

***BYLAWS***  
***OF***  
***SANDALWOOD CONDOMINIUM ASSOCIATION***

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**ARTICLE 1 INTRODUCTION, PURPOSES AND DEFINITIONS**

Section 1.1 Introduction.

These Bylaws for Sandalwood Condominium Association (the “**Association**”), which Association operates under the Colorado Revised Nonprofit Corporation Act, as amended, and applicable portions of the Colorado Common Interest Ownership Act, as amended (“**CCIOA**” or the “**Act**”).

Section 1.2 Purposes.

The purposes for which the Association was formed are to preserve and enhance the value of the properties of Members and to operate, govern, manage, supervise and care for the Common Interest Community and the Common Area of Sandalwood Condominiums (the “**Community**”), situated in Garfield County, State of Colorado, as the Community was created pursuant to the Declaration and Map.

Section 1.3 Section Definitions.

Terms used herein shall have the meanings set forth in the Declaration, unless expressly defined herein.

**ARTICLE 2 MEMBERSHIP**

Section 2.1 Membership.

Every person or entity who is a record owner of a Unit which is subject to the Declaration shall be a Member of the Association. Members shall be of such classes, if any, established by the Declarant, or established in the Declaration, as the Declaration is amended from time to time. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of a Unit shall be the sole qualification for membership. Each Member shall be allocated votes pursuant to the Declaration.

## Section 2.2 Suspension of Member Rights.

During any period in which an Owner shall be in default in the payment of any Assessment, including interest, fines, late fees, attorney fees and costs, levied by the Association, the voting rights of the Owner shall be deemed suspended by the Executive Board, without notice or hearing, until the Assessment have been paid. Voting rights and use rights of an Owner may also be suspended for a period not to exceed 60 days or during any period of violation of any other provision of the Governing Documents, whichever is greater.

## Section 2.3 Member Voting.

(a) At all meetings of Members, each Member eligible to vote may vote in person or by proxy.

(b) If only one of several Owners of a Unit is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to such Unit.

(c) If more than one of the Owners is present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority of those Owners. Majority agreement exists if any one of the Owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another Owner of the Unit. In the event of disagreement between or among co-Owners and an attempt by two or more of them to cast such vote or votes, such vote or votes shall not be counted.

(d) The vote of a corporation, partnership, limited liability company, or other legal entity may be cast by any officer, director, trustee, partner, manager, or member of such corporation, partnership, limited liability company, or other legal entity in the absence of express notice of the designation of a specific person to the Board of Directors.

(e) The vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person within the partnership.

(f) The chair of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust Owner is qualified to vote.

(g) Votes allocated to a Unit owned by the Association may not be cast by the Board.

Section 2.4 Transfer of Membership.

Transfers of membership shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Unit to which the membership is appurtenant.

**ARTICLE 3 MEETINGS OF MEMBERS**

Section 3.1 Annual Meetings.

An annual meeting of the Members shall be held during each of the Association's fiscal years, at such date and time of year as determined by the Board. The directors shall be elected by the Members at the annual meeting, or at any special meeting of the Members, in accordance with the provisions of these Bylaws. The Members may transact other business as may properly come before them at the annual meeting. Failure to hold an annual meeting shall not be considered a forfeiture or dissolution of the Association.

Section 3.2 Special Meetings.

Special meetings of the Association may be called by the President, by a majority of the members of the Executive Board or by the Secretary upon receipt of a petition signed by Owners comprising at least 20% of the votes in the Association. The form of notice, date, time and place of the meeting shall be determined by the Board. If a notice for a special meeting demanded pursuant to petition is not given by the Secretary within 30 days after the date the written demand or demands are delivered to the Secretary, the person signing the demand or demands may set the time and place of the meeting and give notice, pursuant to the terms of these Bylaws. Any meeting called under this Section shall be conducted by the President of the Board, or in his/her absence, a person chosen by a majority of the Board. In the event no Board members are in attendance, a chairperson for the meeting shall be elected by a majority of the Members present at the meeting, and that chairperson shall conduct the meeting.

