

# LOCKARD WAREHOUSE CONDO ASSOCIATION, INC.,

## By Laws

The principal office of the Lockard Warehouse Condo Association, Inc., hereinafter referred to as "Association", shall be established and maintained at 4521 Endeavor Dr. Johnstown, Colorado, County of Larimer, State of Colorado. The Corporation may also have offices at such places within or without the State of Colorado as the Board of Directors of the Association may from time to time establish.

**1. Qualification.** Every person or entity who is the owner of a Unit in that certain condominium known as Lockard Warehouse Condo Association, Inc., Inc., shall be a member of the Association and shall be entitled to one condo ownership for each Unit so owned; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification for condo ownership in the Association. For the purpose of determining condo ownership, such ownership will be deemed to have vested upon delivery of a duly executed deed or contract to the grantee or vendee. Foreclosure of a contract or repossession for any reason of a unit sold under contract shall terminate the vendee's condo ownership, whereupon all rights and obligations to such condo ownership shall revert in the vendor. Persons acquiring only a security interest in Units within Lockard Lockard Warehouse Condo Association, Inc., shall not be a member of this Association.

**2. Transfer of Condo ownership.** Association condo ownership of each Unit Owner (including Grantor/Declarant) shall be appurtenant to the ownership of a Unit and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Unit and then only to the Purchaser of such Unit. Any attempt to make a prohibited transfer shall be void. Any disposition of a Unit shall operate automatically to transfer the condo ownership in the Association appurtenant thereto to the new Unit Owner thereof.

**3. Joint Ownership.** When more than one person purchases one Unit, the purchasers of that Unit collectively shall be entitled to only one vote.

**4. Liability.** No Member of the Association shall be liable for the debts of the Association except as to the extent of the duty to pay the assessment fees as fixed by the Board of Directors.

**5. Suspension of Condo Rights.** The Condo rights (including voting rights) of any owner may be suspended by action of the Board of Directors if such owner shall have failed to pay when due any assessment or charge lawfully imposed upon him or her on any property so owned, or if the owner, his family, his tenants, or guests if any thereof, shall have violated any rule or regulation of the Board or any covenants regarding the use of any property with respect hereto.

**6. Annual Meeting.** There shall be an annual meeting of the Unit Owners in the first quarter of each fiscal year of the Association at such reasonable place and time as may be designated by written notice from the Board delivered personally or by first class mail, postage prepaid, to all Unit Owners not less than ten (10) days nor more than fifty (50) days prior to the date fixed for

said meeting. The notice concerning such annual meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the Unit Owners, including the general nature of any proposed amendment to that certain Condominium Declaration of Lockard Industrial Condos (hereinafter referred to as Declaration) or these Bylaws or any proposal to remove a Director or an Officer. At the annual meeting, there shall be presented a report of the financial condition of the Association, itemizing the total receipts and disbursements for the just expired fiscal year, the allocation thereof to each Unit, and the estimated common expenses and required assessments, including the allocation thereof to each Unit, for the fiscal year commencing.

**7. Special Meetings.** Special meetings of the Unit Owners may be called at any time for the purpose of considering matters which require the approval of all or some of the Unit Owners or for any other reasonable purpose. Such meetings shall be called by written notice from the President of the Association upon the decision of the President, or after written request signed by a majority of the Board, or by written request signed by the Unit Owners having at least twenty percent (20%) of the total votes, which notice shall be delivered not less than ten (10) days nor more than fifty (50) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting and shall include an agenda of the matters to be considered, including the general nature of any proposed amendment to the Declaration or to the Bylaws, changes in the previously approved budget that result in a change in assessment obligations and any proposal to remove a director or officer.

**8. Quorum.** To constitute a quorum, there shall be present and voting at each meeting, either in person or by proxy, at least five percent (5%) of the voting condo ownership of record at the date notice of the meeting was given.

