declarant, not less than thirty-three and one-third percent of the members of the executive board must be elected by unit owners other than the declarant.

(b) Not later than the termination of any period of declarant control, the unit owners shall elect an executive board of at least three members, at least a majority of whom must be unit owners other than the declarant or designated representatives of unit owners other than the declarant. The executive board shall elect the officers. The executive board members and officers shall take office upon election.

(c) In all events, the period of declarant control terminates no later than either sixty days after conveyance of seventy-five percent of the units that may be created to unit owners other than a declarant, two years after the last conveyance of a unit by the declarant in the ordinary course of business, or two years after any right to add new units was last exercised.

Section 5.4. Election of Directors During Members' Control. At the first meeting of the Members following termination of the Class B membership, Declarant shall turn control of the Association over to the Class A Members, the Class A Members shall elect a new Board of Directors, and any terms of Directors elected by Class B Members which have not expired shall immediately terminate. Subsequent to termination of the Class B membership, Directors shall be elected by the Members at each annual meeting of the Members. At the first general election of

the Board by Association members and subsequent elections, the Members of the Association may cast as many votes as they are entitled to exercise under the provision of Section 3.1. above. Voting for Directors shall be by secret written ballot.

Section 5.5. Term of Office of Directors During Members' Control. The term of office for the initial Directors elected by the Members shall be fixed at the time of their election as they themselves shall determine in order to establish a system of three (3) year terms in which at least one-third (1/3) of the Board is elected each year, and the Board shall identify in which year the directorships for each category of representation are subject to election. For example, if the number of Directors on the Board is set at three (3) pursuant to Section 5.1. above, one (1) Director shall serve for a one (1) year term, one (1) Directors shall serve for a two (2) year term, and one (1) Director shall serve for a three (3) year term. At the expiration of the initial term of office of each respective Director, a successor shall be elected to serve three (3) years. Each Director shall hold office until such Director's successor is elected and qualified.

Section 5.6. Removal of Directors; Vacancies. Directors may be removed and vacancies on the Board may be filled as follows:

(a) During Declarant Control: "Declarant control" is the time period during which Class B membership exists. During that time the Declarant may appoint and remove the members of the Board of Directors of the Association and its officers that are not elected by Class A Members.

(b) By the Members: Any Director elected by Class A Members may be removed, with or without cause, at any regular or special meeting of the Members by a majority of votes of the Members entitled to vote for a successor. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members shall be given notice of the proposed removal at least ten (10) days prior to the date of such meeting and shall be given a opportunity to be heard at such meeting.

(c) By the Board. Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any Assessment for more than thirty (30) days may be removed by a majority vote of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of the death, disability, or resignation of a Director, a vacancy may be declared by the Board, and the Board may appoint a successor. Any successor appointed by the Board shall serve for the remainder of the term of the Director replaced.

Section 5.7. 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 his duties as a Director.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 6.1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such regular times as set by the Board of Directors, at such place and hour as may be fixed from time to time by resolution of the Board. Should the 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 meeting of the Board of Directors shall be held when called by the President of the Association, or by a majority of Directors, after no less than three (3) days' notice to each Director.

Section 6.3. Quorum. A quorum for the transaction of business is deemed present throughout the meeting if persons entitled to cast fifty percent of the votes on that board are present at the commencement of the meeting. Every action taken or decision 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 of Directors, 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 lack of adequate notice before or at commencement of such meeting.

Section 6.5. Action Taken Without a Meeting. The Directors shall have the right to take any action which they could take at a meeting in the absence of 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 VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. General. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association. The Board of Directors may do all such acts and things as are not prohibited by law, the Articles of Incorporation, these Bylaws, or the Declaration, directed to be exercised or done by the Members.

Section 7.2. Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 7.1. above, the Board of Directors shall have the following powers and duties:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration, and to exercise the powers of the Board and Association set forth in the Declaration. The Declaration is incorporated herein as if fully set forth.

