



### **ARTICLE III**

#### **ASSOCIATION MEMBERSHIP AND VOTING RIGHTS**

**Section 3.1 Membership.** Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. The Association shall be organized no later than the date the first Lot is conveyed by Declarant. The Association shall be organized as a nonprofit corporation in accordance with the laws of the State of Colorado.

**Section 3.2 Voting Rights.** The Association shall have a single class for voting. All Owners shall be entitled to one (1) vote for each Lot owned. When the Owner is comprised of more than one person or entity and only one is present, in person or by proxy, at any meeting of the Association, such person or entity may cast the vote for the Lot. If more than one of the persons or entities comprising the Owner are present at any such meeting, the vote for such Lot shall be exercised as determined by a majority of them. If a majority cannot agree on how their single vote is to be cast, the vote will not be counted. In no event shall more than one vote be cast with respect to each Lot; fractional votes cannot be cast. There is a majority agreement if any one of the persons or entities comprising Owner casts the vote without protest being made promptly to the person presiding over the meeting by any of the other persons or entities comprising the Owner. The presence of one of the persons or entities comprising Owner shall constitute the presence of all such persons or entities and shall constitute a waiver of notice as to all such persons or entities who are absent unless an objection to notice is received by the Association from any such persons or entities before or at the meeting. Unless a separate proxy or objection to notice is received by the Association before or at any meeting of the Association, a signed proxy or waiver of notice by any one of the persons or entities comprising an Owner shall constitute a proxy or waiver for all such persons or entities who are absent.

**Section 3.3 Proxies.** Any vote may be cast pursuant to a proxy. If a Lot is owned by more than one person or entity, each such person or entity may vote, or register how they wish the vote of their Lot be cast pursuant to Section 3.2 above, through a proxy. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over the meeting. A proxy is void if it is not dated or purports to be revocable without notice. A proxy must be in writing, signed by the person or entity given the proxy, and dated. A proxy shall terminate eleven (11) months after its date unless it expressly provides otherwise.



**Section 3.4 Suspension of Voting.** The Association shall suspend the voting rights of any Owner, as well as suspend all authority that Owner may have by virtue of his holding any office of the Association or his being a Director, during any period which any assessment against one or more of his Lots remains past due and unpaid, and for any period that Owner is either causing or permitting any infraction of this Declaration, the Articles of Incorporation, Bylaws, or any Rules and Regulations.

**ARTICLE IV**  
**ASSESSMENTS**

**Section 4.1 Creation of the Lien and Personal Obligation of Assessments.** Every Owner of a Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association all annual and special assessments and other charges against his Lot. All annual and special assessments, all costs of collection of same including reasonable attorneys' fees, and all other amounts so designated herein, together with interest thereon at the rate of twenty-one percent (21%) per annum, compounded annually, shall be a charge and continuing lien upon the Lot against which such assessment is made. Each assessment together with costs of collection, reasonable attorneys' fees and all other amounts so designated herein, together with interest thereon at the rate of twenty-one percent (21%) per annum, compounded annually, shall be a charge and continuing lien upon the Lot against which such assessment is made. Each assessment together with costs of collection, reasonable attorneys' fees and all other amounts so designated herein including interest shall also be the personal obligation of the Owner of such Lot at the time when the assessment or other amount first became due. No Owner shall be exempt from such liability by conveyance of his Lot or by waiver of the use or enjoyment of any of the Common Elements.

**Section 4.2 Purpose of Assessments.** Assessments levied by the Association shall be used exclusively for payment of Common Expenses or for other purposes reasonably incidental to the operation of the Association as permitted or required by this Declaration, the Articles of Incorporation or Bylaws.



**Section 4.3 Commencement of Assessments; Due Dates.** Annual assessments shall be paid in equal monthly installments. Declarant shall maintain all Common Elements and pay all Common Expenses until the first monthly installment on the first annual assessment shall be due, whereafter, subject to Section 4.3.1 below, all Common Elements and all Common Expenses shall become the sole responsibility of the Association. Declarant shall determine the date on which the first such installment shall commence, but such date shall be the first of the month. Subject to Section 4.3.1 below, the first such installment shall commence as to all Lots on the same date. Declarant shall furnish all Owners with at least thirty (30) days advance Notice of the date of commencement of the first monthly installment. Thereafter, each monthly installment shall be due on or before the first day of each succeeding month.

