

**BY-LAWS  
OF  
THE SUN GATE  
CONDOMINIUM ASSOCIATION, INC.  
(A COLORADO NONPROFIT CORPORATION)**

**ARTICLE I - INTRODUCTION**

These are the By-Laws of The Sun Gate Condominium Owners Association, Inc. (the "Association") which shall operate under the Colorado Revised Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended ("CCIOA"). In the event of any conflict between these By-Laws and CCIOA, the latter shall take precedence and be controlling. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Association's "Declaration of Covenants, Conditions and Restrictions for The Sun Gate Condominiums" (the "Declaration") or in its Articles of Incorporation.

**ARTICLE 2 - BOARD**

**Section 2.1--Number and Qualification.**

(a) The affairs of the Common Interest Community and the Association shall be governed by an Executive Board which shall consist initially of three (3) persons, all of whom shall be owners of one or more Units ("Unit Owners"). If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve as a member of the Executive Board ("Director") and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. Directors shall be elected by the Members of the Association. At any meeting at which Directors are to be elected, the Members may, by resolution, adopt specific procedures which are not inconsistent with these By-Laws or the Colorado Revised Nonprofit Corporation Act for conducting the elections. A person shall automatically cease to be a Director at such time as he or she ceases to be an individual member or a partner, trustee, officer, director or shareholder of an institutional member.

(b) Classification of the Directors shall be made by dividing them into three classes, consisting of one director each. The term of office of the Director of the first class shall expire at the first annual meeting of the members held after such classification; the term of office of the Director of the second class shall expire at the second annual meeting thereafter; and the term of office of the Director of the third class shall expire at the third annual meeting thereafter. At each annual meeting after such classification, one Director shall be elected to succeed the Director whose term expires at the time of such meeting and to hold office until the third succeeding annual meeting.

(c) The Executive Board shall elect the officers. The Directors and officers shall take office upon election.

(d) The Directors of the Executive Board shall be elected at the annual meeting of the Members.

**Section 2.2--Powers and Duties.** The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these By-Laws or CCIOA. The Executive Board shall have, subject to the limitations contained in the Declaration and CCIOA, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

(a) Adopt and amend By-Laws and Rules and Regulations of the Association ("Rules");

(b) Adopt and amend budgets for revenues, expenditures and reserves-,

(c) To fix, determine, levy and collect monthly and special assessments to be paid by each of the Owners to meet the common expenses as defined in the Declaration, and to create a contingency reserve therefor. The board may adjust the monthly assessment from time to time as may in the discretion of the board be deemed necessary or advisable. Special assessments may be levied whenever in the opinion of the board it is necessary or advisable to do so (i) to meet increased operating or maintenance expenses or costs, (ii) to provide for additional capital expenses, or (iii) because of emergencies; however, if the proposed additional capital expenses are in excess of 10 percent of the maximum replacement value of the buildings, as determined by the Association pursuant to the Declaration, such expenses may be incurred only after the members approve such expenses. All monthly or other assessments shall be in itemized statement

form and shall set forth the detail of the various expenses for which the assessments are being made.

- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents,
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, By-Laws or Rules in the Association's name, on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification or improvement of the Common Elements;
- (i) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of CCIOA;
- (j) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(l)(b) and (d) of CCIOA;
- (m) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, By-Laws, Rules and Regulations of the Association;
- (n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration, the Condominium Map for the Common Interest Community or statements of unpaid assessments;
- (o) Provide for the indemnification of the Association's officers and the Executive Board and maintain Directors' and officers' liability insurance;
- (p) Exercise any other powers conferred by the Declaration, CCIOA, or the Colorado Revised Nonprofit Corporation Act, as amended.
- (q) Exercise any other power necessary and proper for the governance and operation of the Association; and

(r) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within 45 days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting. At least one member of the committee shall be a board member. The other committee members must be owners.

