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**WRITTEN CONSENT OF BOARD OF DIRECTORS  
IN LIEU OF MEETING  
OF  
1201 BALSAM OWNERS ASSOCIATION, INC.**

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The undersigned, constituting all of the Board of Directors of 1201 Balsam Owners Association, Inc. ("Association"), a Colorado nonprofit corporation, in accordance with the Colorado Nonprofit Corporation Act, hereby take the actions below set forth, and to evidence their waiver of any right to dissent from such actions, do hereby consent as follows:

**ORGANIZATIONAL MATTERS**

**RESOLVED**, that the Bylaws attached to this Consent as Exhibit A are hereby ratified as the Bylaws of the Association. The Secretary is directed to insert these Bylaws in the Association's minute book.

**OFFICER APPOINTMENTS**

**RESOLVED**, that the following persons are appointed to the corporate office preceding his name:

President:	Scott A. Holton
Vice President:	L. Calvin Cox
Secretary:	L. Calvin Cox
Treasurer:	Scott A. Holton

**OPERATIONS AND COMPLIANCE MATTERS**

**RESOLVED**, that the proper officer of the Association cause to be prepared appropriate books and records, in which shall be recorded, among other things, the names and addresses of the directors of the Association.

**RESOLVED**, that the registered office of the Association for the State of Colorado shall be as provided in the Articles of Incorporation of the Association and such registered agent is designated as the person upon whom process, notice or demand may be served in such state.

**MISCELLANEOUS MATTERS**

**RESOLVED**, that the Association shall pay the expenses incurred in the incorporation and organization of the Association, including those incurred prior to incorporation and prior to the date of this meeting, and to reimburse the officers, members of the Board of Directors, and other persons who have paid any such expense.

**RESOLVED**, that for the purpose of authorizing the Association to do business in any state, territory, or dependency of the United States or any foreign country in which it is necessary or expedient for the Association to transact business, the officers of the Association are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices, and to make and file all necessary certificates, reports, powers of attorney, and other instruments as may be required by the laws of such state, territory, dependency, or country to authorize the Association to transact business therein.

**RESOLVED**, that the officers shall immediately proceed to carry on the business for which the Association was formed in accordance with the Bylaws.

**RESOLVED**, that any actions already undertaken by the Board of Directors and officers, agents and/or attorneys consistent with the above resolutions are hereby ratified.

**[SIGNATURE PAGE TO FOLLOW]**

**IN WITNESS WHEREOF**, the undersigned hereby consents to, approves, and adopts the foregoing actions effective as of JANUARY 14<sup>th</sup>, 2009.

  
\_\_\_\_\_  
Scott A. Holton, Director

  
\_\_\_\_\_  
L. Calvin Cox, Director

\_\_\_\_\_  
\_\_\_\_\_, Director

**EXHIBIT A**

**BYLAWS**

**BYLAWS  
OF  
1201 BALSAM OWNERS ASSOCIATION, INC.**

**ARTICLE I  
NAME**

The name of the corporation shall be 1201 Balsam Owners Association, Inc., a Colorado nonprofit corporation (the "Association").

**ARTICLE II  
DEFINITIONS, USE AND ASSENT**

2.1 Definitions. The definitions contained in the Declaration of Condominium of 1201 Balsam, as amended from time to time and recorded in the office of the Clerk and Recorder of Boulder County, Colorado, shall apply to these Bylaws, unless otherwise defined herein.

2.2 Use. The Units shall be used as provided by the Condominium Declaration, as the same may be limited by any applicable law.

2.3 Consent. All present or future Owners, Owner's agents, and any other person using the Project in any manner are subject to the Association documents, including these Bylaws. The acquisition or rental of any of the Units in the Project or the occupancy of any Unit located therein shall constitute ratification and acceptance of these Bylaws.

**ARTICLE III  
MEMBERSHIP, VOTING, QUORUM AND PROXIES**

3.1 Membership and Voting. The Association shall be a membership corporation without certificates or shares of stock. The Association shall have two (2) classes of voting membership consisting of Owners. Each Unit shall be allocated a number of votes set forth in the Declaration. Owners entitled to vote (as set forth herein) are sometimes referred to individually as a "Member" and collectively as "Members".

