

2010 AMENDED AND RESTATED
BYLAWS OF MOUNT PRINCETON HOME OWNERS ASSOCIATION, INC.

A Colorado Nonprofit Corporation

The Bylaws of the Mount Princeton Home Owners Association, Inc. adopted March 22, 1979, and amended on June 25, 1985, June 25, 1988, June 30, 1990, June 29, 1991, June 27, 1992, June 24, 1995, and December 15, 2006, are hereby superseded and fully restated to read as follows:

ARTICLE 1 NAME AND LOCATION

The name of the corporation is Mount Princeton Home Owners Association, Inc. hereinafter referred to as the "Association." The Association is also known as MPHOA or M.P.H.O.A. Inc. The principal office of the Association shall be located in Chaffee County, 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 2 DEFINITIONS

Section 2.1. "Association" shall mean and refer to Mount Princeton Home Owners Association, Inc., its successors and assigns.

Section 2.2. "Common Areas" shall mean all real property including roads within the subdivision intended for the common use and enjoyment of the property owners and their guests.

Section 2.3. "Property" shall mean and refer to "Property" as described in the Declaration of Reservations, Restrictions, and Covenants in Sections A and B Mount Princeton Hot Springs Subdivision, as amended, Chaffee County, Colorado.

Section 2.4. "Lot" shall mean and refer to any platted and numbered plot of land upon any recorded subdivision map of the Property with the exception of the common areas.

Section 2.5. "Owner" shall mean and refer to the record owner or owners of legal title to any lot which is part of the Property, but excluding those who have an interest merely as security for the performance of an obligation.

Section 2.6. "Covenants" shall mean and refer to DECLARATION OF RESERVATIONS, RESTRICTIONS, AND COVENANTS IN SECTIONS A AND B, as amended, currently filed and in force and effect applicable to the Princeton Hot Springs Subdivision as recorded in the office of the Clerk and Recorder, Chaffee County, Salida, Colorado.

Section 2.7. "Member" or "Membership" shall mean and refer to the record owner(s) of a lot or lots within the Mount Princeton Hot Springs (MPHS) subdivision.

- a. In order to provide funds for the Association activities and administration, all owners shall pay an annual assessment plus any special assessments levied, upon full payment of which they shall be entitled to vote and hold office.
- b. Owners of a single tract, whether one or more persons own the tract, shall jointly exercise the right to one vote per lot at the Annual or Special meetings or in mail ballots called for by the Board of Directors.
- c. Owners of two or more lots, upon payment of appropriate fees for each lot, may exercise one vote per lot. MPHOA annual assessments and fees will be uniform and applicable to all lots.

ARTICLE 3 PURPOSE

The Association shall protect, develop, and enhance the natural beauty of Mount Princeton subdivision(s), located in Chaffee County, Colorado, and shall promote friendly relations and the general welfare of all lot owners and part-time and full-time residents.

ARTICLE 4 ASSESSMENTS

Section 4.1. The annual assessment shall be set by the Board of Directors as stated in the Covenants and shall be assessed to the owner of each lot to pay for operating the Association and providing services to the lot owners. The annual assessment will be uniform and applicable to all lots. The owners of a majority of the lots must approve any special assessment and any increase in the annual assessment more than five percent over the prior year. The Water Supply Fee, which is charged only to those lots with a residence or a water tap hookup, is the annual projected cost incurred in delivering water to all lots with a water tap hookup divided by the total number of lots with a water tap hookup. The Water Tap Fee is recomputed annually and is applicable only to those lot owners who connect to the water distribution system during a calendar year.

Section 4.2. Approval of changes in the annual assessment is covered in Paragraph 19 of the Covenants. Special assessments are as provided in Paragraph 19 of the Covenants.

Section 4.3. Monies received in payment of assessments shall be deposited in the Association's bank accounts and shall constitute a fund for the use and benefit of the Association.

Section 4.4. Any assessments not paid when due become delinquent and subject to action as provided in Paragraph 20 of the Covenants and the Association Rules.