**Section 2.3--Manager.** The Executive Board may employ a manager or managing agent or property manager (which may be a wholly-owned subsidiary of the Association) for the Common Interest Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the manager only the powers granted to the Executive Board by these By-Laws under Section 2.2, subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.

**. Section 2.4--Removal of Directors.** The Unit Owners may remove any Director of the Executive Board, with or without cause, by the affirmative vote of at least two-thirds of the votes present and entitled to be cast at a meeting of the Members at which a quorum of Members is present

**Section 2.5--Vacancies.** Vacancies in the Executive Board, caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

(a) As to vacancies of Directors, by a majority of the remaining elected Directors constituting the Executive Board; and

(b) Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

**Section 2.6--Regular Meetings.** The first regular meeting of the Executive Board following each annual meeting of the Unit Owners shall be held within 10 days after the annual meeting at a time and place to be set by the elected Directors of the Executive Board who are in attendance at the meeting, at which they shall have been elected. If all of the newly elected Directors are not in attendance at the meeting, notice shall be given to the newly elected Directors at least ten days prior to such meeting in order to legally constitute such meeting. The Executive Board may set a schedule of additional regular meetings by resolution and the schedule shall be sent to each director and Unit Owner after it is set and no further notice is necessary to constitute regular meetings.

**Section 2.7--Special Meetings.** Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least ten days' notice to each Director. The notice shall be hand-delivered or mailed or sent by delivery service and shall state the time, place and purpose of the meeting.

**Section 2.8--Waiver of Notice.** Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Executive Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

**Section 2.9--Quorum of Directors.** At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

**Section 2.10--Consent to Corporate Action.** If all the Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Executive Board.

**Section 2.11--Telephone Communication in Lieu of Attendance.** A Director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

**Section 2.12 - Compensation of Directors.** The Executive Board serves without pay but is authorized to make provisions for reasonable compensation to its members for expenses incurred as a part of their duties.

### **ARTICLE 3 - UNIT OWNERS AND MEMBERS**

**Section 3.1--Members.** Each person who holds fee simple title to a Unit (Unit Owners) shall be a Member of the Association and hold a membership interest in the Association as set forth in the Declaration and the Articles.

**Section 3.2--Annual Meeting.** Annual meetings of Members shall be held once per calendar year commencing in the year 2005 during the month of September at such date, time and place selected by the Executive Board and set forth in the Notice. At these meetings, the Directors shall be elected by ballot of the Members. Each Unit shall be entitled to vote one vote in all matters to be decided at the meeting. Cumulative voting shall not apply in election of the Executive Board or for any other purpose. The Members may transact other business as may properly come before them at these meetings.

**Section 3.3--Budget Meeting.** Meetings of Unit Owners to consider proposed budgets shall be called in accordance with CCIOA. The budget may be considered at Annual or Special Meetings called for other purposes as well.

**Section 3.4--Special Meetings.** Special meetings of the Association may be called by the president, by a majority of the members of the Executive Board or by Members representing twenty percent (20%) of the votes in the Association.

**Section 3.5--Place of Meetings.** Meetings of the Members shall be held at the principal office of the Association, Carlson, Carlson & Dunkelman, P.C., Frisco, Colorado, or may be adjourned to a suitable place convenient to the Members, as may be designated by the Executive Board or the president.

**Section 3.6--Notice of Meetings.** The secretary or other officer specified in the By-Laws shall cause notice of meetings of the Members to be hand-delivered, delivered by electronic mail with a return receipt or sent prepaid by United States mail or other delivery service to the mailing address designated in writing by the Unit Owner, or, if none so designated, to the mailing address of a Unit not less than 10 nor more than 50 days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

**Section 3.7--Waiver of Notice.** Any Member may, at any time, waive notice of any meeting of the Members in writing, and the waiver shall be deemed equivalent to the receipt of notice.

