

**BYLAWS
OF
SHOPPES AT PROSPECT CONDOMINIUM ASSOCIATION**

ARTICLE I. NAME

The name of the Association is Shoppes at Prospect Condominium Association, hereinafter referred to as “the Association.”

ARTICLE II. DEFINITIONS

2.1 “Declaration” shall mean and refer to the Condominium Declaration for Shoppes at Prospect Condominiums recorded in the office of the Clerk and Recorder of Larimer County, Colorado (“Declaration”).

2.2 All other terms used in these Bylaws shall have the meaning given to them in the Declaration, the Articles, and the Bylaws of the Association

ARTICLE III. OFFICES

The initial office of the Association shall be at 111 West Prospect Road, Fort Collins, Colorado 80525. The Association may have such other offices within the State of Colorado as the Board of Directors may designate or as the business of the Association may, from time to time, require.

ARTICLE IV. MEMBERSHIP AND MEETINGS

4.1 Membership. Membership in the Association shall be as provided in the Declaration for Shoppes at Prospect Condominiums. The membership shall be automatically transferred upon the conveyance of the ownership interest giving rise to the membership.

4.2 Voting Rights. Each Owner of a Unit shall have the number of votes allocated in the Declaration for Shoppes at Prospect Condominiums. When more than one (1) person holds a beneficial interest in a Unit as joint tenant, tenant in common, or otherwise, all such persons shall be Members of the Association. If only one (1) of the multiple Owners of a Unit is present at a meeting of the Association, such Owner shall be entitled to cast the votes allocated to that Unit. If more than one (1) of the multiple Owners is present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Owners. There is a majority agreement if any one (1) of the multiple Owners casts the vote 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.

The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Board of Directors or directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The person presiding over the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified to vote. Votes allocated to a Unit owned by the Association may not be cast.

In the event there is a tie vote on a decision before the members, the president of the Association shall cast an additional single vote to break the tie.

4.3 Meetings. Meetings of the Association shall be held at least once each year. Special meetings of the Association may be called by the President, by a majority of the Board of Directors, or by an Owner. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary, or other officer designated by the Board of Directors, 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 must 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 these Bylaws, any budget changes, and any proposal to remove an officer or member of the Board of Directors.

4.4 Quorum. Except as otherwise provided in these Bylaws or as provided by law, at any meeting of the Members, the presence in person or by proxy of Owners entitled to cast fifty percent (50%) of all votes entitled to be cast on the matter to be voted upon shall constitute a quorum. An affirmative vote of a majority of the total number of votes entitled to be cast by the Members present in person or by proxy at a meeting at which a quorum of Members is present shall be necessary to pass or adopt any motion or resolution presented to the Members unless a greater portion is required by law, by the Articles of Incorporation, by the Declaration, or by these Bylaws.

4.5 Proxies. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by an Owner. If a Unit is owned by more than one (1) 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, 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 (11) months after its date, unless it provides otherwise.

4.6 Action by Consent. Any action 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 on such action.

ARTICLE V. BOARD OF DIRECTORS

5.1 Powers and Duties. The Board of Directors may act in all instances on behalf of the Association, except as provided in the Declaration or these Bylaws. The Board of Directors shall have, subject to the limitations contained in the Declaration, the powers necessary for the administration of the affairs of the Association, including the following powers and duties:

- (a) Adopt and amend Bylaws and Rules and Regulations.
- (b) Adopt and amend budgets for revenues, expenditures and reserves.
- (c) Collect assessments for Common Expenses from Unit Owners.
- (d) Hire and discharge managing agents.
- (e) Hire and discharge employees, independent contractors and agents other than managing agents.
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws or Rules and Regulations in the Association's name, on behalf of the Association, or an Owner on matters affecting the Units.
- (g) Make contracts and incur liabilities.
- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Elements.
- (i) Cause additional improvements to be made as a part of the Common Elements.
- (j) Acquire, hold, encumber and convey in the Association's name, any right, title or interest to real estate or personal property constituting the Common Elements.
- (k) Grant easements, leases, licenses and concessions through or over the Common Elements.