ARTICLE 5 BOARD OF DIRECTORS

Section 5.1. NUMBER: The Board of Directors shall consist of seven members.

Section 5.2. POWERS AND DUTIES: The Board of Directors shall manage and supervise the affairs of the Association and shall exercise all powers, duties, responsibilities, and authority vested in the Association and not reserved in these Bylaws, the Articles of Incorporation, or the Covenants to the members. Such powers, duties, responsibilities, and authority shall specifically include but not be limited to the following:

- a. Establishing proper management and financial policies.
- b. Preparing yearly budgets to determine the annual assessments for the coming year. When necessary, to call for a special assessment and to propose the amount of such special assessment.
- c. Procuring and maintaining liability insurance for any common areas not the property or responsibility of the individual lot owner(s).
- d. Appointing a person for the annual verification, review, or audit of the Association accounts.
- e. When deemed necessary, obtaining legal advice and prosecuting such legal action as may be necessary to enforce the Rules, Bylaws, Articles of Incorporation, the Covenants, and the MPHO/MPHS Agreement recorded August 15, 1985.
- f. Establishing rules and regulations for the Property, including the common areas, such as the road, swimming pools and parks.
- g. Contracting for materials and services to fulfill the obligations and responsibilities of the Association and supervising such work to ensure performance standards and adherence to the budget.
- h. Appointing committees under supervision of the Board of Directors for such purposes as the Board of Directors may deem appropriate and as required by the Covenants.
- i. Publishing and distributing a newsletter of interest to lot owners as determined by the Board of Directors.

- j. Operating and maintaining the MPHOA water distribution system and the MPHOA road system.
- k. Any and all other duties or functions that are or become the responsibility of the Board or are required to properly protect the interests of the membership.

Section 5.3. ELECTION OF BOARD MEMBERS:

- a. Election: Directors or Board members shall be elected by a majority vote of a quorum of the members at the Annual Meeting.
- b. Term: Each member of the Board of Directors shall be elected for a three-year term. Directors shall serve in staggered terms so that, over three years, the Association members shall elect two directors, two directors, and three directors at successive annual meetings.

Each Board member shall serve until his or her successor has been elected and qualified.

No Board member shall serve more than two consecutive terms.

- c. Nominations: At least 120 days prior to the Annual Meeting, the Board of Directors shall select a Nominating Committee of three to nominate candidates for Board positions open in the normal course of business. All eligible members shall be given the opportunity to declare their intent to serve. The Nominating Committee shall select at least one candidate who has consented to serve for each open Board position. A listing of the candidates and a brief biographical description of each shall be mailed to the eligible membership. Directors will be elected by a majority vote, cast by secret ballot of lot owners as outlined in Robert's Rules of Order. Deadline for return of any appointment of proxy shall be the beginning of the Annual Meeting. The Board shall review the nominations prior to balloting of the membership for eligibility of the candidates.

Section 5.4. ELIGIBILITY: All directors shall be members of the Association whose assessments are not delinquent. Candidates should agree to uphold MPHOA's governing documents.

Section 5.5. RESIGNATION AND REMOVAL OF A BOARD MEMBER:

- a. Resignation: Any member of the Board 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 date later in the time specified therein, and unless otherwise

specified therein, the acceptance of such resignation shall not be necessary to make it effective.

- b. **Removal:** If it becomes necessary to consider the removal of any Board member, a special membership meeting shall be called where the facts and information regarding the removal will be reviewed. The Board member may then be removed by an affirmative vote of the majority of the membership present at such meeting in person or by proxy. The Board vacancy shall then be filled by an affirmative vote of the majority of the membership present in person or by proxy. Any director who is delinquent in the payment of assessments may be removed by action of the Board of Directors.

Section 5.6. **VACANCIES:** Vacancies on the Board of Directors, for any reason except removal by Association members, shall be filled by a vote of the remaining directors. A vacancy is created by a director's resignation, death, or unwillingness to serve. The Board shall elect a director to serve the balance of the vacated term(s) only.

