

**BYLAWS
AND RESPONSIBLE GOVERNANCE POLICIES OF
THE BOUNDARY ASSOCIATION**

**ARTICLE I
OFFICES**

The Boundary Association (“Association”) is a Colorado nonprofit corporation, with its principal office located at_____. The mailing address of the Association is _____. The Association may also have other offices and may carry on its purposes at such other places within and outside the State of Colorado as the Board may from time to time determine.

**ARTICLE II
DEFINITIONS AND ASSENT**

2.01. Definitions. The definitions in the Amended and Restated Declaration for The Boundary (“Declaration”), as amended from time to time and recorded in the office of the Clerk and Recorder of Garfield County, Colorado, shall apply to these Bylaws, and all defined terms used in the Bylaws shall have the same meaning as defined terms used in the Declaration, or the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statutes, Section 38-33.3-101 et. seq., as amended from time to time.

2.02. Assent. All present or future owners, their families, present or future tenants, and their guests and invitees, and any other person using the facilities of The Boundary in any manner are subject to these Bylaws, the Articles of Incorporation for the Association, the Declaration, and any procedures, rules, or policies adopted under such documents by the Association. The acquisition or rental of any lot or unit or the occupancy of one of the units shall constitute ratification and acceptance of these Bylaws.

**ARTICLE III
MEMBERSHIP, DECLARANT, ASSOCIATION GENERAL POWERS**

3.01. Membership. There shall be one Membership in the Association for each lot and condominium unit. The person or persons who constitute the owner of a lot or condominium unit shall automatically be the holder of the Membership appurtenant to the lot or unit, and shall collectively be the Member of the Association with respect to that lot or unit, and the Membership appurtenant to the lot or unit shall automatically pass with fee simple title to the lot or unit. Membership in the Association shall not be assignable separate and apart from fee simple title to a lot or unit, and may not otherwise be separated from ownership of a lot or unit.

3.02 Period of Declarant Control. The Declarant shall control the Association until sixty (60) days after conveyance of seventy five percent (75%) of the lots and condominium units that may be created to lot and condominium unit owners other than Declarant; or two (2) years after the last conveyance of a lot or condominium unit by the Declarant in

the ordinary course of business; or two (2) years after any right to add new lots or condominium units was last exercised by Declarant.

3.03 Declarant's Right To Appoint And Remove Directors And Officers. The Declarant shall have and hereby reserves the power to appoint and remove, in its sole discretion, the members of the Board of Directors and the officers of the Association during the period of Declarant control. This right is subject to and limited by section 6.03. At any time prior to the termination of the period of Declarant control, the Declarant may voluntarily surrender and relinquish the right to appoint and remove officers and members of the Board.

3.04 Association's General Powers. The Association has been formed as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act to manage the affairs of The Boundary. The Association shall serve as the governing body for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the common areas/common elements, the levying and collection of Assessments and other expenses and such other matters as may be provided in these Bylaws, the Declaration and the Articles of Incorporation. The Association shall have all of the powers, authority and duties as may be necessary and appropriate for the management of the business and affairs of the The Boundary, including without limitation all of the powers, authority and duties provided for in the Colorado Common Interest Ownership Act and the Colorado Revised Nonprofit Corporation Act.

ARTICLE IV
MEETINGS OF MEMBERS - NOTICE, QUORUMS, PROXIES, VOTING

4.01 Annual Meetings. The Annual Meeting shall be held once every fiscal year on a date and time as specified by the Board of Directors. The President shall preside over all meetings and is responsible for running the meeting according to agenda.

4.02 Special Meetings. Special Meetings of the Members may be called at any time by the President or by a majority of the Board or upon written request of Members who are entitled to vote twenty percent (20%) of all the votes of the Association.

4.03 Time Restrictions on Speakers. The President or other person presiding over the meeting may place the reasonable time restriction of five (5) minutes on those persons speaking during the meeting but shall permit a Member or an Member's designated representative to speak before the Board takes formal action on an item under discussion.