**Section 4.3.1 Phased Development of the Property.** In the event development of the Property is phased such that one or more portions of the Property remain undeveloped as of the date of commencement of the first monthly installment on the first annual assessment, such undeveloped portion of the Property shall not be subject to any annual or special assessments, nor shall the Association have any obligation to construct, maintain, repair, replace, manage, insure or otherwise care for such portion of the Property, including any land or improvements that will become Common Elements, and shall pay all associated expenses, until the date on which the first monthly installment on the annual assessment shall commence as to all Lots within the applicable phase; whereafter, all Common Elements within such phase and all Common Expenses incurred in connection therewith shall become the sole responsibility of the Association. Declarant shall determine the date on which the first such installment shall commence, but such date shall be the first of the month. The rate of assessment shall be the rate then applicable to all Lots and shall be prorated for any partial assessment period. The first such installment shall commence as to all Lots within the applicable phase on the same date. Declarant shall furnish all Owners of Lots within such phase with at least thirty (30) days advance Notice of the date of commencement of the first monthly installment. Thereafter, each monthly installment shall be due on or before the first day of each succeeding month.



**Section 4.4 Accounting Year; Assessment Period.** The Association shall operate on a calendar accounting year (i.e. January through December), and the assessment period shall likewise be the calendar year. The first assessment period shall be from the first of the month in which the first monthly installment shall be due (as determined pursuant to Section 4.3 above) through December 31<sup>st</sup> of that year.

**Section 4.5 Budgeting.** The Board shall adopt a budget, determine the total assessment required to meet the budget, and set the allocated assessments and monthly installments for each Lot for the first assessment period. Thereafter, within fifty (50) but not less than fourteen (14) days prior to each annual meeting of Members (as provided within the Bylaws), the Board shall adopt a proposed budget for the current accounting year which shall provide for all Common Expenses, state the total annual assessment required to meet such budget, and state the allocated assessments for each Lot.

**Section 4.6 Budget Ratification.** Upon adoption of a proposed budget by the Board, but not later than fourteen (14) days prior to the annual meeting, the Board shall provide every Owner with Notice of the annual meeting together with a copy of the proposed budget. Ratification of the proposed budget shall then be considered at the annual meeting. Unless a majority of all Owners (not just those present) reject the proposed budget, it is automatically ratified, whether or not a quorum is present. Until a proposed budget is ratified, the last ratified budget shall be continued. Ratification of any subsequent proposed budgets shall be considered at one or more special meetings, as necessary, called for such purpose. At any such special meeting, ratification shall occur automatically unless a majority of all Owners (not just those present) reject the revised proposed budget, whether or not a quorum is present. Once a budget is ratified, the Board shall provide Notice thereof and of the allocated assessments for all Lots to all Owners at least thirty (30) days in advance of the due date for the first monthly installment on the new annual assessment.

**Section 4.7 Special Assessments.** In addition to the annual assessments authorized above, the Association may levy, in any assessment period, one or more special assessments applicable to that period for the purpose of paying, in whole or in part, unbudgeted costs and liabilities, any deficit remaining from the previous period, or the cost of any construction, repair, or replacement of any



Common Elements, provided that any such assessment shall be approved by a majority of the Owners who are present in person or by proxy at a meeting of Members called for such purpose and whereat a quorum is present.

**Section 4.8 Quorum for any Action Authorizing Special Assessment.** Notwithstanding any contrary provision herein or within the Bylaws, at any meeting called for the purpose of approving a special assessment, the presence of Owners, in person or by proxy, entitled to cast twenty percent (20%) of all Membership votes shall constitute a quorum.

**Section 4.9 Effect of Nonpayment of Assessment; Remedies of the Association.** Any Assessment installment, whether pertaining to any Annual, Special or Default Assessment, which is not paid on or before five (5) days after its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

- (i) Assess a late charge for each delinquency in such amount as the Association deems appropriate;
- (ii) Assess an interest charge from the due date at the yearly rate of twenty-one percent (21%) per year.
- (iii) Suspend the voting rights of the Owner during any period of delinquency;
- (iv) Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- (v) Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- (vi) Proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Unit shall constitute a lien on such Unit. The Association may institute foreclosure proceedings against the defaulting Owner's Unit in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien. The Owner shall be required to pay the Association the monthly assessment