**9. Audits.** Pursuant to Colorado law, at the discretion of the Board or upon a request by the owners of at least one-third of the units represented by the Association, the books and records of the Association shall be subject to a review, using statements on standards for accounting and review services, by a person selected by the Board. Such person need not be a certified public accountant except in the case of audit. An audit shall be required when the Association has annual revenues or expenditures of at least Thirty-Thousand Dollars (\$30,000) and is requested by the Owners of at least one-third (1/3) of the Units represented by the Association.

**10. Number of Votes.** The total voting power of all Unit Owners shall be equal to the total number of Units then comprising the Condominium.

**11. Voting.** There shall be one (1) voting representative for each Unit. "Unit Owner", as that term is used herein, and shall be the voting representative with respect to each Unit owned by Grantor/Declarant. In the event that the Association is the Owner of any Unit, the Association shall not be entitled to cast the votes allocated to such Unit. If a Unit Owner (including Grantor/Declarant) owns more than one Unit, such Unit Owner shall have the votes for each Unit so owned. The voting representative shall be designated by the Owner or Owners of each Unit by written notice to the Board and need not be a Unit Owner. The designation shall be revocable at any time by written notice to the Board from the Owner of the Unit, by actual notice to the Board

of the death of the Unit Owner or of the voting representative, by written notice from the lawful holder of a power of attorney of a Unit Owner or by the guardian of any judicially-declared incompetent Unit Owner. This power of designation and revocation may be exercised by the guardian of a Unit Owner and by the administrator or executor of a Unit Owner's estate. Where no designation is made, or where a designation has been made but is revoked and no new designation has been made prior to any meeting, no vote may be cast for such Unit other than by the Unit Owner thereof.

**13. Board of Directors.** The business and affairs of the Association shall be managed by a Board of Directors consisting of at least one (1) persons elected or appointed as set forth herein below. It shall not be necessary for Directors to be Condo owners of the Association. The Board of Directors are authorized to exercise all of the powers of the Association unless specifically reserved for the condo owners.

**14. Appointment or Election.** The first Board of Directors shall be Roland Lockard, and Edwin Lockard. Unit owners may elect themselves to be the Association Board Director to manage the association and it's business. Association may vote to elect Board Directors.

**15. Duties and Authority.** The Board, for the benefit of Lockard Warehouse Condo Association, Inc.,. and the Unit Owners, shall enforce the provisions of the Declaration of Lockard Warehouse Condo Association, Inc.,, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association, shall have all powers and authority permitted to the Board under the Condominium Act, other applicable law and the Declaration, and shall acquire and shall pay for, out of the common expense fund hereinafter provided for, all goods and services requisite for the proper functioning of the Condominium, including, but not limited to, the following:

- i. Electrical, water, sewer and garbage receptacles for the entire Condominium and access to obtain electrical, telephone, cable, internet and any other necessary utility service as required for the Common Areas.
- ii. Policies of insurance or bonds providing coverage for fire and other hazards, liability for personal injury and property damage, and for fidelity of Association officers, directors and other employees, as the same are more fully required hereafter and in the Declaration.
- iii. The service of persons or firms as required to manage properly the affairs of the Condominium to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine are necessary or proper for the operation and maintenance of the Common Areas, whether such personnel are employed directly by the Board or are furnished by the designated manager or management firm or agent. The Board shall also have the right to terminate such services.
- iv. Legal and accounting services necessary or proper in the operation of the Association affairs, administration of the Common Areas or the enforcement of this Declaration.
- v. Painting, maintenance, repair and improvements of the Common Areas (and Limited Common Areas as applicable), and such accessories and equipment for the Common Areas as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Areas,
- vi. Any other materials, supplies, labor, services, maintenance, repairs, structural

alterations and/or insurance which the Board is required to secure by law, or which in its opinion shall be necessary or proper for the operation of the Common Areas and for the enforcement of this Declaration; provided, that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations and/or insurance are provided for particular Units or their Unit Owners, the cost thereof shall be specifically charged to the Owners of such Units.

vii. Maintenance and repair of any Unit, its appurtenances and appliances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Areas or preserve the appearance and value of the Condominium, if the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Unit Owner; provided, that the Board shall levy a special charge against the Unit Owner and the Unit for the cost of such maintenance and repair.