Section 3.3 Budget Meeting.

Meetings to consider proposed budgets shall be called in accordance with the Act. The Act's budget process to be followed is as follows:

(a) Effective the first full fiscal year after these Bylaws are adopted and become effective, and for each year thereafter, the Executive Board of the Association is to prepare and approve a proposed budget at least annually.

(b) Within 90 days after the Executive Board's adoption of the proposed budget, or such longer time as allowed by the Act, the Executive Board must mail or otherwise deliver, including posting the proposed budget on the association's website, a summary of the proposed budget to all Members, and set a date for a meeting to consider the proposed budget. The meeting must occur within a reasonable time after mailing or other delivery of the summary, or as allowed in the Bylaws.

(c) Notice for the meeting at which the budget will be considered must be mailed not less than 10 days nor more than 50 days before the meeting.

(d) At the meeting, unless Members holding at least a majority of the votes entitled to be cast in the Association vote to reject the proposed budget, the proposed budget becomes the approved budget of the Association.

(e) A quorum is not required at the meeting if the meeting is just a budget meeting. If the meeting is also an annual or special meeting at which other business is to be conducted, a quorum is required for other business to be conducted at the annual or special meeting, but not for consideration of the budget.

(f) In the event the proposed budget is rejected by a majority vote, the budget last ratified is continued until such time as a subsequent budget proposed by the Executive Board is ratified.

#### Section 3.4 Notice of Meetings.

Notice of each meeting of the Members shall be physically posted in a conspicuous place if feasible and practicable at least 24 hours prior to any meeting of the Members. Written notice of each meeting of Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, or by personal delivery, at least 10 days before, but not more than 50 days before the meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by a Member to the Association for the purpose of notice.

In addition to mailing, but not in lieu of, notice may also be sent by any other means permitted by the Colorado Revised Nonprofit Corporation Act, including, but not limited to, e-mail delivery. If the Association has the ability to give electronic notice, the Association shall e-mail notice of the Members' meeting to any Member who requests, and who provides his or her e-mail address to the Association, in addition to the above specified delivery of notice. Any such e-mail notice shall be given at least 24 hours prior to the meeting. The notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. No matters shall be heard nor action adopted at a special meeting except as stated or allowed in the notice.

### Section 3.5 Owner Addresses for Notices.

Unless an Owner shall have notified the Association by registered or certified mail of a different address, any notice required to be given, or otherwise given by the Association under these Bylaws to any Owner or any other written instrument to be given to any Owner, may be mailed to such Owner in a postage prepaid envelope and mailed by first-class, registered or certified mail to the address of the Unit shown upon the Association's records as being owned by such Owner. If more than one (1) Owner owns a particular Unit, then any notice or other written instrument may be addressed to all of such Owners and may be mailed in one envelope in accordance with the foregoing. Any notice or other written instrument given by the Association in accordance with the foregoing will be deemed to have been given on the date that it is mailed.

### Section 3.6 Place of Meetings.

Meetings of the Members shall be held in the Community, in the Garfield County area, or in any other suitable place convenient to the Members, as may be designated by the Executive Board or the President.

### Section 3.7 Quorum of Members.

The presence of a majority of the Members eligible to vote at any meeting, in person or by proxy, shall constitute a quorum for any action except as otherwise provided in the Governing Documents. If the required quorum is not present, the Members who are present shall have power to adjourn the meeting from time to time to a later date, until such time as a quorum shall be present. If adjourned, notice of the new date, time or place need not be given if the new date, time or place is announced at the meeting before adjournment.