When more than one person holds an interest in any Unit, all such persons shall be Members of the Association but in no event shall more than the number of votes allocated to said Unit as set forth in the preceding paragraph be cast with respect to any Unit. If only one of the multiple owners of a Unit is present at a meeting of the Association, such Owner is entitled to cast all the votes allocated to the Unit. If more than one of the multiple Owners is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit.

Membership shall terminate automatically without any Association action whenever an owner ceases to own a Unit. Termination of membership shall not relieve or release any former owner from any liability or obligation incurred by virtue of, or in any way connected with, ownership of a Unit, or impair any rights or remedies which the Association or others may have against such former Owner arising out of, or in any way connected with, such membership.

3.2 Declarant Control. Notwithstanding anything to the contrary provided for herein, Declarant shall be entitled to appoint and remove the members of the Association's Board of Directors ("Board of Directors") and officers of the Association, during the Declarant Control Period as set forth in the Declaration. For the avoidance of doubt, such members of the Association's Board of Directors appointed by the Declarant may, but are not required to be, Members or Owners.

3.3 Election of Directors. The election of Directors shall be held in compliance with the requirements of the Act. In the election of Directors by Owners, each Member shall have the right to vote the number of votes to which he is entitled for any election such Owner is entitled to vote. Cumulative voting shall not be allowed. Votes for positions on the Board of Directors shall be taken by secret ballot. Ballots shall be counted by a neutral third party or by an Owner who is not a candidate and who attends the meeting at which the vote is held. The results of the vote shall be reported without reference to names, addresses, or other identifying information of the voting Owners.

3.4 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of twenty five percent (25%) of the total number of votes entitled to be cast at such meeting shall constitute a quorum.

3.5 Proxies. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by an Owner. A proxy shall not be valid if obtained through fraud or misrepresentation. Proxies must be filed with the Secretary before the appointed time of each meeting. All proxies must be in writing and may be either general or for a particular meeting. A proxy holder need not be an Owner.

(a) If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this Section 3.5 except 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 months after its date, unless it provides otherwise.

(b) The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has

reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for an Owner.

(c) The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation in good faith and in accordance with the standards of this Section 3.5 are not liable in damages for the consequences of the acceptance or rejection.

(d) Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation under this Section 3.5 is valid unless a court of competent jurisdiction determines otherwise.

3.6 Majority Vote. Unless a different percentage is required by law, the Declaration, the Articles of Incorporation or these Bylaws, the affirmative vote of more than fifty percent (50%) of the votes represented at a meeting duly called and convened at which a quorum is present shall be sufficient to adopt decisions binding on all Members.

3.7 Voting by Mail. The Board of Directors may decide that voting of the Members on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by mail. Pursuant to the Act and the Colorado Revised Nonprofit Corporation Act, any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Secretary delivers a written ballot to every Member entitled to vote on the matter.

(a) A written ballot shall: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action.

(b) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(c) All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than the election of a Member of the Board of Directors; (iii) specify the time by which a ballot must be received by the Association in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

(d) A written ballot may not be revoked.

## ARTICLE IV MEETINGS

4.1 Annual Meeting. The annual meeting of the Members shall be held at a time and date designated by the Board of Directors in each calendar year for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. The initial Annual Meeting shall be held not more than one calendar year from the date of formation of the Association and sooner if required by the Act.

4.2 Special Meeting. Special meetings of the Members for any purpose other than those regulated by statute may be called by the President of the Association, by a majority of the Board of Directors, or by petition of owners representing the Owners of at least twenty percent (20%) of the Units.

4.3 Notice of Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any meeting of the Owners, the Secretary or the President shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Owner. The notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or electronic mail notices that may be given as hereinafter provided in this Section 4.3. The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board of Directors. The Association may provide all notices and agendas required by this Section 4.3 in electronic form, by posting on a web site or otherwise, in addition to printed form. If such electronic means are available, the Association shall provide notice of all regular and special meetings of Owners by electronic mail to all Owners who so request and who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible but at least twenty-four hours before the meeting.

4.4 Adjourned Meetings. If, at the time and place of meeting, a quorum is lacking, the chairman of the meeting, or the Members holding a majority of the votes present in person or by proxy, may adjourn the meeting from time to time until a quorum exists. At any adjourned meeting at which a quorum exists, any business may be transacted which might have been transacted at the original meeting.

4.5 Waiver of Notice. Any Member may at any time waive any notice required to be given under these Bylaws, by statute or otherwise. The presence of a Member in person at any meeting of the Members shall constitute a waiver, unless such presence is for the express purpose of objecting to the meeting for the reason that it was not properly called. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.