viii. The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the Condominium or any part thereof which is claimed to, or which may, in the opinion of the Board, constitute a lien against the Condominium or against the Common Areas, rather than merely against the interest therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Association by reason of such lien or liens shall be specially charged against the Unit Owners and the Units responsible to the extent of their responsibility.

ix. The Board's powers hereinabove enumerated are limited to the extent that the Board shall have no authority to acquire and pay for out of the common expense fund capital additions and improvements (other than for purposes of restoring, repairing or replacing portions of the Common Areas) having a total cost in excess of Two Thousand Dollars (\$2,000.00), without first obtaining the affirmative vote of the Unit Owners or if no such meeting is held, then the written consent of voting Unit Owners having a majority of the voting power; provided that any expenditure or contract for each capital addition or improvement in excess of Ten Thousand Dollars (\$10,000.00) must be approved by Unit owners present or represented at a meeting for such purpose.

x. Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all the Unit Owners or any of them, which is expressly prohibited.

xi. The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the common expense fund. The Board may delegate such powers subject to the terms hereof.

xii. The Board may, from common expense fund of the Association, acquire and hold in the name of the Association, for the benefit of the Unit Owners, tangible and intangible personal property and real property, or any interest therein, and may dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the Unit Owners in the same proportion as their respective interests in the Common Areas, and such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may

direct. The Board shall not, however, in any case acquire by lease or purchase real or personal property for a price in excess of Five Thousand Dollars (\$5,000.00), without first obtaining the affirmative vote of the Unit Owners holding a majority of the voting power present or represented at a meeting called for such purpose, or if no such meeting is held, then the written consent of voting Unit Owners having a majority of the voting power; provided, that any lease or purchase of real or personal property for a price in excess of Ten Thousand Dollars (\$10,000.00) must be approved by Unit Owners.

xiii. The Board and its agents or employees may enter any Unit or Limited Common Areas when necessary in connection with any maintenance, repair and construction for which the Board is responsible or in the event of an emergency. Such entry shall be made with as little inconvenience to the Unit Owner or tenant as practicable and upon prior notice if circumstances permit. Any damage caused thereby shall be repaired by the Board out of the common expense fund if the entry was due to an emergency or for the purpose of maintenance or repairs to units where the repairs were undertaken by or under the direction or authority of the Board (unless the emergency or maintenance was caused or necessitated by the Owner of the Unit entered, in which case the cost shall be specially charged to the Unit Owner whose Unit is entered).

xiv. Each Unit Owner, by the mere act of becoming an Owner of a Unit, shall irrevocably appoint the Board as such Owner's attorney-in-fact, with full power of substitution, to take such action as is reasonably necessary to perform promptly the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Common Areas, the Limited Common Areas, if applicable, to deal with a Unit upon damage or destruction and to secure insurance proceeds.

**16. Annual Budget of Common Expenses.** Prior to the annual meeting of Unit Owners each fiscal year, and within 90 days after adoption of any proposed budget, the Board shall estimate the common expenses which it anticipates will be incurred during the fiscal year commencing and determine the regular assessments and any special assessments required to be paid to the Association for such fiscal year; shall make provision for creating, funding and maintaining reasonable reserves for contingencies, operations, repairs, replacement and acquisition of Common Elements; and shall take into account any expected income and any surplus available from the expired fiscal year's operations. The Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Unit Owners and shall set a date for a meeting of the unit owners to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary, or as allowed for in the Bylaws. The proposed budget does not require approval from the Unit Owners and it will be deemed to be approved by the Unit Owners in the absence of a veto by a majority of each class of the voting Condo ownership, whether or not a quorum is present at the noticed meeting, pursuant to Colorado law.

i. The Board of Directors shall assess each Member of the corporation either a monthly or annual assessment fee, as appropriate. The monthly or annual assessment fee is payable by the first day of the month following the notice of assessment, with subsequent assessments, if any, due on or before the first day of each month thereafter. Any assessment not paid within 30 days shall be delinquent and thereafter

shall become a lien on the property.

ii. Each Unit Owner shall pay assessments made pursuant to this Article to the Treasurer of the Association at such intervals as the Board shall designate. Any unpaid assessments shall bear interest at the maximum rate allowed by Colorado law from the due date until paid.