4.04 Secret Ballot. At the discretion of the Board or upon the request of twenty percent (20%) of the Members present at the meeting or represented by proxy, a vote on any matter affecting the Association on which all other owners are entitled to vote shall be by a secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Members who are selected or appointed at an open meeting, in fair manner, by the chair of the Board or another person presiding

during that portion of the meeting. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates.

4.05 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote, addressed to the Member's mailing address. Such notice shall specify the place, day and hour of the meeting and the items on the agenda. In the case of a special meeting, the purpose of the meeting shall be specified. For the purpose of issuing such notices, the Board may establish a record date for determination of membership in accordance with the laws of Colorado.

4.06 Waiver of Notice. Written waiver of notice signed by a Member or attendance at a meeting by a Member shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in the notice.

4.07 Quorum. The presence at the meeting of Members entitled to cast, or of Members holding proxies and entitled to cast, fifty (50%) of the votes of Members shall constitute a quorum for any action. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote shall have to adjourn the meeting, from time to time, without notice other than announcement at the meeting until a quorum shall be present or be represented.

4.08 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 at least twenty-four (24) hours prior to the commencement of the meeting of Members at which such proxy is sought to be utilized. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his lot or unit, and shall also cease upon attendance in person by the Member who previously gave a proxy. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise specifically provided in the proxy. A proxy shall not be valid if obtained through fraud or misrepresentation. If a lot or unit has multiple owners and more than one of the multiple owners are present to vote, the votes allocated to that lot or 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 of the multiple owners casts the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the lot or unit.

4.09 Right to Revoke. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of signature on it or about the signatory's authority to sign for the owner. The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation in good faith

and in accordance with the standards of this section are not liable in damages for the consequences of the acceptance or rejection.

4.10 Voting Rights of Members. Each lot and condominium unit shall be entitled to one (1) vote (i.e. one vote per Member/owner). If title to a lot or unit is owned by more than one person, such persons shall collectively vote their interest in a single vote. If only one of the multiple owners is present at a meeting, such owner is entitled to cast the vote allocated to that lot or unit. If more than one of the multiple owners is present, the vote allocated to that lot or unit may be cast only in accordance with the agreement of a majority in interest of the owners.

4.11 Majority Vote. At any meeting of Members at which a quorum is present, the affirmative vote of Members representing one (1) vote more than fifty percent (50%) of the votes present in person or by proxy and entitled to be voted shall be the act of the Members.

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

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

ARTICLE V

MEETINGS OF DIRECTORS - NOTICE, QUORUMS, PROXIES, VOTING

5.01 Initial Board Meeting. There shall be a meeting of the Board of Directors immediately following the Annual Meeting of the Members of the Association if all elected Directors are present at the meeting, but not longer than two (2) weeks following the Annual Meeting.

5.02 Regular Meetings. Regular meetings of the Board of Directors shall be held from time to time, as the Board of Directors, by vote, may determine with written notice to the general membership and at such place and hour as may be fixed, from time to time, by resolution of the Board.

5.03 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) Directors, after not less than seventy-two (72) hours notice to each Director.

5.04 Open Meetings. Notwithstanding any provision in the Declaration or other documents to the contrary, all meetings (regular and special) of the Association and Board of Directors are open to every owner of the Association, or to any person designated by a Member in writing as the Member's representative. Before the Board votes on an issue under discussion, owners or their designated representatives shall be permitted to speak regarding that issue.

5.05 Meetings by Telephone. The Directors may hold special meetings via a telephone conference call, and any action taken by the Board at such a telephone conference call meeting shall have the same force and effect as such action taken at a meeting at which a quorum of the Board was physically present. Any actions taken will be included in the minutes of the next meeting.

5.06 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 the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. Any actions taken will be included in the minutes of the next meeting.