(b) To establish, make, amend from time to time, and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use, and occupancy of the Development, subject to the provisions of the Declaration. A copy of such rules and regulations shall be delivered or mailed to each Member promptly after adoption.

(c) To keep in good order, condition, and repair all the Common Area, Common Elements, Limited Common Elements and Exterior Maintenance Area and all items of personal property, if any, used in the enjoyment of the Common Area and Exterior Maintenance Area. No approval of the members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

(d) To fix, determine, levy, and collect the Assessments to be paid by each of the Members towards the gross expenses of the Cedar Park Multi-Family Unit Owners Association, Inc., and to adjust, decrease, or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding assessment period. The assessments shall be fixed by the Board, based upon the cash requirements deemed to be necessary by the Board to pay all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and Limited Common Elements and discharge of all of its duties.

(e) To levy and collect Special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies; provided, however, that any Special Assessment shall be subject to the approval of sixty-six percent (66%) of the votes of each class of Members attending a meeting for the purpose of approving such Special Assessment if the aggregate Special Assessment exceeds ten percent (10%) of the gross annual budget for the Association for that year or \$10,000.00 total special assessment (\$294.11 per unit), whichever is greater. All Special Assessments shall be in statement form and shall set forth in detail the various expenses for which the Special Assessments are being made.

(f) To levy and collect default Assessments for violation of the Association Documents or because the Association has incurred an expense on behalf of a Member under the Association Documents.

(g) To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws; and to exercise other remedies for delinquent Assessments as set forth in the Declaration.

(h) To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary; provided, however, that (1) a two-thirds majority vote of the Board is required to approve any borrowing; and (2) the Board shall not borrow more than \$2,000.00 or cause the Association to be indebted for more than \$10,000.00, at any one time without the prior approval of a majority of votes of both classes of membership. The common elements may not be encumbered or subjected to a security interest except in compliance with Section 7.3(c).

(I) To enter into contracts and leases, including leases for recreational facilities, within the scope of their duties and powers.

(j) To establish a bank account for the operating account of the Association and for all separate funds which are required or may be deemed advisable by the Board of Directors.

(k) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses, or disbursements and to permit examination thereof by Members or their Mortgagees at convenient weekday business hours.

(l) To cause any and all access roads, parking areas, and driveways in and to the Cedar Park Filing No. 2 subdivision and across the Property to be maintained, except as otherwise provided under the Declaration.

(m) To cause the maintenance of the lawn, trees, shrubs, and other vegetation, the outdoor lighting, and the sprinkler or other irrigation systems located on the Common Area for the Benefit of the Members.

(n) To provide exterior maintenance upon each condominium unit which is subject to assessment hereunder, as follows: Paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, and the "common area" and "common elements" as defined in the Declaration and Supplementary Declaration of Covenants, Conditions, and Restrictions. Such exterior maintenance shall not include glass surfaces. In the event that the need for maintenance or repair of a unit or the improvement thereon is caused through the willful or negligent acts of the its owner, or through the willful or negligent acts of the family, guests, or invitees of the owner of the unit needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment to which such unit is subject. Exercise of this power is a mandatory duty.

(o) To obtain necessary insurance for the Common Areas and for the building structure of the condominium units, and to allocate the cost thereof pursuant to the Declaration. Exercise of this power is a mandatory duty.

(p) To permanently assign parking spaces for each unit to the the Owner or Owners thereof, which shall be as near and convenient to the unit as reasonably possible, together with the right of ingress and egress in and upon said parking area.

(q) To delegate to the Manager or any other person or entity such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by another than by the Association, and to agree to assess to the members a reasonable fee for such services, except that the duties set forth in subparagraphs (d), (e), (f), (h), and (I) of this Section 7.2. shall not be so delegated.

(r) To dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes upon the affirmative vote of eighty percent of the Members, and subject to such conditions as may be agreed to by the Members in such affirmative vote.