**17. Borrowing Power.** In the discharge of its duties and in the exercise of its powers as set forth in this Article, but subject to the limitations set forth therein, the Board may borrow funds on behalf of the Association and in order to secure the repayment thereof may encumber, subject to the limitations set forth in the Declaration, the Common Areas, Association funds and the allocated interests of each Unit Owner therein.

All funds collected hereunder shall be expended for the purposes designated in or permitted by the Declaration, the Bylaws or the Act.

**18. Separate Accounts.** The Association shall maintain separate accounts for current operations, reserves and a special insurance reserve account for payment of insurance and bond premiums, if any. Upon receipt of payments for assessments, the Treasurer shall first deposit to the insurance reserve account that portion of the common expense assessments necessary to pay the total cost of premiums of all of the insurance and bond coverage then in effect required to be paid from such periodic assessments, and such insurance reserve account shall be held separately and inviolate until utilized for payment of such premiums. The remainder of the assessments collected may be utilized for payment of other common expenses or deposited or credited to other accounts. All such assessments and other Association revenues shall be collected and held in trust for, and administered and expended for the benefit of, the Association.

**19. Failure to Determine Assessments.** The failure to. of the Association to fix assessments for the fiscal year commencing at the annual meeting shall not be deemed to constitute a waiver or modification in any respect of the provisions of this Declaration or release any Unit Owner from the obligation to pay the assessment or any installment thereof, but the amount of assessment fixed for the preceding year shall continue in force until a new assessment is fixed. Following the determination being made regarding the amount of assessments for such fiscal year, each Unit Owner shall, as a portion of such Owner's first payment of the monthly or periodic assessments to the Association, include therein such sums equal to the difference between the amount of assessments previously paid for such fiscal year and the actual amount determined to be required by the Association.

**20. Limited Purpose Common Expenses.**

i. Limited Common Areas. Any common expense associated with the operation, maintenance, repair or replacement of a Limited Common Area, if any, shall be paid by the Owner or Owners of, or assessed against, the Unit or Units to which that Limited Common Area is assigned in proportion to the amount of the total expense incurred in the operation, maintenance, repair or replacement of the Limited Common Area assigned to each such Unit.

ii. Limited Units Benefit. Additionally, any common expense which benefits only some, but not all, of the Units shall be assessed only against such benefited Units in the same proportion as is set forth above in this section.

iii. Judgments. If a judgment is entered against the Association at any time, assessments for the payment of such judgment shall be made against only those Units which were a part of this Condominium at the date of entry of such judgment.

iv. Limited Cause. If the Board determines that a common expense is incurred by the Association as the result of any one or more Unit Owners, but not all of the Unit Owners, the assessments to pay such common expense may be allocated only to the Units owned by such Owners who are determined by the Board to be responsible and not to Units owned by Owners who are determined not to be responsible.

**21. Records.** The Board shall cause to be kept complete and accurate books and records of all receipts and expenditures, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred, together with any additional information which may from time to time, be determined to be required by the Board. Such books and records, together with vouchers authorizing payments, shall be available for examination by the Unit Owners, and by their mortgagees, attorneys or agents; at any reasonable times upon reasonable notice. Lien Indebtedness. All assessments shall be joint and several personal debts and obligations of each and every Owner of any Unit against which the same are assessed as of the time the assessment is made and shall be collectible as such. The amount of any assessment, whether regular or special, assessed to any Unit and to the Owner thereof, plus interest at the maximum rate allowed by Colorado law from the due date until paid, and the costs, including reasonable attorney's fees incurred by the Association, shall be a lien upon such Unit and the allocated interests in the Common Areas thereof. Such lien arising from the nonpayment of such assessments shall have priority over all other liens and encumbrances, recorded or unrecorded, except as such priority is limited by the provisions of the Act and the Bylaws. Irrespective of the existence of such lien, a suit by the Association to recover a money judgment against any Unit Owner or Unit Owners arising from such unpaid assessments may be maintained without foreclosure of such lien and without waiving the future enforceability of such lien.