(l) Impose and receive a payment, fee or charge for services provided to Owners and for the use, rental or operation of the Common Elements, except that there shall be no parking fees assessed directly for parking lot use.

(m) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy a reasonable fine for violation of the Declaration, Bylaws and Rules and Regulations of the Association.

(n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments.

(o) Provide for the indemnification of the Association's officers and the Board of Directors and maintain Directors' and officers' liability insurance.

(p) Exercise any other powers conferred by the Declaration or Bylaws.

(q) Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association.

(r) Exercise any other power necessary and proper for the governance and operation of the Association.

5.2 Employment of Manager by the Board of Directors. The Board of Directors may employ a Manager for the Association, at compensation established by the Board of Directors, to perform the duties and services authorized by the Board of Directors. The Board of Directors may delegate to the Manager only the powers granted to the Board of Directors by these Bylaws under Subsections (c), (e), and (h) of Section 5.1 above. Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Board of Directors and to fulfill the requirements of the budget.

5.3 Number, Qualification and Termination of Declarant Control. The affairs of the Condominium and the Association shall be governed by the Board of Directors of three (3) persons, all of whom shall be Owners. If any Unit is owned by a partnership, corporation or limited liability company, any officer, partner, member, manager, or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for purposes of the preceding sentence. Directors shall be elected by the Owners. At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

5.4 Term of Office. The terms of the Directors shall expire annually.

5.5 Nomination and Election. The Association shall call a meeting and give not less than ten (10) or more than sixty (60) days' notice to Owners for the purpose of electing members to the Board of Directors. This meeting may be called and notice given by any Owner if the Association fails to do so. Nominations shall be made from the floor at the annual meeting of the Members. Such nominations shall be made from among the Members of the Association. Election to the Board of Directors shall be by show of hand. 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 person receiving the largest number of votes shall be elected. Cumulative voting is not permitted. In the event there is a tie vote on a decision before all of the members, the president of the Association shall cast one vote to break the tie. If there is a tie vote of less than all the members, the decision to be voted upon shall be tabled for a maximum of two months until there can be a vote by all members. If a vote of all members cannot be held within that two-month period, then on the third month the president of the Association shall cast one vote to break the tie.

5.6 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members shall be filled at a regular or special meeting of the Board of Directors held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. Such appointments shall be made by a majority of the remaining elected Directors constituting the Board of Directors.

Each person so elected shall be a Director for the remainder of the term of the Director so replaced.

5.7 Removal of Members of Board of Directors. At any regular or special meeting of the Members duly called, any one (1) or more of the members of the Board of Directors may be removed, with or without cause, by a vote of two-thirds (2/3) of the votes entitled to be cast by the Members present at a meeting at which a quorum is present; and a successor may then and there be elected to fill the vacancy and unexpired term thus created. Any member of the Board of Directors whose removal has been proposed by the membership shall be given an opportunity to be heard at such meeting.

5.8 Regular Meetings. The first regular meeting of the Board of Directors following each annual meeting of the Members shall be held within ten (10) days after the annual meeting at a time and place to be established by the Members at the meeting at which the Board of Directors shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the members of the Board of Directors are present. The Board of Directors may set a schedule of additional regular meetings by resolution and no further notice is necessary to constitute regular meetings.

5.9 Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each member of the Board of Directors, given personally or by mail, telephone, or telecopier, which notice shall state the time, place, and purpose of the meeting. Upon the written request of any member of the Board of Directors, the President shall call a special meeting of the Board of Directors in like manner and on like notice.

5.10 Location of Meetings. All meetings of the Board of Directors shall be held at such location as shall, from time to time, be designated by the Board of Directors.

