

BYLAWS  
OF  
SABLE COVE CONDOMINIUM ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is SABLE COVE CONDOMINIUM ASSOCIATION, a nonprofit corporation organized under the Colorado Nonprofit Corporation Act, hereinafter referred to as the "Association." The principal office of the corporation shall be located at 1901 East 112th Avenue, Suite J, Thornton, Colorado, but meetings of members and directors may be held at such places within the State of Colorado as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Declaration" shall mean and refer to that certain Condominium Declaration for Sable Cove Condominiums, recorded in the office of the Clerk and Recorder of the County of Arapahoe, Colorado, as the same may be amended from time to time.

Section 2. "Declarant" shall mean and refer to U.S. Home Corporation, a Delaware Corporation, its successors and assigns, if such successors or assigns acquire one or more portions of the Property from the Declarant for the purpose of constructing Condominium Buildings thereon.

Section 3. "Member" shall mean and refer to each Owner of a Condominium Unit that is subject to assessment under the Declaration; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Condominium Unit.

Section 4. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association, filed or to be filed in the office of the Secretary of State of the State of Colorado, as the same may hereafter be amended from time to time.

Section 5. "Association" shall mean and refer to Sable Cove Condominium Association, a Colorado non-profit corporation, its successors and assigns. The Association shall act by and through its Board of Directors and its elected officers.

Section 6. "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 7. "Property" shall mean and refer to the property described on Exhibit A attached to the Declaration and incorporated herein by this reference, together with any property which may be annexed to the Declaration pursuant to the provisions of Article XVII thereof.

Section 8. "Individual Air Space Unit" shall mean and refer to the air space contained within the enclosed rooms occupying part of a floor or floors in a Condominium Building and bounded by the unfinished interior surfaces of the perimeter walls (or the adjoining walls, if two or more Individual Air Space Units adjoin each other), unfinished interior surfaces of floors (or lowermost floors, if it is an Individual Air Space Unit containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, if it is an Individual Air Space Unit containing more than one level), windows and window frames, door and door frames of a Condominium Building, and separately identified on the Condominium Map. Said Individual Air Space Unit is to be used for residential purposes and shall have access to a public street.

Section 9. "Condominium Unit" shall mean and refer to the fee simple interest in and to an Individual Air Space Unit, together with all fixtures and improvements therein contained, and together with the undivided interest in the Common Elements appurtenant to the Individual Air Space Unit as shown in Exhibit B attached to the Declaration and incorporated herein by this reference, which un-

divided interest is subject to being modified by annexations to the Declaration pursuant to the provisions of Article XVII thereof.

Section 10. "Condominium Building" shall mean and refer to any building (including all fixtures and improvements therein contained) located on the Property and within which one or more Individual Air Space Units are located.

Section 11. "Other Building" shall mean and refer to any building or other similar structure (including all fixtures and improvements therein contained) located on the Property, but excluding any Condominium Building.

Section 12. "Common Elements" shall mean and refer to the totality of:

- (a) The Property; and
- (b) The Other Buildings; and
- (c) The Condominium Buildings (including, but not by way of limitation, the foundations, columns, girders, beams, supports, perimeter and supporting walls, chimneys, fireplaces, flues, roofs, patios, balconies, storage areas, halls, corridors, lobbies, stairs, stairways, fire escapes, entrances and exits, and the mechanical installations of the Condominium Buildings consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating, which exist for common uses, including the pipes, vents, ducts, flues, chutes, conduits, wires and other similar utility installations used in connection therewith), except for the Individual Air Space Units; and
- (d) Any yards, sidewalks, walkways, paths, bicycle paths, grass, shrubbery, trees, driveways, private streets, parking areas, fire lanes, landscaping, gardens, swimming pool with dressing and shower facilities, if any, located on the Property; and
- (e) The tanks, pumps, motors, fans, compressors, ducts and, in general, all apparatus, installations and equipment of the Condominium Buildings existing for the common use of the Owners; and

(f) In general, all other parts of the Project existing for the common uses of the Owners, and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

Section 13. "General Common Elements" shall mean and refer to all of the Common Elements, except for the Limited Common Elements.