**22. Certificate of Assessment.** A certificate executed and acknowledged by the Treasurer or by the President of the Association, or by the authorized agent thereof, stating the amount of such indebtedness for assessments or other charges, or the lack thereof, attributable to any Unit shall be conclusive upon the Association as to the amount of such indebtedness on the date of such certificate, in favor of all persons who rely thereon in good faith, and such a certificate shall be furnished to any Unit Owner or to any Mortgagee of a Unit upon 10 days' notice to the Secretary of the Association and payment of a reasonable fee as set by the Board. Unless otherwise prohibited by law, any Mortgagee of a Unit may pay any unpaid assessments or other charges payable with respect to such Unit, and upon such payment such mortgagee shall have a lien on such Unit for the amount so paid of the same priority as the lien of the mortgage of such mortgagee.

**23. Foreclosure of Assessment Lien.** The Association may commence an action to foreclose the lien of any delinquent assessments in accordance with the provisions of Colorado law. If the subject Unit be rented or leased by the Unit Owner to a third party, the Association in such foreclosure action shall be entitled, upon application therefor and due notice thereof, to the appointment of a receiver to collect the periodic rent, which receiver may, if said rental not be paid, obtain possession of the Unit, refurbish it for rental to a reasonable standard for rental units

in this type of condominium, and then rent the Unit or permit its rental to others. Rental income collected there from shall be applied as follows: First to the payment of expenses of the receivership (including reasonable attorney's fees incurred therein); second to reimburse the cost of refurbishing the Unit; third to costs, attorney's fees and charges incurred by the plaintiff in the foreclosure action; and fourth to the payment of the delinquent assessments and any interest accrued thereon. Any judgment rendered against a Unit Owner in such foreclosure proceeding, receivership proceeding or any other action required to collect such delinquent assessments, shall include a reasonable sum for attorney's fees and all other costs and expenses reasonably incurred in preparation for or in prosecution of said action, in addition to taxable costs permitted by law.

**24. Rental Units.** If a Unit is rented by the Unit Owner, in lieu of the commencement of lien foreclosure proceedings, the Association may collect, and the tenant thereof shall pay over to the Association, so much of the rental for such Unit as is required to pay any amounts due to the Association hereunder, plus interest and costs, if the same are delinquent more than thirty (30) days. Such tenant shall not have the right to question payment to the Association, and such payment to the Association will discharge the tenant's duty of payment of rent to the Unit Owner, to the extent such rent is actually paid to the Association, but will not discharge the liability of the Unit Owner for the payment of assessments or operate as an approval of the lease or rental agreement by which such tenant maintains occupancy. The Association shall not exercise this power in the event that a receiver has been appointed.

**25. Remedies Cumulative.** The remedies provided herein are cumulative, and the Board, on behalf of the Association, may pursue them concurrently. In addition, the Association shall have such other and further remedies as may be provided by law, although the same not be expressed herein.

**26. Insurance Coverage.** There shall be maintained at common expense a policy or policies of insurance, and bonds as required, to provide, to the extent that the same be available, the following

**coverages:**

- i. Real Property Insurance. A "master" or "blanket" policy of property insurance in an amount equal to the full replacement value of the Condominium property, including all building service equipment and any fixtures or equipment within the Units which are financed subject to a mortgage, with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent and, if necessary, an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or its equivalent; such insurance to afford protection against at least loss or damage by fire and other hazards covered by a standard Extended Coverage Endorsement, including debris removal costs, costs of demolition, vandalism, malicious mischief, windstorm and water damage.
- ii. Liability Coverage. A comprehensive policy of public liability insurance covering all of the Common Areas with a "Severability of Interest Endorsement" or equivalent coverage or provisions which preclude the insurance carrier from denying the claims of a Unit Owner because of the negligent acts of the Association or any other Unit Owner, with such limits as may be determined to be necessary; such coverage to include protection against water damage liability, liability for non-owned or hired



automobiles, liability for personal injury, including medical payments, death and damage to property of others.

iii. Other Coverage. Additional coverage may also be obtained for such other risks as shall, in the sole determination of the Board, customarily be required with respect to projects similar in construction, location and use, or as may be required to facilitate lending by mortgagees, or as may be required pursuant to law or other applicable governmental requirements.