5.11 Waiver of Notice. Before or at any meeting of the Board of Directors, any member of the Board of Directors may, in writing, waive notice of such meeting; and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him or her of the time and place thereof unless the member of the Board of Directors attends a meeting for the express purpose of objecting to the transaction of any business at the meeting because the meeting was not lawfully called or convened.

5.12 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business; and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At such adjourned meeting subsequently held, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.13 Telephone Communication in Lieu of Attendance. A member of the Board of Directors may attend a meeting of the Board of Directors by using an electronic or telephonic communication method whereby the Director may be heard by other members of the Board of Directors and may hear the deliberations of the other members of the Board of Directors on any matter properly brought before the Board of Directors. Such Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

5.14 Action by Consent. Any action which may be taken at a meeting of the members of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members of the Board of Directors entitled to vote with respect to the action to be taken.

ARTICLE VI. OFFICERS

6.1 **Designation.** The principal officers of the Association shall be a President, one (1) or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, designate.

6.2 **Election of Officers.** The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following the annual meeting of the Members and shall hold office for a term of one (1) year or at the pleasure of the Board. No officer may serve for a term in excess of three (3) consecutive years. One (1) person may hold concurrently any two (2) offices; provided, however, that the offices of President and Secretary shall not be held by the same person. The office of Vice President need not be filled.

6.3 **Resignation and Removal of Officers.** Upon the 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 or her 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. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.4 **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by a majority vote of the members of the Board of Directors.

6.5 **President.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Members and of the Board of Directors. The President shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including, but not limited to, the power to appoint committees from among the Members from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association. The President may fulfill the role of Treasurer in the absence of the Treasurer. 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.

6.6 **Vice President.** The Vice President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint

some other Director to act in the place of the President on an interim basis. The Vice President shall also perform other duties designated by the Board of Directors or by the President.

6.7 Secretary. The Secretary shall keep minutes of all meetings of the Members and the Board of Directors. The Secretary shall have charge of the Association's books and papers as the Board of Directors may direct; and shall perform all 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 these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

6.8 Treasurer. The Treasurer shall be responsible for the Association funds and securities, 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. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board of Directors and shall perform all of 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 Board of Directors. Except for reserve funds described below, the Treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as a fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Treasurer, and executed by two (2) Directors, one (1) of whom may be the Treasurer if the Treasurer is also a Director.

6.9 Agreements, Contracts, Deeds, Checks, Etc. Except as provided in Sections 6.5, 6.7, 6.8 and 6.10 of 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 Board of Directors.

6.10 Statements of Unpaid Assessments. The Treasurer, Assistant Treasurer, a Manager employed by the Association 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.

The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by

resolution of the Board of Directors, except as provided in the Declaration. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement of assessment is furnished.

ARTICLE VII. ENFORCEMENT

7.1 **Abatement and Enjoinment of Violations by Members.** The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Documents shall give the Board of Directors the right, after notice and hearing, except in case of an emergency, to enjoin, abate or remedy by appropriate legal proceeding, either at law or in equity, the continuance of any breach.

7.2 **Fine for Violation.** By resolution, following notice and hearing, the Board of Directors may levy a fine of up to One Hundred Dollars (\$100.00) per day for each day that a violation of the Declaration or any Rules and Regulations or resolutions persists after notice and hearing, but this amount shall not exceed that amount necessary to ensure compliance with the rule or order of the Board of Directors.

ARTICLE VIII. INDEMNIFICATION OF OFFICERS, MEMBERS OF THE BOARD OF DIRECTORS, AND AGENTS

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in the Colorado Nonprofit Corporation Act, the provisions of which are incorporated by reference and made a part of these Bylaws.

ARTICLE IX. RECORDS

9.1 **Records and Audits.** The Association shall maintain financial records. The cost of any audit shall be a Common Expense, unless otherwise provided in the Declaration.