Section 5.7. **BOARD MEETINGS AND QUORUM:** The Board of Directors shall hold its regular annual meeting to elect officers immediately after the Annual Membership Meeting. No notice of such regular meeting shall be required to be given to the Directors. Regular meetings of the Board of Directors shall be held periodically as set by the Board of Directors following the Annual Meeting. Special meetings may be called by the President or by any two members of the Board of Directors at any time upon 10 days notice to all Directors by letter, telephone, or email. The purpose of any such special meeting shall be stated in the notice.

A copy of the minutes of each annual and special Board meeting shall be sent to each Board member.

At any meeting of the Board of Directors, a majority of the whole Board then serving shall constitute a quorum.

Section 5.8. **APPROVAL OF DISBURSEMENTS:** The Board of Directors shall approve all expenditures of Association funds except where prior approval has been given by the membership. The Board may reasonably delegate and approve expenditures, as specified, to appropriate officers. Disbursements shall be identified by name and amount in a treasurer's report which shall be reviewed and approved in writing by signature or initial by at least one other member of the Board.

Section 5.9. The **ORDER OF BUSINESS OF BOARD MEETINGS** is as follows:

- a. Roll call of Board members attending;
- b. Proof of notice of meeting;
- c. Determination of quorum;
- d. Reading of minutes of preceding meeting;

- e. Election of officers (when required);
- f. Members'/owners' forum and comments on agenda items (with reasonable time limits and allocation of spokespersons, as determined by the presiding officer of the Board);
- g. Reports of officers and Committee chairs;
- h. Report of managing agent;
- i. Unfinished business;
- j. New business;
- k. Adjournment.

Section 5.10. CONFLICTS OF INTEREST. If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a member of the Board or a parent or spouse of any of these persons, that member of the Board shall declare a conflict of interest for that issue. The member of the Board shall declare the conflict of interest in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member of the Board may participate in the discussion but shall not vote on that issue. Any contract entered into in violation of this Bylaw provision is void and unenforceable.

ARTICLE 6 OFFICERS

Section 6.1. DESIGNATION: The officers of the Association shall be a President, Vice President, a Secretary, and a Treasurer, and such assistants as may be deemed necessary, all of whom shall be elected by the Board of Directors and may be removed or changed at any time by the Board.

Section 6.2. ELECTION OF OFFICERS: The officers of the Association shall be elected by the Board of Directors no later than seven days after the Annual Membership Meeting.

Section 6.3. PRESIDENT: The President shall be the chief executive officer of the Association. The President shall preside as chair at all meetings of the members and of the Board of Directors. The President, with approval of the Board of Directors, shall appoint all committees except the Architecture Control Committee. The authority of the President shall be those customary in a Colorado nonprofit corporation.

Section 6.4. VICE PRESIDENT: The Vice President shall act in the place of the President during the President's absence or inability to act. If both the President and the Vice President are absent, the Secretary shall act as executive officer on an interim basis.

Section 6.5. TREASURER: Duties of the Treasurer:

- a. The Treasurer shall receive all monies and be responsible for keeping full and accurate accounts of all receipts and disbursements. All

Association monies will be deposited in bank accounts insured by FDIC or in such other insured accounts as approved by the Board.

- b. The Treasurer shall bill each lot owner an annual assessment and any special assessments. A Water Service Fee shall be billed to lot owners with residences or a water tap hookup. A Water Tap Fee is to be collected when applicable as prescribed in Article 4. The Treasurer will provide the Board with the name of any member who is delinquent.
- c. The Treasurer shall maintain the financial records of the Association and shall submit a Treasurer's Report at the Annual Membership Meeting. The Treasurer shall present a concise financial statement at each meeting of the Board or whenever requested by the Board.
- d. The fiscal year of the Association shall be from July 1 to June 30. The Treasurer shall have the financial records prepared at the end of the fiscal year for review by a person approved by the Board of Directors.