Section 7.3. Limitations on Powers and Duties.

(a) As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administrator or the Veteran Administration, or the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation: Failing to allocate the minimum amount of money approved by and required by HUD annually for monthly payment to the reserve fund for replacements; making disbursements from the reserve fund for replacements; annexing additional properties, merging or consolidating; dedicating, leasing, mortgaging, or selling any real or personal property of the Corporation; executing any management contract; dissolving the Corporation; and amending the Articles or the Bylaws of the Corporation.

(b) The Board's powers are subject to the limitations thereon set forth in the Declaration, including but not limited to the rights of first mortgagees described in the Declaration.

(c) The rights to annex property and to develop the Properties in phases reserved to the Declarant in the Declarations shall not be affected by any action of the Board or Members.

(d) The Board shall have no authority to encumber or to convey Common Elements unless such action is approved by persons entitled to cast at least eighty percent (80%) of the votes, including eighty percent of the votes allocated to units not owned by a declarant, agree to such action; except that all owners of units to which any limited common element is allocated must agree in order to convey that limited common element or subject it to an encumbrance or security interest.

Section 7.4 Notice Required for Adoption of Budget. Within thirty days after adoption of any proposed budget for the common interest community, the Board shall mail, by ordinary

first-class mail, or otherwise deliver a summary of the budget to all the unit owners and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing or other delivery of the summary. Unless at that meeting a majority of all unit owners or any larger percentage specified in the declaration reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the unit owners must be continued until such time as the unit owners ratify a subsequent budget proposed by the Board.

Section 7.5. Manager.

(a) The Board of Directors may employ for the Association a professional management agent or agents as Manager for compensation established by the Board of Directors. The Board of Directors may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (d), (e), (f), (h), (i) and (n) of Section 7.2. of this Article. Declarant, or an affiliate or employee of Declarant, may be employed as Manager.

(b) No management contracts may have a term in excess of three (3) years and must permit termination by either party without cause and without payment or a termination fee on ninety (90) days or less written notice.

Section 7.6. Account and Reports. The following management standards of performance will be followed unless the Board, by resolution specifically determines otherwise:

(a) Cash and accounts of the Association shall not be commingled with any other accounts.

(b) No remuneration shall be accepted by the Board of Directors or the Manager from vendors, independents contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, services fees, prizes, gifts, or otherwise (except that such persons may be employees of Declarant during the period of Class B membership); anything of value received shall benefit the Association.

(c) Any financial or other interest which the Manager or a member of the Board of Directors may have in any firm (other than Declarant) providing goods or services to the Association shall be disclosed promptly to the Board of Directors.

(d) Commencing at the end of the calendar quarter in which the first unit is sold and closed and continuing on a quarterly basis, financial reports shall be prepared for the Board of Directors containing:

(I) an income statement reflecting all income and expense activity for the preceding three (3) months on an accrual basis;

(ii) an account activity statement reflecting all receipt and disbursement activity for the preceding three (3) months;

(iii) a delinquency report listing all Owners who have been delinquent during the preceding three (3) month period in paying the monthly installments of 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.

(e) 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 to the Members. At the written request of any Owner or First Mortgagee, such statements shall be audited at the requesting party's expense. Any such audited statements shall be delivered to any Owner requesting the report and to the Association upon payment of a reasonable fee for copying.

(f) 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 periodically and available to all Members on an annual basis.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Officers. The officers of the Association shall be a President, Vice-President, Secretary, and Treasurer, who may but need not be Members of the Board of Directors, and such other officers as the Board may from time to time create by resolution.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board, and each shall hold office for one (1) year or until his successor is duly elected and qualified, unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 8.4. 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, but no term of special appointment may exceed twelve months.

Section 8.5. Resignation and Removal. Any officer may be removed from office 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 in the notice. Acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. 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 replaced.