5.07 Quorum. The presence, in person or by proxy, at all meetings of the Board entitled to cast fifty percent (50%) of the votes shall constitute a quorum. If, however, such quorum shall not be present or represented at any meeting, the Director entitled to vote shall have to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

5.08 Waiver of Notice. Before, at, or after any meeting of the Board of Directors, any Director may waive, in writing, notice of such meeting and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him, except when a Director attends the meeting for the express purpose of objecting to the transaction of business because the meeting was not lawfully called or convened.

5.09 Executive/Closed Door Meetings. 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. The matters to be discussed at such an executive session shall include only matters enumerated below:

- (a) 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;
- (b) 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;
- (c) investigative proceedings concerning possible or actual criminal misconduct;

- (d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (f) review of or discussion relating to any written or oral communication from legal counsel.

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

5.11 Conflict of Interest. If any contract, decision, or other action taken by or on behalf of the Board of Directors would financially benefit any member of the Board of Directors or any person who is a parent, grandparent, spouse, child or sibling of a member of the Board of Directors or a parent or spouse of any of those persons, that member of the Board of Directors shall declare a conflict of interest for that issue.

5.12 Duty to Disclose. The Director has a duty to disclose the existence of any actual or potential conflict of interest and all material facts relating to the actual or potential conflict in an open meeting prior to any discussion or action on that issue. After making such disclosure, the Director may participate in the discussion but shall not vote on that issue.

ARTICLE VI **BOARD OF DIRECTORS**

6.01. Number of Board of Directors. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than five (5) Directors who shall be Members of the Association. The number of the Board of Directors shall be established from time to time by amendment to these Bylaws.

6.02 Initial Board of Directors. The initial number of the Board of Directors shall be three (3) and the Declarant shall select the three initial Board of Directors during the period of Declarant control. After conveyance of twenty five percent (25%) of the lot and units that may be created to owners other than the Declarant, at least one Member and not less than twenty five percent (25%) of the Board of Directors must be elected by owners other than Declarant. After conveyance of fifty percent (50%) of the lot and units that may be created to owners other than the Declarant, not less than thirty three and one third percent (33.33%) of the Board of Directors must be elected by owners other than Declarant.

6.03 Term of Office of Directors. The term of office for the initial Directors shall be

fixed at the time of their appointment as they themselves shall determine in order to establish a system of three (3) year terms in which at least one-third (1/3) of the Board of Directors is elected each year, and the Board shall identify in which year the directorships for each category of representation are subject to election. For example, if the number of Directors on the initial Board is set at three (3) pursuant to Section 6.02 above, one (1) Director shall serve for a one (1) year term, one (1) Director shall serve for a two (2) year term, and one (1) Director shall serve for a three (3) year term. At the expiration of the initial term of office of each respective Director, a successor shall be elected to serve three (3) years. Each Director shall hold office until such Director's successor is elected by the Association and qualified. Any Director elected by the Members shall serve for the remainder of the term of the Director replaced.

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

(a) By the Members. Any Director may be removed, with or without cause, at any regular or special meeting of the Members by a vote of sixty seven percent (67%) of votes of all persons present and entitled to vote. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members shall be given notice of the proposed removal at least ten (10) days prior to the date of such meeting and shall be given an opportunity to be heard at such meeting.

(b) By the Board. Any Director who has three (3) consecutive unexcused absences from Board of Directors meetings or who is delinquent in the payment of any Assessment for more than thirty (30) days may be removed by a majority vote of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of the death, disability, resignation or removal by the Board, as set forth in this subsection (b), of a Director, a vacancy may be declared by the Board, and the Board may appoint a successor. Any successor appointed by the Board shall serve for the remainder of the term of the Director replaced.

6.05 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of The Boundary. The Board of Directors shall have all of the powers, authority and duties granted or delegated to it by the Declaration, the Articles, these Bylaws and the Colorado Common Interest Ownership Act.