4.6 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Project or as convenient thereto as possible and practical.

4.7 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to such action.

4.8 Order of Business. The order of business at all meetings of Members shall be as follows:

- (a) Roll call;
- (b) Statement of compliance with procedures for notice of meeting or waiver of notice;
- (c) Reading of minutes;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of Directors (annual meetings only);
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

4.9 Rules of Meetings. The Board of Directors may prescribe reasonable rules for the conduct of all meetings of the Board of Directors and Members and in the absence of such rules, Robert's Rules of Order shall be used.

(a) All regular and special meetings of the Association's Board of Directors, or any committee thereof, shall be open to attendance by all Members of the Association or their representatives. Agendas for meetings of the Board of Directors shall be made reasonably available for examination by all members of the Association or their representatives.

(b) Notwithstanding any provision in the Association documents to the contrary, all meetings of the Association and Board of Directors are open to every Owner of the Association or to any person designated by an Owner in writing as the Owner's representative, and all Owners or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that for regular and special meetings of the Board of Directors, Owners who are not Board of Directors members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board of Directors.

(c) The Board of Directors may place reasonable time restrictions on those persons speaking during the meeting but shall permit an Owner or an

Owner's designated representative to speak before the Board of Directors takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board of Directors shall provide for a reasonable number of persons to speak on each side of an issue.

(d) Upon the final resolution of any matter for which the Board of Directors received legal advice or that concerned pending or contemplated litigation, the Board of Directors may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

## ARTICLE V BOARD OF DIRECTORS

5.1 Association Responsibilities. The Owners will constitute the Association, which will have the responsibility of administering the Project through the Board of Directors. In the event of any dispute or disagreement between any Owners relating to the Project, or any questions of interpretation or application of the provisions of the Declaration or Bylaws, such dispute or disagreement shall be submitted to the Board of Directors. The determination of such dispute or disagreement by the Board of Directors shall be binding on all such owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Board of Directors.

5.2 Number and Qualification; Initial Board. The affairs of this Association shall be managed by a Board of Directors of three (3) Directors who shall be Members of the Association or the delegates of Members appointed by proxy under Section 3.5 above (except as provided in Section 3.2). The number of the Board of Directors shall be established from time to time by amendment to these Bylaws. The Directors may be nonresidents of Colorado, but all Directors elected by the Members (as opposed to any Directors appointed by Declarant pursuant to Section 3.2 above) must be Owners.

5.3 Term of Office of Directors. The term of office for the initial Directors shall be fixed at the time of their appointment 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 of Directors is elected each year, and the Board of Directors shall identify in which year the directorships for each category of representation are subject to election. For example, one (1) Director shall serve for a one (1) year term, one (1) Director 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 for a maximum term of three (3) years. Each Director shall hold office until such Director's successor is elected by the Association and qualified.

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

(a) By the Members. Except as set forth in Section 3.2 above, any Director 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 an opportunity to be heard at such meeting.

(b) By the Board of Directors. Any Director who has three (3) consecutive unexcused absences from Board of Directors 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 of Directors. In the event of the death, disability, resignation or removal by the Board of Directors, as set forth in this subsection (b), of a Director, a vacancy may be declared by the Board of Directors, and the Board of Directors may appoint a successor. Any successor appointed by the Board of Directors shall serve for the remainder of the term of the Director replaced.

5.5 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential condominium project. The Board of Directors may do all such acts and things as are not by law, the Act, the Articles, these Bylaws or the Declaration either prohibited or directed to be exercised and done by the Owners.

5.6 Association Records.

(a) The Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act concerning statements of unpaid assessments.

(b) The Association shall keep as permanent records minutes of all meetings of Owners and the Board of Directors, a record of all actions taken by the Owners or Board of Directors by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Association, and a record of all waivers of notices of meetings of Owners and of the Board of Directors or any committee of the Board of Directors.

(c) The Association or its agent shall maintain a record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each Owner is entitled to vote.

(d) The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(e) All financial and other records shall be made reasonably available for examination and copying by any Owner and such Owner's authorized agents. The Association may charge a fee, not to exceed the cost authorized by the Act, for copies of Association records. As used in this section, "reasonably available" means available during normal business hours, upon notice of five business days, to the extent that: (i) the request is made in good faith and for a proper purpose; (ii) the request describes with reasonable particularity the records sought and the purpose of the request; and (iii) the records are relevant to the purpose of the request.