### Section 3.8 Proxies.

- (a) The vote allocated to a Unit may be cast under a proxy duly executed by an Owner.
- (b) All proxies shall be in writing and filed with the secretary or designee of the Association.
- (c) If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of the vote by the other Owners of the Unit through a duly executed proxy. In the event of disagreement between or among co-Owners and an attempt by two or more of them to cast such vote or votes, such vote or votes shall not be counted.
- (d) An Owner may revoke a proxy given under this section by written notice of revocation to the person presiding over a meeting of the Association or by attending the meeting and voting in person, after giving actual notice to the person presiding over the meeting of the Owner's intent to do so.
- (e) A proxy is void if it is not dated.
- (f) A proxy terminates 11 months after its date, unless a shorter period is indicated therein.
- (g) Proxies obtained through fraud or misrepresentation are invalid as determined in the sole discretion of the Secretary of the Association.

### Section 3.9 Voting Procedures/Secret Balloting.

- (a) Secret ballots, if required by law, must be used in contested Board member elections and in any other matter as required or allowed by law.
- (b) All other voting may be by voice, by show of hands, by consent, by mail, by electronic means, by proxy, by written ballot, or as otherwise determined by the Executive Board prior to the meeting or by a majority of the Members present at a meeting.

### Section 3.10 Voting by Mail or Electronic Means.

(a) In any instance where a vote of the Members is required or permitted to be taken at a meeting of the Members, such vote may be taken by mail or electronic means in lieu of a meeting, pursuant to this Section. In case of a vote by mail or electronic means in lieu of a meeting, the secretary shall mail or deliver written notice to all Members at each Member's address as it appears in the records of the Association given for notice purposes. The notice shall include: (i) a statement of the proposed action, (ii) a statement that Members are entitled to vote by mail or electronic means for or against such proposal, (iii) a date at least 10 days after the date such notice shall have been given on or before which all votes must be received at the office of the Association at the address designated in the notice, and (iv) the number of votes which must be received to meet the quorum requirement and the percentage of votes received needed to carry the vote.

(b) The Association may conduct elections of directors by mail or electronic means, in its sole discretion, and pursuant to procedures adopted by it; *provided however*, that any procedures adopted shall provide for notice to Members of the opportunity to run for a vacant position and/or nominate any Member of the Association for a vacant position, subject to the nominated Member's consent.

### Section 3.11 Telephone or Electronic Communication in Lieu of Attendance.

Members may attend meetings by using an electronic or telephonic communication method whereby the Member may be heard by the other Members and may hear the deliberations of the other Members on any matter properly brought at the meeting. The Member's vote shall be counted and the presence noted as if that Member were present in person.

### Section 3.12 Order of Business and Rules at Meeting.

The Executive Board may establish the order of business and prescribe reasonable rules for the conduct of all meetings of the Executive Board and Members. Failure to strictly follow Robert's Rules of Order shall not invalidate any action taken at a meeting of the Board or Members.



### Section 3.13 Waiver of Objection to Notice.

A Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the Member, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice. Further, a Member's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

### Section 3.14 Voting in Elections of Directors/Other Voting.

In an election of directors, candidates receiving the largest number of votes shall be elected. On all other items, the vote of Members holding a majority of the votes cast shall be binding upon all Members for all purposes except where a higher percentage vote is required in the Governing Documents, as amended, or by law.

### Section 3.15 Acceptance or Rejection of Individual Votes.

The Association has the right to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation when it has a reasonable, good faith basis to doubt the validity of the signature or the signatory's authority to sign for the unit owner. The Association and its officer or agent who accepts or rejects any of the above in good faith is not liable for any damages that may result from the acceptance or rejection. Unless a court decides otherwise, any action taken on the acceptance or rejection of any of the above will be deemed valid.

### Section 3.16 Counting of Ballots.

Ballots shall be counted as may be required by Colorado law.

## **ARTICLE 4 EXECUTIVE BOARD**

### Section 4.1 Number and Term of Office.

The affairs of the Community and the Association shall be governed by an Executive Board which shall consist of three (3) Members, elected or appointed as provided below (the "**Executive Board**"). The terms of office of Directors shall be three years. At any meeting at which Directors are to be elected, the Unit Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Revised Nonprofit Corporation Act for conducting the elections.