6.06 Manager. The Board of Directors may employ for the Association a Manager (at a compensation established by the Board of Directors) to perform such duties and services as it shall authorize. The Board of Directors may delegate, by resolution, any of the powers and duties granted to it but, notwithstanding such delegation, shall not be relieved of its responsibility under the Declaration, the Articles or these Bylaws.

ARTICLE VII
OFFICERS

7.01. General. The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer. The officers shall be appointed by an affirmative vote of a majority of the members of the Board. The Board may appoint such other officers, assistant officers, committees and agents, including Assistant Secretaries and Assistant Treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board. One (1) person may hold two (2) offices, except that no person may simultaneously hold the offices of President and Secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board, such officer, agent or employee shall follow the orders and instructions of the President.

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

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

7.04. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees.

7.05. Vice President. The Vice President shall assist the President and shall perform such duties as may be assigned to them by the President or by the Board. In the absence of the President, the Vice President designated by the Board or (if there be no such designation) designated in writing by the President shall have the powers and perform the duties of the President. If no such designation shall be made the Vice President may exercise such powers and perform such duties.

7.06. Secretary. The Secretary shall keep the minutes of the proceedings of the Members, executive committee (if any) and the Board. He shall see that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration and as required by law. He shall be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board. He shall keep at its registered office or principal place of business within or outside Colorado a record containing the names and registered addresses of all Members, the designation of the lot or unit owned by each Member, and, if such lot or unit is mortgaged, the name and

address of each mortgagee. He shall, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board. Assistant Secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

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

ARTICLE VIII **INDEMNIFICATION**

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

(a) Proceeding. Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

(b) Indemnified Party. Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a director or officer of the Association or, while a Director or officer of the Association, is or was serving at the request of the Association as a Director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise including, without limitation, any employee benefit plan of the Association for which any such person is or was serving as a trustee, plan administrator or other fiduciary.

8.02. Indemnification. The Association shall indemnify any Indemnified Party in any Proceeding to the fullest extent permitted by law.

8.03. Insurance. By action of the Board, notwithstanding any interest of the Directors in

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

8.04. Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article VIII, such reasonable requirements and conditions as to the Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following;

- (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding shall be counsel mutually agreeable to the person to be indemnified and to the Association;
- (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and
- (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

ARTICLE IX

AMENDMENT OF BYLAWS

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

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

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

ARTICLE X
CORPORATE SEAL

The Board of Directors shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the custody and control of the Secretary. The corporate seal shall be circular and shall have inscribed thereon the name of the Association and the word "Colorado" in the circle and the word "Seal" in the middle. If and when so directed by the Board of Directors, a duplicate seal may be kept and used by such officer or other person as the Board of Directors may name.

ARTICLE XI
ANNUAL BUDGET AND AUDIT

11.01 Annual Budget. The Board of Directors shall prepare or cause to be prepared an annual operating budget. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the budget to all lot and condominium unit owners and shall set a date for a meeting of the lot and condominium unit owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after the mailing or other delivery of the summary. Unless at that meeting sixty seven percent (67%) of all lot and condominium unit owners reject the budget, the budget shall be ratified, whether or not a quorum of owners is present. In the event the proposed budget is rejected, the budget last ratified by the lot and condominium unit owners shall be continued until such time as the lot and condominium unit owners ratify a subsequent budget proposed by the Board of Directors.

11.02 Audit. The books and records of the Association may be subject to an audit at the discretion of the Board. An audit will be required if one third (1/3) of the Members request an audit. The audit will be conducted pursuant to generally accepted auditing standards by an independent and qualified person selected by the Board. The person selected for the audit shall be a certified public accountant.

ARTICLE XII
ACCOUNTING RECORDS

The Association shall maintain accurate and complete accounting records in accordance with generally accepted accounting principles.

ARTICLE XIII
COLLECTION OF UNPAID ASSESSMENTS

All homeowners are obligated to pay Assessments as established by the Board.