Section 14. "Limited Common Elements" shall mean and refer to those parts of the Common Elements which are either limited to and reserved for the exclusive use of the Owner or Owners of a particular Condominium Unit or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Condominium Units. Without limiting the foregoing, the Limited Common Elements shall include the balcony, patio, storage area, fireplace and flue adjacent to an Individual Air Space Unit, the interior stairway providing access to not less than one but not to all Condominium Units, and the utility, heating, and domestic hot water equipment contained within such Individual Air Space Unit. The balcony, patio, storage area, fireplace and flue which are accessible from, associated with, and which adjoin any particular Individual Air Space Unit, and the utility, heating, air conditioning and domestic hot water equipment associated therewith shall, without further reference thereto, be used in connection with such Individual Air Space Unit to the exclusion of the use thereof by the other Owners, except by invitation. No reference thereto need be made in any instrument of conveyance, encumbrance or other instrument.

Section 15. "Owner" shall mean and refer to any record owner (including Declarant and including a contract seller), whether one or more persons or entities, of a fee simple title interest to any Condominium Unit; but excluding, however, any such record owner

having such an interest therein merely as security for the performance of an obligation (unless such person has acquired fee simple title interest therein pursuant to foreclosure or any proceedings in lieu thereof). When a person who is an Owner conveys or otherwise assigns of record his fee simple title interest to a Condominium Unit, then, retroactive to the date of such conveyance or assignment, such person shall thereafter cease to be an Owner; provided, however, that the foregoing shall not in any way extinguish or otherwise void any unsatisfied obligation of such person which existed or arose at the time of such conveyance or assignment, specifically including, without limiting the generality of the foregoing, any unsatisfied obligation to pay Association assessments, fees and charges.

Section 16. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument recorded in the records of the office of the Clerk and Recorder of the County of Arapahoe, Colorado, having priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgage" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an officer of the United States of America, is the seller, whether such contract is recorded or not and whether such contract is owned by the said Administrator or has been assigned by the said Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of the County of Arapahoe, Colorado show the said Administrator as having the record title to the Condominium Unit.

Section 17. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage (including the Administrator of Veterans Affairs, an officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is

identified as seller, whether such contract is recorded or not, and the land records in the office of the Clerk and Recorder of the County of Arapahoe, Colorado show the said Administrator as having the record title to the Condominium Unit), or any successor to the interest of any such person under such First Mortgage.

Section 18. "Project" shall mean and refer to the totality of all the Property, Condominium Buildings, Other Buildings, Condominium Units and Common Elements.

Section 19. "Condominium Map" shall mean and refer to the Condominium Map for Sable Cove Condominiums, recorded or to be recorded in the records of the office of the Clerk and Recorder of the County of Arapahoe, Colorado. More than one Condominium Map or supplements thereto may be recorded; and, without limiting the generality of the foregoing, separate Condominium Maps may be recorded for each Condominium Building and/or for each annexation to the Declaration pursuant to the provisions of Article XVII thereof. If more than one condominium map or supplements thereto are recorded, then the term "Condominium Map" shall collectively mean and refer to all of such condominium maps and supplements thereto.

### ARTICLE III

#### MEETINGS OF MEMBERS

Section 1. Classes of Voting Membership. The Association shall have two classes of voting membership.

Class A. The Class A Members shall be all Owners, with the exception of Declarant, and shall be entitled to one vote for each Condominium Unit owned. When more than one Owner holds an interest in the same Condominium Unit all such Owners shall be Members and they may appoint one of their co-Owners as proxy to cast the vote for that Condominium Unit. The vote for such Condominium Unit shall be cast as the Owners thereof agree, but in no event shall more than one vote per question be cast with respect to each

Condominium Unit. If the Owners of such Condominium Unit do not agree as to the manner in which their vote should be cast when called upon to vote, then they shall be treated as having abstained.

Class B. The Class B Member(s) shall be Declarant, and shall be entitled to three votes for each Condominium Unit owned which is neither leased, nor rented, nor otherwise occupied as a residence. Leasing, renting, or allowing entry for residential occupancy shall terminate the Declarant's weighted voting advantage in relation to any Condominium Unit so leased, rented, or occupied as a residence, and shall limit Declarant in relation to any such Condominium Units to the same voting rights as a Class A Member. Declarant shall also be entitled to cast three (3) votes for each Condominium Unit described in any Statement of Intent to Annex recorded pursuant to Article XVII of the Declaration for so long as any such Condominium Unit is neither leased, nor rented, nor otherwise occupied as a residence. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or (b) on January 1, 1989.

Section 2. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year as the month in which the first annual meeting was held, the specific date and time thereof to be designated by the Board of Directors from time to time.

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the President of the Association or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of,

the secretary of the Association or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purposes of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Upon request, each First Mortgagee of a Condominium Unit shall be entitled to receive written notice of all meetings of the Members, and shall be permitted to designate a representative to attend all such meetings.