9.2 **Examination.** All records maintained by the Association or any Manager shall be available for examination and copying by any Member, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

9.3 **Records.** The Association shall keep the following records:

(a) An account for each Unit, which shall designate the name and address of each Owner, the name and address of each mortgagee who has given notice to the Association that it holds a Security Interest on the Unit, the amount of each Common

Expense Assessment, the date on which each Assessment comes due, the amounts paid on the account, and balance due.

(b) An account for each Owner showing any other fees payable by the Owner.

(c) A record of any capital expenditures in excess of One Thousand Dollars (\$1,000.00) approved by the Board of Directors for the current and next two (2) succeeding fiscal years.

(d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project.

(e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association.

(f) The current operating budget.

(g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant.

(h) A record of insurance coverage provided for the benefit of Owners and the Association.

(i) A record of any alterations or improvements to Common Elements which violate any provisions of the Declaration of which the Board of Directors has knowledge.

(j) A record of any violations, with respect to any portion of Park Central Owners Association, of health, safety, fire or Unit codes or laws, ordinances or regulations of which the Board of Directors has knowledge.

(k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements.

(l) Balance sheets and other records required by local corporate law.

(m) Tax returns for state and federal income taxation.

(n) Minutes of proceedings of incorporators, Owners, Directors, committees of Directors and waivers of notice.

(o) A copy of the most recent versions of the Declaration, Bylaws, Rules and Regulations, and resolutions of the Board of Directors, along with their exhibits and schedules.

ARTICLE X. MISCELLANEOUS

10.1 **Proof of Ownership.** Any person or entity, upon becoming an Owner, shall furnish to the Board of Directors a photocopy of the document vesting that person or entity with an ownership interest in a Unit, which copy shall remain in the files of the Association.

10.2 **Registration of Mailing Address.** The mailing address for each Unit shall be the address of that Unit, unless the Owner of the Unit shall have designated another mailing address in writing. Each Owner shall have one (1) registered mailing address to be used by the Association for mailing of statements of assessments, notices, demands, and all other communications; and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, limited liability company, association or other legal entity or any combination thereof to be used by the Association.

10.3 **Notices.** All notices to the Association or the Board of Directors shall be delivered to the office of the Manager, or if there is no Manager, to the office of the Association, or to such other address as the Board of Directors may designate by written notice to all Members and to all holders of Security Interests in the Unit who have notified the Association that they hold a Security Interest in a Unit. Except as otherwise provided, all notices to any Member shall be sent to the Member's address as it appears on the records of the Association. All notices to holders of a Security Interest in the Unit shall be sent, except where a different manner of notice is specified elsewhere in the Declaration, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

10.4 **Fiscal Year.** The Board of Directors shall establish the fiscal year of the Association.

10.5 **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.

10.6 **Office.** The principal office of the Association shall be as designated by the Board of Directors from time to time.

10.7 Working Capital. A working capital fund is to be established in the amount of two (2) months' regularly budgeted initial Common Expense Assessments for all Units. 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 the Declarant's control. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment.

10.8 Reserves. As a part of the adoption of the regular budget, the Board of Directors shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements, if any, that it is obligated to maintain, based upon the project's age, remaining life and the quantity and replacement cost of major Common Element improvements.

10.9 Amendment to Declaration. Any amendment to the Declaration shall be prepared, certified and recorded by the Secretary of the Association. Any such amendment shall be executed by both the President and Secretary on behalf of the Association.

ARTICLE XI. NONPROFIT ASSOCIATION

This Association is a nonprofit corporation organized under Colorado law. No Member, member of the Board of Directors, or officer shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof; and in no event shall 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 member of the Board of Directors, officer, or Member of the Association; provided, however, (1) that reasonable compensation may be paid to any Member, member of the Board of Directors, or officer while acting as an agent or employee of the Association for services rendered in effectuating the purposes of the Association; and (2) that any Member, member of the Board of Directors, or officer may, from time to time, be reimbursed for actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