13.01 Due Date. Regular Assessments shall be due and payable on the first day of each calendar quarter.

13.02 Notice/Invoice. The Board shall mail to each owner at least ten (10) days prior to the due date a written notice/invoice of the amount of the next quarterly Regular Assessment that is due from each owner.

13.03 Delinquent Assessments. Any Assessment is deemed delinquent if not paid within fifteen (15) days of the due date.

13.04 Interest. Any Assessment deemed delinquent shall bear interest from and after the due date at the rate of interest set by the Board in accordance with section 10.10 of the Declaration.

13.05 Late Fee. Any Assessment deemed delinquent shall also incur a late fee of \$25.00.

13.06 Statement of Unpaid Assessments. Upon written request, the Association shall furnish a Statement of Unpaid Assessments in accordance with section 10.11 of the Declaration.

13.07 Collection. In addition to the remedies provided for in section 10.10 in the Declaration, delinquent Assessments may be referred to an attorney and/or collection agency for collection. The delinquent owner will be liable for all collection costs, including attorney's fees.

ARTICLE XIV **ENFORCEMENT OF COVENANTS AND RULES**

14.01 Complaints. The Board will investigate all violations of covenants and rules that are reported to the Board in writing or by phone within thirty (30) days. Complaints that, in the opinion of the Board, lack sufficient information or detail may be deemed to not warrant further investigation.

14.02 Notification of Owners. If the investigation shows the reported violation to be accurate, the Board shall give written notice of the violation to the owner by mail, setting forth the nature of the violation or breach and the specific action or actions which shall be taken by the owner to remedy such violation or breach. The notice shall give the owner fifteen (15) days to cure the violation, submit a plan to remedy the violation, or request a hearing with the Board. Alternatively, the owner may request an appeals hearing with the Board at the next regularly scheduled Board meeting to appeal the notice of the violation. The Board's decision on the appeal is final.

14.03 Fines. If the owner does not cure the violation, submit a plan to remedy the violation, request an appeals hearing, or if the Board determines that a violation or breach exists after a hearing, the Board may levy a fine of \$50 per occurrence per day against the property owner who has violated or breached the covenant or rule. Once fines have started, owners must request a hearing with the Board in writing for the fines to cease. If

the violation or breach is not cured within thirty (30) days after the initial fine is assessed, the Board may take legal action against the owner.

14.04 Collection Provisions. All fines, costs and expenses, including attorney's fees, necessary to enforce this policy shall be an Assessment against the owner's property and subject to all lien and collection powers of the Association.

14.05 Unresolved Violations. After the expiration of sixty (60) days following notice of a violation in which no hearing is requested or alternatively after an appeals meeting, the Board may:

- (a) suspend the rights or privileges of the owner relating to use of any common area and/or common elements within the Association and suspend the voting rights of the owner;
- (b) pursue all rights of action available at law or in equity including, but not limited to, the remedy of injunctive relief and obtaining a monetary judgment for all costs, expenses, including attorney's fees, and damages;
- (c) reserve the right to waive or increase fines or penalties based on the severity of the violation and circumstances;
- (d) enter at all reasonable times upon any lot or unit to which a violation, breach, or other condition to be remedied exists, and take the actions specified in the notice to the owner to abate, extinguish, remove or repair such violation, breach or other condition which may exist. Such entry or action, or both, shall not be deemed to be a trespass or wrongful act. All costs and expenses, including attorney's fees, incurred by the Association or on its behalf in enforcing such violation, shall be a binding personal obligation of such owner enforceable at law, as well as a lien, on such owner's lot or unit.

ARTICLE XV

INSPECTION AND COPYING OF RECORDS

15.01 Association Records to be Kept. The Association shall keep a copy of the following records at its principal office:

- (a) Articles of Incorporation;
- (b) Bylaws;
- (c) Declaration;
- (d) resolutions adopted by the Board;
- (e) minutes of all Member and Director meetings for the past three (3) years;
- (f) all written communications within the past three (3) years to owners;
- (g) name and address of each owner;
- (h) name and address of each director and/or officer;
- (i) annual financial statements;
- (j) current insurance policies;
- (k) all financial audits and reviews conducted within the past three (3) years;

- (l) current annual budget;
- (m) a list, by lot or unit owner, of the Association's current and delinquent Assessments.