Section 5. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Unless otherwise specifically provided by the Declaration, Articles of Incorporation, these Bylaws or by statute, all matters coming before a meeting of Members at which a proper quorum is in attendance, in person or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Condominium Unit.

#### ARTICLE IV

##### RIGHTS OF THE ASSOCIATION

Section 1. Implied Rights. This Association may exercise any and all rights or privileges given to it under the Declaration,

the Articles of Incorporation or these Bylaws, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied therefrom or reasonably necessary to effectuate any such right or privilege.

Section 2. Restriction of Rights. Notwithstanding the provisions of Section 1 of this Article, the Association shall not be empowered to do any of the matters itemized in Article XVIII of the Declaration, unless it shall obtain the prior written approval of the required percentage of First Mortgagees of Condominium Units, as provided therein.

#### ARTICLE V

##### BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors. Directors shall be Members which, in the case of Declarant, shall include the officers, directors and employees of Declarant, and in the case of other corporate Members shall include the officers and directors of each such corporate Member.

Section 2. Term of Office. At the first annual meeting of the Association, the Members shall elect two directors for terms of one year, two directors for terms of two years, and one director for a term of three years, and at each annual meeting thereafter the Members shall elect the same number of directors as there are directors whose terms are expiring at the time of each election, for terms of two years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of each class of Members, provided that, so long as there is a Class B membership, Declarant may remove any director who is serving in such capacity as a result of being a director, officer or employee of Declarant. In the event of death, resignation or removal of a director, his successors shall be selected by the remaining member(s) of the Board, whether or not such remaining member(s) constitute a quorum, and shall serve for the unexpired term of his predecessor; provided, however, that so long as there is a Class B membership, the Declarant may appoint the successor of any director who served in such capacity as a result of being a director, officer or employee of Declarant.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

#### ARTICLE VI

##### NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE VII

### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

## ARTICLE VIII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt, amend, publish and repeal rules and regulations governing the use of the Common Elements and facilities thereon and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and the right to use recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(c) enter into agreements, including but not limited to the acceptance of easements and/or rights-of-way, for the use, by Owners, their family members, guests and invitees, of real property for pedestrian and vehicular access, ingress and egress to and from the Project or any portion thereof, which agreements may include provisions by which the Association covenants and agrees that it shall pay part or all of the costs and expenses of maintaining and repairing such real property, and the improvements thereto and thereon, and any such costs shall be treated by the Association as common expenses pursuant to Article VII of the Declaration;

(d) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(e) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) regular meetings of the Board of Directors during any one year period;

(g) employ the services of a manager or managing agent, or both, and such independent contractors or other employees as they deem necessary, and delegate any of their duties to such persons; provided, however, when so delegated, the Board of Directors shall not be relieved of its responsibilities under the Declaration, the Articles of Incorporation or these Bylaws; and

(g) designate and remove personnel necessary for the operation, maintenance, repair, and replacement of the Common Elements.

Section 2. Duties. It shall be the duty of the Board of Directors to see that all of the duties and obligations of the Association as set forth in the Declaration are performed as required therein, including without limitation the duty to:

(a) cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the maximum annual assessment against each Condominium Unit prior to commencement of each annual assessment period, and give written notice to each Owner of each increase in the amount of the actual assessment against his Condominium Unit; and

(2) foreclose the lien against any Condominium Unit for which any assessment or any portion thereof is not paid within ninety (90) days after the due date, or bring an action at law against the Owner personally obligated to pay the same;

(d) cause the Common Elements to be maintained;

(e) issue, or cause an appropriate officer or designated agent to issue, upon written demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge, but in no event less than Twenty-Five Dollars (\$25.00), may be made by the Board of Directors for the issuance of these certificates. Upon the issuance of such a certificate signed by a member of the Board of Directors or an officer of the Association, or by the managing agent of the Association, the information contained therein shall be conclusive upon the Association as to all persons who rely thereon in good faith;

(f) procure and maintain liability and hazard insurance on the Common Elements as more fully provided in the Declaration;

(g) cause all Association officers and employees having fiscal responsibilities to be bonded, as more fully provided in the Declaration; and

(h) notify in writing, the First Mortgagee of any Condominium Unit, or any insurer or guarantor of a First Mortgage, upon written request, when the Owner thereof is in default in the payment of any assessment, or otherwise in default of any obligation under the Declaration, Articles of Incorporation or these Bylaws, and the Board of Directors has actual knowledge of such default, and said default remains uncured for a period of thirty (30) days.