(f) In addition to the records specified in 5.6(a), (b) and (c) above, the Association shall keep a copy of each of the following records at its principal office: (i) its Articles of Incorporation; (ii) the Declaration; (iii) the covenants; (iv) its Bylaws; (v) resolutions adopted by its Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class or category of Owners; (vi) the minutes of all Owners' meetings, and records of all action taken by Owners without a meeting, for the past three years; (vii) all written communications within the past three years to Owners generally as Owners; (viii) a list of names and business or home addresses of its current directors and officers; (ix) its most recent annual report, if any; and (x) all financial audits or reviews conducted pursuant to Section 38-33.3-303(4)(b) of the Act during the immediately preceding three years.

5.7 Other Powers and Duties. The Board of Directors shall be empowered and shall have the duties as follows:

(a) to keep the records and make the policies required by the Act.

(b) to administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Association documents.

(c) to establish, make and enforce compliance with such reasonable policies, procedures, rules and regulations as may be necessary for the operation, use and occupancy of the Units and the Common Elements with the right to amend same from time to time including but not limited to the following policies, procedures, rules and regulations: (i) collection of unpaid assessments; (ii) handling of conflicts of interest involving Board of Directors members; (iii) conduct of meetings, which may refer to applicable provision of the nonprofit code or other recognized rules and principles; (iv) enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines; (v) inspection and copying of Association records by Owners; (vi) investment of reserve funds; and (vii) procedures for the adoption and amendment of policies; procedures and rules. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof.

(d) to keep in good order, condition and repair the Common Elements, and all items of personal property owned by the Association, if any, and used in the enjoyment of the Project.

(e) to obtain and maintain to the extent obtainable all policies of insurance required by the Declaration.

(f) subject to the budgeting procedures contained in the Declaration, to periodically fix, determine, levy and collect the annual assessments to be paid by each of the Owners towards the Common Expenses of the Association and to adjust, decrease or increase the amount of the annual assessments, refund any excess annual assessments to the owners, credit any excess of annual assessments over expenses and cash reserves to the owners against the next succeeding assessment period, or place any excess annual assessments into designated replacement reserves. To levy and collect special assessments and default assessments in accordance with the provisions of the Declaration whenever in the opinion of the Board of Directors 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.

(g) to impose penalties and collect delinquent assessments by suit or otherwise, to collect costs and reasonable attorney's fees, and to enjoin or seek damages from an Owner as is provided in the Declaration, the Act or in Section 5.18 below.

(h) to protect and defend the Project from loss and damage by suit or otherwise.

(i) to borrow funds and to give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration or these Bylaws and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary or desirable.

(j) to enter into contracts within the scope of their duties and powers.

(k) to establish bank accounts which are interest-bearing or non-interest bearing, as may be deemed advisable by the Board of Directors.

(l) to keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is more fully provided in Section 5.6 of these Bylaws and to cause, within the Board of Directors' discretion, a complete audit to be made of the books and records by a competent certified public accountant.

(m) to designate and remove the personnel necessary for the operation, maintenance, repair and replacement of the Common Elements and the fulfillment of other duties as set forth in the Declaration.

(n) to suspend the voting rights of an Owner for failure to comply with these Bylaws or the rules and regulations of the Association or with any other obligations of the Owners pursuant to the Declaration.

(o) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal with and in, real, personal and mixed property of all kinds, and any right or interest therein, for any purpose of the Association, subject to the Declaration and Bylaws of the Association.

(p) to authorize and account for as a Common Expense, reimbursement of Board of Directors members for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of Owners' Associations. The course content of such educational meetings and seminars shall be specific to Colorado, and shall make reference to applicable section of the Act.

(q) to provide, or cause to be provided, education to Owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of Owners, the Association, and its Board of Directors under Colorado law. The criteria for compliance with this section shall be determined by the Board of Directors.

(r) to provide to all Owners, at least once per year, a written notice stating the name of the Association; the name of the Association's designated agent or management company, if any; and a valid physical address and telephone number for both the Association and the designated agent or management company, if any. The notice shall also include the name of the Project, the initial date of recording of the Declaration and the reception number or book and page for the main document that constitutes the Declaration. If the Association's address, designated agent or management company changes, the Association shall provide all Owners with an amended notice within ninety (90) days after the change.