**Section 3.8--Adjournment of Meeting.** At any meeting of Members, a Majority of the Members who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

**Section 3.9--Order of Business.** Roberts Rules of Order shall be used in the conduct of all business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call (or check-in procedure);

- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of memberships of the Executive Board (if required and noticed);
- (f) Election of inspectors of election (when required),
- (g) Election of Directors of the Executive Board (when required),
- (h) Ratification of budget (if required and noticed);
- (i) Unfinished business; and
- 0) New business.

### **Section 3.10--Voting.**

(a) The voting rights of the Members shall be as set forth in the Association Declarations and in their By Laws consistent with the Colorado Common Interest Ownership Act. If a Unit is owned by more than one person, those persons shall agree among themselves how a vote for that Unit's membership is to be cast. Individual co-owners may not cast fractional votes. If the co-owners or joint owners of a Unit cannot agree as to how to cast the one vote for such Unit, said Unit shall not be entitled to vote.

(b) The vote allocated to a Unit may be cast under a proxy duly executed by any Unit Owner or its attorney-in-fact, duly authorized in writing. In the event of a conflict (either in person or by proxy) among or between the Owners of fractional interests in a Unit, the vote of such Unit shall not be counted. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter or longer term.

(c) The vote of a corporation, limited liability company, limited partnership or business trust may be cast by any officer, manager or general partner of that entity in the absence of express notice of the designation of a specific person by the Executive Board of directors, operating agreement, partnership agreement or bylaws of the owning entity. The vote of a general partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator



of the meeting may require reasonable evidence that a person voting on behalf of a corporation, limited liability company, partnership or business trust owner be qualified to vote.

- (d) Votes allocated to a Unit owned by the Association may not be cast.

**Section 3.11--Quorum.** Except as otherwise provided in these By-Laws, the Members present in person or by proxy at any meeting of Members, but no less than the number of Unit Owners representing twenty percent (20%) of the votes of the members, shall constitute a quorum at that meeting.

**Section 3.12--Majority Vote.** The Vote of a majority of the Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage Vote is required in the Declaration, these By-Laws or by law, including CCIOA or the Colorado Revised Nonprofit Corporation Act.

**Section 3.13--Voting By Mail or E-Mail.** The Executive Board may decide that voting of the members shall be by U. S. Mail or E-Mail with respect to any properly noticed matter or to any particular election of managers or with respect to adoption of any proposed amendment to the Articles of Incorporation, or adoption of a proposed plan of merger, consolidation or dissolution. If E-Mail is utilized instead of U. S. Mail, a return E-Mail receipt of any notice shall be required and retained in the meeting minutes. If no E-Mail response is received, a timely notice shall be sent by registered mail to the individual not responding. In case of election of Directors by U. S. Mail or E-Mail, the existing Executive Board shall nominate candidates and shall advise the Secretary in writing of the names of nominated Directors sufficient to constitute a full Executive Board and of a date at least thirty (30) days after such advice is given by which all votes are to be received. The Secretary, within five days after such advice is given, shall give written notice of the number of Directors to be elected and of the names of the nominees to all Owners or co-owners of each membership. The notice shall state that any such Owner or co-owner may nominate an additional candidate or candidates, not to exceed the number of Directors to be elected, by notice in writing to the Secretary at the specified address of the principal office of the Corporation, to be received on or before a specified date fifteen (15) days from the date the notice is given by the Secretary. Within five (5) days after such specified date, the Secretary shall give written notice to all Owners or co-owners of a membership, stating the

number of Directors to be elected, stating the names of all persons nominated by the Executive Board and by the members on or before said specified date, stating that each Owner or co-owner may cast a vote by mail and stating the date established by the Executive Board by which such votes must be received by the Secretary at the address of the principal office of the Corporation, which shall be specified in the notice. Votes received after that date shall not be effective. The Directors shall be elected by the vote of a plurality of the votes cast by the said specified date. With regard to any other proposal, the secretary shall give notice to Owners of the proposal to be voted on in the same manner with a specific date at least thirty (30) days after such notice by which all votes must be received. Any such proposal shall be adopted if approved by the affirmative vote of not less than sixty-six and two-thirds percent (66-2/3%) of the votes entitled to be cast on such question.