#### ARTICLE IX

##### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless the officer shall sooner resign, or shall be removed, or shall otherwise be disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the

Board of Directors, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

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

Vice-President

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

Secretary

(c) The secretary or a designated agent shall record the votes and keep the minutes of all meetings and proceedings of the

Board of Directors and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board of Directors and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board of Directors.

#### Treasurer

(d) The treasurer or a designated agent shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign or authorize a designated agent to sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual compilation report of the Association books to be made by a Certified Public Accountant at the completion of each fiscal year or, at the option of the Board of Directors, an annual review or audited financial statement may be required, or an audited financial statement may be required as provided in Section 18.3 of the Declaration; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

#### ARTICLE X

##### COMMITTEES

The Association shall appoint a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees which it deems appropriate in carrying out its purposes.

#### ARTICLE XI

##### BOOKS AND RECORDS

The Association shall keep detailed, accurate and complete books and records of its receipts and expenditures (including receipts and expenditures affecting the Common Elements), shall keep minutes of the proceedings of the Board of Directors and Members, and shall keep at its registered or principal office in Colorado, a

record of the names and addresses of the Members entitled to vote. Upon ten (10) days' notice to the manager or managing agent, any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner. Current copies of the Declaration, Articles of Incorporation and Bylaws of the Association, rules and regulations governing the Association, and other books, records and financial statements of the Association, shall be made available to Owners, First Mortgagees of Condominium Units and insurers or guarantors of any such First Mortgage. Current copies of the Declaration, Articles of Incorporation, Bylaws, rules and regulations, and the latest financial statement of the Association shall be available for examination by prospective purchasers of Condominium Units. The word "available," as used herein, shall at least mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

#### ARTICLE XII

##### ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If an assessment or any portion thereof is not paid within ten (10) days after the due date, the assessment shall bear interest from the due date at the rate of eighteen percent (18%) per annum and the Association may assess a monthly late charge thereon. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Condominium Unit, and interest, late charges, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No

Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Condominium Unit.

#### ARTICLE XIII

##### CORPORATE SEAL

The Association shall have a seal in circular form and within its circumference the words: SABLE COVE CONDOMINIUM ASSOCIATION.

#### ARTICLE XIV

##### AMENDMENTS

Subject to the terms and provisions of Section 18.1(b) of the Declaration, these Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, provided that the Federal Housing Administration of the U.S. Department of Housing and Urban Development or the Veterans Administration shall have the right to veto any alteration, amendment, repeal or new Bylaws while there is a Class B membership.

#### ARTICLE XV

##### INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every director, officer, agent and employee, and any former director, officer, agent and employee, against all loss, costs and expense, including counsel fees, reasonably incurred in connection with any action, suit, or proceeding to which such person may be made a party by reason of being or having been a director, officer, agent or employee of the Association, except for matters in which such person shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence or fraud. Any such indemnification shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing officers and directors errors and omissions insurance coverage and any other insurance protecting the Association from liability because of the negligent acts of its

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servants, including insurance covering motor vehicles or public liability, property damage, medical and other similar coverage, it being the intent and purpose of this provision to limit all payments or settlements in indemnification to the actual proceeds of insurance policies. No indemnification shall be provided for acts constituting gross negligence, nor for fraud, nor for more reprehensible conduct. In the event of a settlement, the settlement shall be approved by the insurance carrier and paid for by the insurance carrier out of the insurance proceeds. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. The cost of such insurance coverage shall be treated and handled by the Association as a common expense.

ARTICLE XVI

MISCELLANEOUS

Section 1. The fiscal year of the Association shall begin on the first day of \_\_\_\_\_ and end on the \_\_\_\_\_ day of \_\_\_\_\_ every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Conflict of Documents. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

IN WITNESS WHEREOF, we the undersigned, being all of the directors of SABLE COVE CONDOMINIUM ASSOCIATION, have hereunto set our hands this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

DIRECTORS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

STATE OF COLORADO )  
COUNTY OF ) ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

WITNESS my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

Address of Notary: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(SEAL)

I, the undersigned, do hereby certify: THAT I am the duly  
elected and acting secretary of SABLE COVE CONDOMINIUM ASSOCIA-  
TION, 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 \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, and that as  
of the date hereinafter subscribed, said Bylaws are in full force  
and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name and  
affixed the seal of said Association this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_.

(SEAL)

\_\_\_\_\_  
Secretary