(s) Within ninety (90) days after assuming control from the Declarant after the term of Declarant Control has ended, and within ninety (90) days after the end of each fiscal year thereafter, the Board of Directors shall make the following information available to Owners upon reasonable notice in accordance with the Act: (i) the date on which its fiscal year commences; (ii) the Association's operating budget for the current fiscal year; (iii) a list, by Unit type, of the Association's current assessments, including both regular and special

assessments; (iv) its annual financial statement, including any amount held in reserve for the fiscal year immediately preceding the current annual disclosure; (v) the results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure; (vi) a list of all Association insurance policies, including, but not limited to property, general liability, Association director and officer professional liability and Fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds and expiration dates of the policies listed; (vii) all the Association's Bylaws, articles and rules and regulations; (viii) the minutes of the Board of Directors and member meetings for the fiscal year immediately preceding the current annual disclosure; and (ix) the Association's responsible governance policies adopted under section 38-33.3-209.5 of the Act and Section 5.7(c) of these Bylaws. The information shall be readily available at no cost to Owners at their convenience. Disclosure shall be accomplished by one of the following means: posting on an internet web page with accompanying notice of the web address via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a Common Expense liability.

(t) in general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of the Project.

5.8 Manager. The Board of Directors may employ for the Association a Manager (at a reasonable compensation established by the Board of Directors) to perform such duties and services as it shall authorize. The Board of Directors may delegate any of the powers and duties granted to it but, notwithstanding such delegation, shall not be relieved of its responsibility under the Declaration, the Articles or these Bylaws. Any such manager or other such person acting on behalf of the Association shall be subject to the Association documents and the Act to the same extent the Association would be. The contract with any such managing agent shall be terminable for cause without penalty and shall be subject to renegotiation pursuant to the Act.

5.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held each year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, telegraph or facsimile transmission, at least twenty (20) days prior to the day named for such meeting.

5.10 Special Meetings. Special meetings of the Board of Directors may be called by the President, on his own initiative, on five (5) days' notice to each Director, given personally, or by mail, telephone, telegraph or facsimile transmission, which notice shall set forth the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice

on receipt of a written request to call such a special meeting from at least two (2) Directors.

5.11 Waiver of Notice. Before or at any regular or special meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof and, in the case of a special meeting, the purposes therefor. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

5.12 Board of Directors' Quorum; Voting. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present in person or by proxy shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time for periods of no longer than one (1) week until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.13 Compensation. The members of the Board of Directors shall serve without salary or compensation. The Board of Directors may employ professional consultants for the Association at a reasonable compensation established by the Board of Directors.

5.14 Informal Action by Directors. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as the unanimous vote of the Directors.

5.15 Teleconference Meetings. Any regular or special meeting of the Board of Directors may be conducted by teleconference, followed by minutes of such meeting, which shall be distributed to each Director.

5.16 Board of Directors Committees. The Board of Directors may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be delegated to it by the Board of Directors. Vacancies in such committees shall be filled by the Board of Directors or as the Board of Directors may provide.

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



(a) cash method of accounting, as defined by generally accepted accounting principles, consistently applied, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) The books and records of the Association shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, at least once every two years by a person selected by the Board of Directors. Such person need not be a certified public accountant except in the case of an audit. An audit shall be required only when both of the following conditions are met: (i) the Association has annual revenues or expenditures of at least two hundred fifty thousand dollars; and (ii) an audit is requested by the Owners of at least one-third of the Units represented by the Association. Copies of an audit or review shall be made available upon request to any Owner beginning no later than thirty (30) days after its completion.

5.18 Enforcement. The Board of Directors shall have the power to impose reasonable fines, which shall constitute a lien upon the Unit of the violating owner and to suspend an Owner's right to vote for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit. In the event that any Owner's agent with respect to a Unit violates the Declaration, Bylaws or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Association. The failure of the Board of Directors to enforce any provision of the Declaration, Bylaws or any rule or regulation shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

(a) Notice. Prior to imposition of any sanction, the Board of Directors or its delegate shall serve the alleged violator with written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested within the allotted ten (10) day period, a hearing before the Board of Directors shall be held affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction,

proof of proper notice 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.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the Association rules by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); suit at law or in equity to enjoin any violation or to recover monetary damages, or pursue any other remedy, or any combination of remedies without the necessity of compliance with the procedures set forth above. In any such action, to the maximum extent permissible, the owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

5.19 Conflicts of Interest. If any contract, decision or other action taken by or on behalf of the Board of Directors would financially benefit any member of the Board of Directors or any person who is a parent, grandparent, spouse, child or sibling of a member of the Board of Directors or a parent or spouse of any of those persons, that member of the Board of Directors shall declare a conflict of interest for that issue. The member shall declare the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member may participate in the discussion but shall not vote on that issue.