Section 6.6. SECRETARY: The Secretary shall attend all membership and Board of Directors meetings, keep the minutes of the meeting, maintain the official records of the Association, and shall handle the correspondence as directed by the Board of Directors.

ARTICLE 7 ASSOCIATION MEMBER MEETINGS

Section 7.1. NOTICES OF MEETINGS: The Board of Directors shall give written notice to all members at least 30 days in advance of the Annual Meeting and at least 14 days in advance of a special meeting. The call to order of the meeting will include a list of those members eligible to vote. In addition to first class mail or hand delivery, notices of member/owner meetings shall be provided as follows: The Association will post notices on its website when the website is available and email owners who request email notice at the email addresses they provide to the Association. Notices of meetings of members/owners will be physically posted in a conspicuous place, if feasible.

Section 7.2. ANNUAL MEETING: The last Saturday in June shall be designated for the Annual Meeting and shall be for the purpose of electing directors, hearing reports of the previous year's business, and for the transaction of any other business that may properly come before the meeting.

Section 7.3. SPECIAL MEETINGS: Special meetings may be called by the Board or shall be called by the Board upon written request of a majority of the membership.

Section 7.4. REPORTS: Annual reports shall be submitted by the Board of Directors and the Treasurer at the Annual Membership Meeting. Committee reports shall also be presented when requested by the Board of Directors.

Section 7.5. **QUORUM:** The presence in person or by proxy of members representing 25 percent of the lots in the Association shall constitute a quorum. If only one of multiple owners of a lot is present at a meeting of the Association, such owner is entitled to cast the vote of that lot. If more than one of the multiple owners are present, the vote of that lot 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 of the multiple owners casts the vote of the lot without protest made promptly to the person presiding over the meeting by any of the other owners of the lot.

Section 7.6. **ORDER OF BUSINESS:** The order of business at all meetings of the Association members is as follows:

- a. Roll call (or check-in procedure) of members attending in person and by proxy;
- b. Proof of notice of meeting;
- c. Determination of quorum;
- d. Reading of minutes of preceding meeting;
- e. Reports;
- f. Establish number and terms of memberships on the Board (when there is an election);
- g. Selection of inspectors of election or tellers (when there is an election);
- h. Election of Directors to serve on the Board (when there is an election)(by secret ballot if more candidates are running than there are vacancies on the Board);
- i. Ratification of budget (if required);
- j. Unfinished business;
- k. New business;
- l. Adjournment;

Section 7.7. **MEMBER/OWNER MEETING PROXIES, VOTES, AND BALLOTS:**

- a. Voting at a membership meeting shall be in person or by proxy on any issue properly before the meeting, including, but not limited to the election of directors, amendment of Bylaws, major financial expenditures at variance from the approved budget, and improvements for the subdivision suggested by the Board of Directors;
- b. Regular meeting procedure will conform to Robert's Rules of Order, newly revised edition, where applicable and not inconsistent with these Bylaws, the Covenants, or any special rules of order this Association may adopt;
- c. Proxies are not valid if obtained through fraud;
- d. The Association may reject votes, ballots, or proxies if the person tabulating votes has reasonable basis to doubt their validity;
- e. The person who rejects a vote, ballot, or proxy is not subject to damages;
- f. All actions of the Association regarding such rejections are valid unless a court determines otherwise;

- g. On any motion considered at the meeting, at the discretion of the Board, or upon the request of 20 percent of the Members present in person or by proxy, the vote on the motion shall be by secret ballot;
- h. Any vote by mail, without a meeting, shall be in accordance with the Colorado Revised Nonprofit Corporation Act and Colorado law.