Section 8.7. 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 created pursuant to Section 8.4. of this Article.

Section 8.8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments; and shall co-sign all checks and promissory notes.

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary shall record the 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.

(d) 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 of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and the financial statement provided for by Section 7.4. of these Bylaws, and deliver or make copies available of each to the Members.

ARTICLE IX

COMMITTEES

The Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

INDEMNIFICATION AND LIABILITY

Section 10.1. In addition to the other powers now or hereafter conferred upon the Association by the Articles of Incorporation, these Bylaws, the Colorado Revised Nonprofit Corporation Act, or otherwise, the Association shall possess and may exercise all powers to indemnify directors, officers and other persons and all powers whatsoever incidental thereto (including without limitation the power to advance expenses and the power to purchase and maintain insurance with respect thereto), without regard to whether or not such powers are expressly provided for in the Colorado Revised Nonprofit Corporation Act. The Board of Directors is hereby authorized on behalf of the Association to exercise all of the Association's powers of indemnification, whether by provision in the Bylaws or otherwise.

The Association assumes all liability to any person, other than the Association or its Members, for all acts or omissions of a Volunteer Director; provided, the Volunteer Director was acting, or the omission occurred, in the good faith performance of the Volunteer Directors's duties.

Section 10.2. The Association's directors, officers, employees, and agents shall have the same rights, duties, obligations and protections as afforded directors, officers, employees, and agents as provided by the Colorado Revised Nonprofit Corporation Act.

Section 10.3. The Association's Directors and Officers shall have the benefit of the same limitation on personal liability for injury to every person or property arising out of a tort as provided by the Colorado Revised Nonprofit Corporation Act.

Section 10.4. Indemnification. The Board of Directors may authorize the Association to pay, or cause to be paid by means of insurance or otherwise, any judgment or fine rendered or levied against a present or former Director, officer, employee, or agent of the Association in an action brought against such person to impose a liability or penalty for an act or omission alleged to have been committed by such person while a director, officer, employee, or agent of the Association, provided that the Board of Directors shall determine in good faith that such person acted in good faith and without willful misconduct or gross negligence for a purpose which he or she reasonably believed to be in the best interests of the Association. Payments authorized hereunder include amounts paid and expenses incurred (including reasonable attorney's fees) in satisfaction of any liability or penalty or in settling any action or threatened action.

Section 10.5. A Director of the Association shall not be personally liable to the Association for monetary damages for a breach of the Director's fiduciary duty arising under applicable law and as provided for by the Colorado Revised Nonprofit Corporation Act, as it exists or as it may be amended. However, this Article shall not eliminate or limit the liability of a director for any of the following:

(a) A breach of the Director's duty of loyalty to the Association or its Shareholders or Members;

(b) Acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law;

(c) Loans made by the Association to Directors and Officers in violation of the Colorado Revised Nonprofit Corporation Act;

(d) A transaction from which the Director derived an improper personal benefit;

(e) An act or omission that is grossly negligent.

Section 10.6. The Board of Directors is specifically authorized to acquire insurance on behalf of the Association.

ARTICLE XI **AMENDMENTS**

Section 11.1. Amendment. These Bylaws may be amended, at a regular or special meeting or the Board, by a vote of a majority of a quorum of Directors present in person or by proxy, but amendment of Article V or XI or any portion of those Articles shall require approval of all Directors. Furthermore, any material amendment must be approved by a majority of first mortgage holders, as set forth in the Declaration, Article VII.

Section 11.2 Federal Agency Veto Power. So long as there is a Class B membership, HUD/VA or the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation has the right to veto amendments to these Bylaws.

ARTICLE XIII **MISCELLANEOUS**

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year shall begin on the date incorporation.

Section 12.2. Corporate Seal. The Association may have a seal in circular form having within its circumference the words: "Cedar Park Multi-Family Unit Owners Association, Inc.", or a suitable abbreviation thereof.

Section 12.3. Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.