(a) Any contract entered into in violation of this section 5.19 is void and unenforceable;

(b) This Section 5.19 shall not be construed to invalidate any provision of the Association documents that more strictly defines conflicts of interest or contains further limits on the participation of Board of Director members who may have conflict of interest.

(c) This Section 5.19 shall not invalidate any agreements entered into by the Declarant on behalf of the Association during the Declarant Control Period, provided that Declarant complies with all applicable laws with respect to such agreements.

## ARTICLE VI OFFICERS

6.1 General. The officers of the Association (who shall be elected from among the members of the Board of Directors) shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer. The officers shall be elected annually by an affirmative vote of a majority of the members of the Board of Directors and each shall hold office for one year unless such officer shall sooner resign, or shall be removed or otherwise disqualified to serve. The Board of Directors may elect such other officers,

assistant officers, committees and agents, including Assistant Secretaries and Assistant Treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board of Directors. One (1) person may hold two (2) offices, except that no person may simultaneously hold the offices of President and Secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board of Directors, such officer, agent or employee shall follow the orders and instructions of the President. The officers shall be individuals over eighteen (18) years of age.

6.2 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

6.3 Vacancies. A vacancy in any office, however occurring, may be filled by an affirmative vote of a majority of the members of the Board of Directors for the unexpired portion of the term.

6.4 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees. The President has the authority to prepare, execute, certify and record documents reflecting amendment to the Declaration which are properly amended pursuant to the provisions of the Declaration.

6.5 Vice Presidents. The Vice Presidents shall assist the President and shall perform such duties as maybe assigned to them by the President or by the Board of Directors. In the absence of the President, the Vice President elected by the Board of Directors shall have the powers and perform the duties of the President.

6.6 Secretary. The Secretary shall keep the minutes of the proceedings of the Members and the Board of Directors. He shall see that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration and as required by law. He shall be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board of Directors. He shall keep at its registered office or principal place of business within or outside Colorado a record containing the names and registered addresses of all Members, the designation of the Unit owned by each Member, and, if such Unit is mortgaged, the name and address of each eligible mortgagee. He shall, 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. Assistant Secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

6.7 Treasurer. The Treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the Board of Directors. He shall receive and give receipts and acquittances for monies paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity. He shall perform all other duties incident to the office of the Treasurer and, upon request of the Board of Directors, shall make such reports to it as may be required at any time. He shall, if required by the Board of Directors, give the Association a bond in such sums and with such sureties as shall be satisfactory to the Board of Directors, conditioned upon the faithful performance of this duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Board of Directors or the President. The Assistant Treasurers, if any, shall have the same powers and duties, subject to the supervision of the Treasurer.

## ARTICLE VII INDEMNIFICATION

7.1 Definitions. For purposes of this Article VII, the following terms shall have the meanings set forth below:

(a) Proceeding. A "Proceeding" shall mean any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

(b) Indemnified Party. An "Indemnified Party" shall mean any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a Director or officer of the Association or a member of a committee formed by the Association or, while a Director or officer of the Association or a member of a committee, is or was serving at the request of the Association as a Director, officer, member, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, committee or other enterprise.

7.2 Indemnification.

(a) Except as provided in paragraph (c) of this Section 7.2, the Association shall indemnify against liability incurred in any Proceeding an Indemnified Party if:

- (i) He conducted himself in good faith;
- (ii) He reasonably believed:

(A) In the case of conduct in his official capacity with the Association that his conduct was in the Associations' best interests; or

(B) In all other cases, that his conduct was at least not opposed to the Association's best interests; and

(iii) In the case of any criminal Proceeding, he had no reasonable cause to believe his conduct was unlawful.

(b) The termination of any Proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the individual did not meet the standard of conduct set forth in paragraph (a) of this Section.