38. Additional Policy Provisions. Any insurance obtained pursuant to the provisions hereof shall be subject to the following provisions and limitations if, and to the extent, the Board is able to purchase policies and endorsements affecting such provisions and limitations.

i. Named Insured. The named insured under any such policies shall be the Association, as trustee for the Unit Owners, and each of the Unit Owners in accordance with the percentages established in this Declaration with respect to liability arising out of each Unit Owner's allocated interests in the Common Areas and/or condo ownership in the Association. The Association shall have exclusive authority to negotiate settlement of losses under said policies.

ii. Contribution. In no event shall the insurance coverage obtained and maintained pursuant to the provisions hereof be brought into contribution with insurance purchased by Unit Owners or by their mortgagees.

iii. Absence of Association Control. Such policies of insurance shall provide that coverage shall not be prejudiced by (a) any act or neglect of Unit Owners when and/or if such act or neglect is not within the control of the Grantor/Declarant or the Association nor unless such Unit Owners are acting within the scope of such Unit Owners' authority on behalf of the Association, or (b) by failure of the Grantor/Declarant or the Association to comply with any warranty or condition with regard to any portion of the premises over which the Grantor/Declarant or the Association has control.

iv. Cancellation. All policies shall provide that coverage may not be canceled or substantially modified without at least thirty (30) days prior written notice to any and all insureds named therein, including mortgagees or their servicing agents.

v. Waiver of Subrogation, Co-Insurance and Acts of Insured. All such policies shall contain a waiver of subrogation by the insured as to any and all claims against the Grantor/Declarant, in its capacity as a Unit Owner, against the Association, or any Unit Owner, Unit Owners and/or their respective agents, mortgagees, employees or

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tenants, and of any defenses based on co-insurance or upon invalidity arising from the acts of the insured.

vi. Primary Insurance. If at the time of an insured loss, there is other insurance in force in the name of a Unit Owner covering the same loss, the Association's policy shall provide primary insurance.

39. Mortgagee Clause. Each applicable policy of insurance shall contain a standard mortgagee clause which shall:

i. Define Mortgagee. Provide that any reference to a mortgagee in such policy shall mean and include all holders of a mortgage on a Unit, or a lease or sublease thereof, in their respective order and preference, whether or not named therein.

ii. Protect Mortgagee. Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect by the Board, the Unit Owners, the

Association or any persons acting under authority of any of them.

iii. Waive Certain Requirements. Waive any provision invalidating such mortgagee clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy of a Unit, any requirement that the mortgagee pay any premium thereon and any contribution clause.

iv. Reconcile Named Insured. Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable as required herein.

**27. Fidelity Bond Coverage.** The Association may, at the option of the Board, maintain fidelity coverage to protect against dishonest acts on the part of its Officers, Directors, agents and employees and all others who handle, or are responsible for handling, funds of the Association. If obtained, such fidelity coverage shall, to the extent reasonably obtainable, meet the following requirements:

i. Obligee. All fidelity bonds shall name the Association as the obligee.

ii. Amount. Such fidelity bonds shall be written in an amount equal to at least Fifty Percent (50%) of the estimated annual operating expenses of the Association, including reserves.

iii. Waiver of Defense. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar terms.

iv. Cancellation. Such bonds shall provide that they shall not be canceled or substantially modified without at least thirty (30) days prior written notice to any affected mortgagee or its servicing agent.

**28. Insurance Proceeds.** Insurance proceeds payable for damage or destruction to any part of the Condominium shall be paid to the Association as trustee for the Unit Owners, Mortgagees of the Units and/or of the Condominium. The Association, acting through its Board, shall have the authority to settle and compromise any claim under insurance obtained by the Association, and the insurer may accept a release and discharge of liability from the Board on behalf of the named insureds under the policy and any affected mortgagee. No provision of the Declaration shall entitle the Owner of any Unit, or any third party, to priority over the Mortgagee of a Unit with respect to the distribution of any insurance proceeds.