Section 7.8. OPEN MEETINGS:

- a. Meetings of the Association members (sometimes referred to as owners) and the Board are open to all members of the Association or to any person designated in writing by the Association member as the member's representative, subject to such reasonable restrictions for cause on voting, such as an Association member's failure to pay assessments, as may be stated in the governing documents.
- b. Association members or their representatives are allowed to listen to Board meetings and are allowed to speak before the Board takes formal action on an item under discussion, at the designated time in the Board meeting agenda, in accordance with reasonable time restrictions set by the Board.
- c. Association members shall not interrupt or participate in the Board's deliberations during the actual Board meeting among the members of the Board (sometimes referred to as Directors).
- d. The Board may hold an executive or closed-door session and may restrict attendance to Board members and such other persons requested by the Board during a regular or specially announced meeting or part thereof. The matters to be discussed at such an executive session shall include only the matters enumerated in the following subparagraphs:
 - (i) Matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
 - (ii) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 - (iii) Investigative proceedings concerning possible or actual criminal misconduct;
 - (iv) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
 - (v) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.
 - (vi) Review of or discussion relating to any written or oral communication from legal counsel.
- e. Prior to the time the members of the Board or any committee thereof convene in executive session, the chair of the body shall announce the

- general matter of discussion as enumerated in subparagraphs (d)(i) to (d)(vi) above.
- f. No rule or regulation of the Board or any committee shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session.
 - g. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.

ARTICLE 8 COMMITTEES

The President may appoint such standing committees as are needed to carry on the work of the Association. The appointments shall be confirmed and accepted in writing. One member of the Board of Directors shall be appointed to serve on each standing committee and shall be responsible for reporting the action of the committee to the Board.

ARTICLE 9 AUDIT OR REVIEW

The books and records of the Association shall be audited or reviewed by a person appointed by the Board of Directors. The books shall be closed in June prior to the Annual Meeting. The audit or review shall take place annually after the books have been closed.

ARTICLE 10 AMENDMENT OF THE BYLAWS

The Bylaws may be amended at any meeting of the general membership with prior notice of the proposed change and by a two-thirds vote of a quorum of the members, present in person or by proxy. Proposed Bylaw amendments should be reviewed and authorized by the Board of Directors prior to distribution to the membership for their vote. If 12 percent or more of the members propose a Bylaw amendment, the Board shall propose it to the membership.

ARTICLE 11 INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify every director, officer, and committee member, and their heirs, legal representatives, successors, and assigns against all loss, cost, and expenses, including attorney fees reasonably incurred by them in connection with any action, suit, or proceeding to which they may be made a party by reason of their being or having been a director, officer, or committee member of the Association, EXCEPT in matters to which they be finally adjudged in such action, suit, or proceeding to exhibit gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not exhibited gross negligence or willful misconduct in the performance of duty in relation to

the matter involved. The foregoing rights shall not be exclusive of other rights to which such director, officer, or committee member may be entitled.

All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses. However, nothing contained in this ARTICLE 11 shall be deemed to obligate the Association to indemnify any member or owner of a lot who is or has been a director, officer, or committee member of the Association with respect to any obligations assumed or liabilities incurred by him/her solely as a member or owner of a lot.

ARTICLE 12 NONPROFIT STATUS

The Association is organized exclusively for nonprofit purposes. No member, member of the Board of Directors, officer, or person from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation of the Association. None of the funds or assets of the Association may 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 except that:

1. Reasonable compensation may be paid to any member, director, or officer while acting as an agent or employee of the Association with written authority from the Association.
2. Reimbursement may be paid to any member, director, or officer for actual, reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE 13 RANK OF GOVERNING DOCUMENTS

Provisions of the Covenants govern over provisions of the Association's Articles of Incorporation and these Bylaws. The Articles of Incorporation govern over these Bylaws. These Bylaws govern over the Rules.

CERTIFICATION.

The undersigned officer of the Association hereby certifies that these 2009 Amended and Restated Bylaws of Mount Princeton Home Owners Association, Inc. were approved by a two-thirds vote of a quorum of the members present in person or by proxy at a meeting of the Association on the date of June 26, 2010.

Martha L. Eshelman

Title: Secretary