#### Section 4.2 Qualification.

Except for Directors appointed by the Declarant during the Period of Declarant Control, qualifications for directors shall be:

- (a) Executive Board members shall be Owners.
- (b) Only one Owner per Unit, eligible to vote, current in the payment of Assessments, and otherwise in good standing, may be elected to, or appointed to fill a vacancy on the Board.
- (c) If any Unit is owned by a partnership, trust, corporation, limited liability company, or other legal entity, any officer, partner, director, manager, member, trustee, or employee of that entity shall be eligible to serve as a director.
- (d) If a director is not qualified to serve on the Board, the director's position shall be deemed vacant.

#### Section 4.3 Resignation of Directors.

Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Executive Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

#### Section 4.4 Removal of Directors.

Directors may be removed in accordance with the Act.

#### Section 4.5 Vacancies.

Vacancies in the Executive Board caused by any reason (other than removal) may be filled by the Executive Board at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be subject to the reserved rights of Declarant to appoint Directors, unless those rights have expired, in which event, appointments shall be made by a majority of the remaining elected Directors constituting the Executive Board. Each person so appointed shall be a Director who shall serve for the remainder of the unexpired term.

#### Section 4.6 Compensation.

No director shall receive compensation for any service the director may render as a director to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of Association duties, if allowed by state law.

### **ARTICLE 5 MEETINGS OF THE EXECUTIVE BOARD**

#### Section 5.1 Regular Meetings.

Regular meetings of the Executive Board shall be held at least twice per year at such place and hour as may be fixed by the Board, without notice. The Board may set a schedule of additional regular meetings by resolution and no further notice is necessary to constitute regular meetings, except as may be required by law.

#### Section 5.2 Special Meetings.

Special meetings of the Executive Board shall be held when called by the President of the Association or by any two Directors after not less than two days' notice to each Director. The notice shall be delivered in a manner whereby confirmation of receipt of the notice is received and shall state the time, place and purpose of the meeting.

#### Section 5.3 Notice of Board Meetings.

Except as provided in Section 5.1 above or below, written notice of each meeting of the Board shall be given by, or at the direction of, the secretary, by mailing a copy of the notice, postage prepaid, at least two days before the meeting, or by any other means permitted by the Colorado Revised Nonprofit Corporation Act, including, but not limited to, personal delivery, facsimile, and e-mail delivery, to each Board member entitled to vote, addressed to the Board member's address last appearing on the books of the Association, or supplied by a Board member to the Association for the purpose of notice. If a notice for a special meeting demanded pursuant to Section 5.2 is not given by the Board within 30 days after the date the written demand or demands are delivered to the Board, the Directors signing the demand or demands may set the time and place of the meeting and give notice, pursuant to the above terms of this section of these Bylaws. The notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5.4 Location of Meetings and Open Meetings.

- (a) All meetings of the Board of Directors shall be open to attendance by Members, as provided by applicable Colorado law.
- (b) All meetings of the Board of Directors shall be held in the Community or in the general Garfield County area, unless all directors consent in writing to another location.
- (c) All meetings of the Board of Directors may be conducted in person, via conference call, via electronic means, or via any other method permitted by applicable Colorado law.
- (d) Rules and Regulations and amendments of the Articles of Incorporation and Bylaws may not be adopted in closed or executive sessions of the Board.
- (e) For any executive session or closed Board meeting, minutes kept for that part of the meeting should only indicate that an executive session was held and the general subject of the executive session.

Section 5.5 Waiver of Notice.

Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required and any business may be transacted at such meeting.

Section 5.6 Quorum.

At all meetings of the Executive Board, a majority of the Directors currently in office shall constitute a quorum for the transaction of business, unless there are less than three Directors, in which case, all Directors must be present to constitute a quorum. The votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board unless there are less than three Directors, in which case, unanimity of the Directors is required to constitute a decision of the Board.