**29. Unit Owners' Policies.** Any Unit Owner may obtain additional insurance, to the extent permitted by law, at such Unit Owner's own expense. Each Unit Owner is required to notify the Board of all improvements by the Unit Owner to such Owner's Unit which cost in excess of \$2,500.00. Any Unit Owner who obtains an individual insurance policy covering any portion of the Condominium, other than personal property belonging such Unit Owner, is required to file a copy of such policy or policies with the Board within thirty (30) days following the purchase thereof, and the Board shall immediately review the effect of such policy with the Board's insurance agent. Each Unit Owner shall be responsible for maintaining insurance on the contents of such Owner's Unit, any additions and improvements to such Unit, the personal property therein maintained and the personal property of the Unit Owner situated at any other location within the Condominium.

**30. Liability for Utility Failure and Certain Personal and Real Property Damage.** Except to the extent covered by insurance pursuant to the preceding Article, neither the Grantor/Declarant, the Board, the Association or the Unit Owners shall be liable for injury or damage to persons or property caused by the elements or other events of nature, or resulting from electricity, water, rain, dust or sand which may leak or flow from outside or from any parts of the buildings, or from any pipes, drains, conduit, appliances or equipment, or from any other place, or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of assessments shall be claimed or allowed for such injury or damage or for such inconvenience or discomfort. This Section shall not be interpreted to impose any form of liability by implication upon any Unit Owners.

**31. No Personal Liability.** If the Unit Owners, the Association, the Board, their agents and/or the Grantor/Declarant have acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person or entity, then such persons or entities shall not be liable to any Unit Owners or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this section shall not apply where the consequences of such act, omission, error or negligence are actually and fully covered by insurance obtained pursuant to the preceding Article, nor shall it apply to the extent prohibited by the Act.

**32. Indemnification.** Each Officer, Director or other person or committee member duly authorized by the Association, by the Board or by the Grantor/Declarant to manage this Condominium and/or the Association, when exercising the powers and duties of the Board and/or of an officer, shall be indemnified by the Unit Owners against all expenses and liabilities, including attorney's fees, reasonably incurred or imposed in connection with any proceeding to which he or it may be a party, or in which he or it may become involved, by reason of holding or having held such position, whether or not he or it holds such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful misfeasance or malfeasance in the performance of his or its duties; provided, that in the event of a settlement, the indemnification shall apply only when the Unit Owners approve such settlement before it becomes binding upon the party being indemnified hereunder.

**33. Whenever any notice** is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in the post office box in a sealed post-paid wrapper, addressed to the person entitled thereto at his last known post office address, and such notice shall be deemed to have been given and received two (2) days subsequent to mailing. Condo owners not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by statute.

**34. Whenever any notice** is required to be given under the provisions of any law, or under the provisions of the Articles of Incorporation of the Corporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, before or after the time stated therein, shall be deemed equivalent thereto.

The Board can amend any provision of the Bylaws by the affirmative vote of a majority of

the Board at any regular meeting of the Board or at any special meeting of the Board if notice of the proposed alteration or repeal to be made is contained in the notice of such special meeting, except provisions for: quorum, or qualifications, powers and duties, or terms of directors. These provisions of the Bylaws may be altered or repealed at any annual meeting of the Condo owners or at any special meeting thereof if notice of the proposed alteration or repeal to be made is contained in the notice of such special meeting, by the affirmative vote of a majority of the condo owners entitled to vote thereat.

**35.** Whenever an officer, director, or member fails or refuses to comply with any provision herein or in the Corporation's Articles of Incorporation, any other officer, director or member shall have the right to enforce said provision and provide for said compliance through an action for injunctive relief or a derivative action, if such are cognizable at law, and to collect court costs and attorney's fees from such officer, director or majority stockholder personally. Any such officer, director or member consents, for any such action, to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Weld County, State of Colorado.