15.02 Inspection and Copying of Association Records. Owners are entitled to inspect and copy, at the owner's expense, any records listed above during regular business hours to the extent that:

- (a) the request is made in good faith and for a proper purpose;
- (b) the request describes with reasonable particularity the records sought and the purpose of the request; and
- (c) the records are relevant to the request.

The owner must make a written request to the Association Secretary at least five (5) days before the date on which the owner wishes to inspect and copy such records.

ARTICLE XVI

INVESTMENT OF RESERVE FUNDS

Reserve funds shall be invested in such amounts as may be determined and authorized by the Board. The Board may delegate its investment authority.

16.01 Standard of Conduct. Investment of reserve funds shall be done in good faith, within the best interests of the Association and with the care an ordinarily prudent person in a like position would exercise under similar circumstances

16.02 Authorized Investments. Authorized investments are U.S. Treasury Bills and Notes, Money Market Funds and Certificates of Deposits. Derivative securities and mortgage backed securities are not authorized investments.

16.03 Investment Objectives.

- (a) **Safety of Principal**: The long-term goal is safety of the reserve funds and to promote and ensure the preservation of the reserve fund's principal.
- (b) **Liquidity**: Funds shall be sufficiently liquid to meet anticipated or unanticipated expenditures. Liquidity can be achieved by structuring maturities to ensure the availability of assets when needed.
- (c) **Minimal Costs**: Investment costs should be minimized.
- (d) **Professional Management**: The Board may delegate its investment authority to professional managers.
- (e) **Return**: Funds should be invested to seek the highest level of return consistent with the preservation of principal.

ARTICLE XVII
ADOPTION AND AMENDMENT OF POLICIES, PROCEURES AND RULES

17.01 Board Determination of Need for Rules. The Board may determine the need to adopt or amend certain rules, regulations, policies and/or procedures (“Rule”) as it deems necessary, desirable or appropriate with respect to the interpretation and implementation of the governing documents of the Association, the operation of the Association, the use and enjoyment of common areas and/or common elements or for any other purpose.

17.02 Notice and Opportunity to Comment. The Board shall place the proposed Rule on its meeting agenda prior to the next open meeting. Written notice of the agenda and the proposed rule shall be mailed to the Members of the Association at least ten (10) days prior to the open meeting. The Board shall allow an opportunity for the Members to comment on the proposed Rule.

17.03 Adoption of Rule. Rules shall be effective only upon adoption by resolution at an open meeting of the Board following Board discussion and Member comment. The Board shall then provide written notice of the Rule adoption to its Members within fifteen (15) days after adoption.

17.04 Emergency. The Board may waive notice and opportunity to comment in the event the Board determines, in its sole discretion, an emergency Rule needs to be immediately adopted.

ARTICLE XVIII
RESOLVING DISPUTES BETWEEN ASSOCIATION AND OWNERS

In the event of any dispute between the Association and an owner, for which a method, policy or procedure to address such dispute is not provided by the Declaration or Bylaws of the Association, the owner and Association shall first submit the matter to mediation. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved within sixty (60) calendar days of the date written notice requesting mediation is sent by one party to the other party.

ARTICLE XIX
CONFLICTS BETWEEN DOCUMENTS

In the event of any conflict or inconsistency between any provision of these Bylaws and the Declaration, the provisions of the Declaration shall govern and control and these Bylaws shall be amended to the extent necessary to conform to the Declaration.

**ADOPTED By an affirmative vote of the Members of The Boundary Association
at the annual meeting of Members dated April 11, 2007.**

**ATTEST: _____
Secretary**