#### Section 5.7 Proxies for Board Meetings.

For the purposes of determining a quorum with respect to a particular issue and for the purposes of casting a vote for or against that issue, a director may execute, in writing, a proxy to be held by another director. The proxy shall specify a yes, no, or abstain vote on each particular issue for which the proxy was executed. Proxies which do not specify a yes, no, or abstain vote shall not be counted for the purpose of having a quorum present nor as a vote on the particular issue before the Board.

#### Section 5.8 Consent to Corporate Action.

The directors shall have the right to take any action, except the adopting of a rule or regulation, in the absence of a meeting, which they could otherwise have taken at a meeting, by:

(a) Obtaining the unanimous verbal vote of all directors which vote shall be noted in the minutes of the next meeting of the Board and ratified at that time; or

(b) Providing written notice to each director of a proposed action to be taken. Such notice shall include the date and time by which the directors must respond to the proposed action and shall state that failure to respond by the time stated in the notice will have the same effect as abstaining in writing to a proposed action and failing to demand in writing that action not be taken without a meeting. Upon receiving written notice of a proposed action, each director, by the date and time provided for in such notice, may: (i) vote in writing for such action; (ii) vote in writing against such action; (iii) abstain in writing from voting; (iv) fail to respond or vote; or (v) demand in writing that action not be taken without a meeting.

(1) In the event a sufficient number of affirmative votes for the proposed action, pursuant to these Bylaws, are cast in writing and not revoked by the time stated in the notice for such proposed action, the Board may take such action unless one or more directors demands that the action not be taken without a meeting. In the event action is taken pursuant to this provision, the action shall be noted in the minutes of the next meeting of the Board and ratified at that time.

(2) Any director who in writing has voted, abstained, or demanded action not be taken without a meeting pursuant to this Section may revoke such vote, abstention, or demand in writing; provided such revocation is received by the Association by the time and date stated in the notice for such proposed action. A director's right to demand that action not be taken without a meeting shall be deemed to have been waived unless the Association receives such demand from the director in writing by the time stated in the notice for such proposed action and such demand has not been revoked.

(c) Any action taken under subsections (a) and (b)(1) above shall have the same effect as though taken at a meeting of the directors and shall be effective at the end of the time stated in the notice for such proposed action.

#### Section 5.9 Telephone Communication in Lieu of Attendance.

A Director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the Director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The Director's vote shall be counted and his or her presence noted as if that Director were present in person on that particular matter.

#### Section 5.10 Unit Owner Participation.

Owners must be allowed to speak before the Board votes on any issue under discussion. The Board shall allow a reasonable number of persons to speak on each side of the issue, but the Board may place reasonable restrictions on the time allowed for each Owner to speak. Owners may also be allowed to speak at such other times as the Board, in its sole discretion, deems appropriate.

### **ARTICLE 6 POWERS AND DUTIES OF THE EXECUTIVE BOARD**

#### Section 6.1 Powers and Duties.

The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, Articles, these Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration, Articles and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Community, and for the operation and maintenance of the Community as a first class residential property, as permitted by the Act.

## Section 6.2 Manager.

The Executive Board may employ a manager who is licensed as required by applicable law, at a compensation established by the Board, to perform duties and services authorized by the Board. Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Board and to fulfill the requirements of the budget. The Board shall have the authority to delegate any of the powers and duties set forth in this Article to a manager or managing agent. Regardless of any delegation to a manager or managing agent, the members of the Board shall not be relieved of responsibilities under the Declaration, Articles, these Bylaws or Colorado law.

## **ARTICLE 7 OFFICERS AND THEIR DUTIES**

### Section 7.1 Enumeration of Offices.

The Officers of this Association shall be a President, Vice President, Secretary and Treasurer, who shall at all times be members of the Executive Board, and such other officers as the Executive Board may from time to time create by resolution. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to authority in these Bylaws, and that the offices of the Secretary and Treasurer may be held by the same person.

### Section 7.2 Appointment of Officers.

The Officers shall be appointed by the Executive Board at the organizational meeting of each new Executive Board. The Officers shall hold office at the pleasure of the Executive Board. Thereafter, the Officers shall be elected for a one year term at the first meeting of the Executive Board following each annual meeting of the Members.