(c) The Association may not indemnify an Indemnified Party under this Section either:

(i) In connection with a Proceeding by or in the right of the Association in which the Indemnified Party was adjudged liable to the Association; or

(ii) In connection with any Proceeding charging improper personal benefit to the Indemnified Party, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

(d) Indemnification permitted under this Section in connection with a Proceeding by or in the right of the Association is limited to reasonable expenses incurred in connection with the Proceeding.

7.3 Insurance. By action of the Board of Directors, notwithstanding any interest of the Directors in such action, the Association may purchase and maintain insurance, in such amounts as the Board of Directors may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him and incurred by him in his capacity of or arising out of his status as an Indemnified Party, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of laws.

7.4 Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article VII, such reasonable requirements and conditions as to the Board of Directors may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following: (a) that any counsel representing the Indemnified Party in connection with the defense or settlement of any Proceeding shall be counsel mutually agreeable to the Indemnified Party and to the Association; (b) that

the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or Proceeding made, initiated or threatened against the Indemnified Party; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the Indemnified Party's right of recovery, and that the Indemnified Party shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

## ARTICLE VIII AMENDMENT OF BYLAWS

8.1 Amendment by the Members. These Bylaws may be amended by the affirmative vote of 75% of the Members present or represented by proxy at any regular or special meeting, provided that a quorum is present at any such meeting. However, notwithstanding the foregoing, no provisions of these Bylaws may be amended by a number of Owners which is less than the number of Owners that is required within that particular provision to take certain action. Amendments may be proposed by Board of Directors members or by petition signed by the holders of at least a majority of the votes. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment will be voted upon.

8.2 Amendment. These Bylaws may be amended by the unanimous vote of the Board of Directors at any regular or special meeting, provided that a quorum is present at such meeting. A statement of any proposed amendment shall accompany the notice of any regular or special Board of Directors meeting at which such proposed amendment will be voted upon.

8.3 Scope of Amendments. These Bylaws may not be amended in a manner inconsistent with the Articles of Incorporation of the Association, the Declaration, or any applicable provision of Colorado law.

## ARTICLE IX MISCELLANEOUS

9.1 Registration of Mailing Address. If a Unit is owned by two (2) or more Owners, such co-owners shall designate one (1) address as the registered address required by the Declaration and shall designate the "voting member" in accordance with the Declaration.

9.2 Notice to Association. Every Owner shall timely notify the Association of the name and address of any purchaser, transferee or lessee of his Unit. The Association shall maintain such information at the office of the Association.

9.3 Proof of Ownership. Except for those Owners who initially purchase a Unit from Declarant, every person becoming an Owner shall immediately furnish to the Board of Directors a photocopy or a certified copy of the recorded instrument vesting in that person such ownership, which instrument shall remain in the files of the Association.

A Member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

9.4 Character of Association. This Association is not organized for profit. No Member, member of the Board of Directors, officer or person for whom the Association may receive any property or funds shall receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of, any of the Board of Directors, officers or Members, except upon a dissolution of the Association; provided, however: (a) that reasonable compensation may be paid to any Member, manager, Director, or officer while 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) that any Member, manager, Director, or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

9.5 Right of Entry. The Manager and any person authorized by the Board of Directors shall have the right to enter each Unit in case of any emergency originating in or threatening such Unit whether or not the owner or occupant is present at the time. Such authorized persons shall also have the right to enter each Unit to perform maintenance and repair work as prescribed by these Bylaws and the Declaration.

9.6 Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors and shall be subject to change by the Board of Directors as necessary.

9.7 Captions. The captions and headings in these Bylaws are for convenience only and shall not be considered in construing any provision of these Bylaws.

9.8 Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

9.10 Delegation of Powers. In the event that the Board of Directors or Officers of the Association delegate powers with respect to the collection, deposit, transfer and disbursement of Association funds to a third party, the third party shall: (a) maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars or such higher amount as the Board of Directors may require; (b) maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the third party and maintain all reserve accounts separate from all operational accounts; (c) arrange for an annual accounting of Association funds and the preparation and presentation of an annual financial statement to the Association by the third party, a public accountant or a certified public accountant.

**[CERTIFICATION OF SECRETARY TO FOLLOW]**

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of 1201 Balsam Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 14<sup>th</sup> day of JANUARY, 2009.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 14 day of Jan, 2009.

  
\_\_\_\_\_  
L. Calvin Cox, Secretary