### Section 7.3 Special Appointments.

The Executive 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 Executive Board may, from time to time, determine.

#### Section 7.4 Resignation and Removal.

Any officer may be removed from office with or without cause by a majority of the Executive Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. A resignation shall take effect on the date of receipt of a notice or at any later time specified therein. Acceptance of a resignation shall not be necessary to make it effective.

#### Section 7.5 Vacancies.

A vacancy in any office may be filled by appointment by the Executive Board by majority vote of the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

#### Section 7.6 Duties.

The duties of the Officers are as follows:

(a) President. The President shall have all of the general powers and duties which are incident to the office of president of a Colorado nonprofit corporation including, but not limited to, the following: preside at all meetings of the Executive Board, appoint committees, and see that orders and resolutions of the Executive Board are carried out; sign all contracts, leases and other written instruments; direct, supervise, coordinate and have general control over the day to day affairs. The President may cause to be prepared and may execute amendments, attested by the Secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment, as applicable.

(b) Secretary. The Secretary shall have charge or shall keep the Minutes of all meetings of the Owners and proceedings of the Executive Board and the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Member's names and addresses. The Secretary shall have charge of the Association's books and papers and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment, as applicable.



(c) Treasurer. The Treasurer shall be responsible for Association funds and for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This Officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Association.

Section 7.7 Delegation.

Any Officer duties may be delegated to the manager or another Executive Board member; *provided, however*, the Officer shall not be relieved of any responsibility under these Bylaws or under Colorado law.

Section 7.8 Agreements, Contracts, Deeds, Checks, Etc.

Except as provided in these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any Officer of the Association or by any other person or persons designated by the Executive Board.

Section 7.9 Statements of Unpaid Assessments.

The Treasurer, assistant treasurer, a manager employed by the Association, if any, or, in their absence, any Officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid Assessments in accordance with Section 316 of the Act.

Section 7.10 Compensation.

Compensation of Officers shall be subject to the same limitations as imposed in these Bylaws on compensation of Directors.

## **ARTICLE 8 ENFORCEMENT**

### **Section 8.1 Abatement and Enjoinment of Violations by Unit Owners.**

The violation of any of the Rules and Regulations adopted by the Executive Board or the breach of any provision of the Governing Documents shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

(a) To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Area contrary to the intent and meaning of the provisions of the Governing Documents. The Executive Board shall not be deemed liable for any manner of trespass by this action; or

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

### **Section 8.2 Fines for Violation.**

By action of the Executive Board, following notice and hearing, the Executive Board may levy reasonable fines for a violation of the Governing Documents or Rules and Regulations.

## **ARTICLE 9 BOOKS AND RECORDS**

### **Section 9.1 Association Records.**

The Association records will be available for production to Owners in accordance with statutory requirements, which may be clarified further in a policy adopted by the Board of Directors.

### **Section 9.2 Minutes and Presumptions Under the Minutes.**

Minutes or any similar record of the meetings of Members, or of the Executive Board, when signed by the secretary or acting secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

### Section 9.3 Examination.

The Association records shall at all times, during normal business hours and after at least ten days written notice, or at the next scheduled Board meeting if within 30 days of written request, be subject to inspection and copying by any Member, at his or her expense, except documents determined by the Board to be withheld under the inspection of records policy of the Association in accordance with the Act. Any Owner's request to inspect and copy Association records must describe with reasonable particularity what records are requested. The Association may charge the actual costs for copying of the records, as clarified further in its inspection of records policy.

## ARTICLE 10 INDEMNIFICATION

### Section 10.1 Obligation to Indemnify.

(a) The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative; by reason of the fact that the person is or was a director, officer or committee member of the Association; provided the person is or was serving at the request of the Association in such capacity; and provided that the person:

(i) acted in good faith, and;

(ii) in a manner that the person reasonably believed to be in the best interests of the Association, and;

(iii) with respect to any claimed criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful.

The determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful.

(b) Notwithstanding anything in subsection (a) above, unless a court of competent jurisdiction determines that, in view of all circumstances of the case, the person is fairly and reasonably entitled to expenses, no indemnification shall be made:

(i) In connection with a proceeding by or in the right of the Association, where the person has been adjudged to be liable to the Association; or

(ii) In connection with any other proceeding charging that the person received an improper personal benefit, whether or not involving action in an official capacity, the person has been adjudged liable on the basis the person received an improper personal benefit.

(c) To the extent that the person has been wholly successful on the merits in defense of any action, suit or proceeding as described above, the person shall be indemnified against actual and reasonable expenses (including expert witness fees, attorney fees and costs) incurred in connection with the action, suit or proceeding.

#### Section 10.2 Determination Required.

(a) The Board of Directors shall determine whether the person requesting indemnification has met the applicable standard of conduct set forth above. The determination shall be made by the Board of Directors by a majority vote of a quorum consisting of those members of the Board of Directors who were not parties to the action suit or proceeding.

(b) If a quorum cannot be obtained as contemplated above or if a quorum has been obtained and the Board so directs, a determination may be made, at the discretion of the Board, by:

(i) independent legal counsel selected by a majority of the full Board; or

(ii) by the voting members, but voting members who are also at the same time seeking indemnification may not vote on the determination.

#### Section 10.3 Payment in Advance of Final Disposition.

The Association shall pay for or reimburse the reasonable expenses as described above in advance of final disposition of the action, suit or proceeding if the person requesting indemnification provides the Board of Directors with:

(a) A written affirmation of that person's good faith belief that he or she has met the standard of conduct described above and;

(b) A written statement that the person shall repay the advance if it is ultimately determined that he or she did not meet the standard of conduct described above.

#### Section 10.4 No Limitation of Rights.

The indemnification provided in this Article shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Members or disinterested members of the Board of Directors, or otherwise, nor by any rights which are granted pursuant to C.R.S. §38-33.3-101, *et seq.*, and the Colorado Revised Nonprofit Corporation Act, as those statutes may be amended from time to time.

#### Section 10.5 Directors and Officers Insurance.

The Association shall purchase and maintain insurance on behalf of any person who is or was a member of the Board of Directors, the manager, committee members, or anyone acting at the direction of the Board, covering defense and liability expenses arising out of any action, suit or proceeding asserted against the person by virtue of the person's actions on behalf of the Association or at the direction of the Board, whether or not the Association would have the power to indemnify the person against liability under provisions of this Article.

### **ARTICLE 11 MISCELLANEOUS**

#### Section 11.1 Notices.

All notices to the Association or the Owners shall be delivered in accordance with Colorado law.

#### Section 11.2 Waiver.

No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

#### Section 11.3 Office.

The principal office of the Association shall be within the Community or at such other place as the Executive Board may from time to time designate.

#### Section 11.4 Working Capital.

A working capital fund is established pursuant to the Declaration. Any amounts paid into this fund shall not be considered as advance payment of Assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by the Declarant at the time the sale of the Unit is closed or at the termination of Declarant control. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment.

### ARTICLE 12 AMENDMENTS

#### Section 12.1 Bylaw Amendments.

These Bylaws may be amended by the Members as follows:

(a) The affirmative vote of a majority of the Members present and voting, in person or by proxy, at a regular or special meeting of the Members called for such purpose at which a quorum is present, provided that notice has been sent to all Members pursuant to these Bylaws, and such notice sets forth that the meeting is being conducted for the purpose of amendment.

#### Section 12.2 Restrictions on Amendments.

No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any security interest covering any Unit, or which would materially change the provisions of the Bylaws with respect to a first lien security interest or the interest of an institutional mortgagees of record.

### CERTIFICATION

I, the undersigned, do hereby certify that I am the Secretary of Sandalwood Condominium Association, a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted by the Executive Board.



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Secretary

Date: 05/22/2023