Delivery of a vote in writing to the principal office of the Corporation shall be equivalent to receipt of a vote by mail at such address for the purpose of this Section 3.13.

#### **ARTICLE 4 - OFFICERS**

**Section 4.1--Designation.** The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, any of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

**Section 4.2--Election of Officers.** The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board. They shall hold office at the pleasure of the Executive Board.

**Section 4.3--Removal of Officers.** Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose.

**Section 4.4--President.** The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Unit Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Unit Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these By-Laws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

**Section 4.5--Vice President.** The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint some other Director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Executive Board or by the president.

**Section 4.6--Secretary.** The secretary shall keep the minutes of all meetings of the Unit Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and the By-Laws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

**Section 4.7--Treasurer.** The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and

shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Executive Board. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Board.

**Section 4.8--Agreements, Contracts, Deeds, Checks, etc.** Except as provided in Sections 4.4, 4.6, 4.7, and 4.9 of these By-Laws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person, persons or entity designated by the Executive Board.

**Section 4.9--Statements of Unpaid Assessments.** The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 316 of CCIOA. The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Executive Board. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

## **ARTICLE 5 - ENFORCEMENT**

**Section 5.1--Abatement and Enjoinment of Violations by Unit Owners.** The violation of any of the Rules adopted by the Executive Board or the breach of any provision of the Documents shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these By-Laws:

(a) To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent

nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Documents. The Executive Board shall not be deemed liable for any manner of trespass by this action; or

(b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

#### **ARTICLE 6 - INDEMNIFICATION**

To the fullest extent provided by the Colorado Revised Nonprofit Corporation Act, as amended, the Directors and officers of the Association shall not be liable to the Association or the Unit Owners for monetary damages or breach of fiduciary duty. The Association shall indemnify the Directors and officers of the Association to the fullest extent provided by CCIOA and the Colorado Revised Nonprofit Corporation Act, as amended.

#### **ARTICLE 7 - RECORDS**

**Section 7.1--Records and Audits.** The Association shall maintain financial records. The cost of any audit shall be a Common Expense unless otherwise provided in the Declaration.

**Section 7.2--Examination.** All records maintained by the Association or the manager shall be available for examination and copying by any Unit Owner, any holder of a mortgage or deed of trust in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

**Section 7.3--Records.** The Association shall keep the following records:

- (a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage or deed of trust on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;
- (b) An account for each Unit Owner showing any other fees payable by the Unit Owner;
- (c) A record of any capital expenditures approved by the Executive Board for the current and next two succeeding fiscal years;
- (d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;
- (e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (f) The current operating budget adopted pursuant to Section 315(l) of CCIOA and ratified pursuant to the procedures of Section 303(4) of CCIOA;
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) A record of insurance coverage provided for the benefit of Unit Owners and the Association;
- (i) A record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declaration of which the Executive Board has knowledge;

(j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Executive Board has knowledge;

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

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

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

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

(o) A copy of the most current versions of the Declaration, By-Laws, Rules, and resolutions of the Executive Board, along with their exhibits and schedules.

## **ARTICLE 8 - MISCELLANEOUS**

**Section 8.1--Notices.** All notices to the Association or the Executive Board shall be delivered to the office of the manager or, if there is no manager, to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Unit Owners and to all holders of a mortgage or deed of trust in the Units who have notified the Association that they hold a mortgage or deed of trust in a Unit. Except as otherwise provided in Section 3.13 for notices by E-Mail, all notices to any Unit Owner shall be sent to the Unit Owner's address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

**Section 8.2--Fiscal Year.** The fiscal year of the Association shall commence on 1st of each calendar year or such other date as may be determined by the Executive Board.

**Section 8.3--Waiver.** No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

**Section 8.4--Office.** The principal office of the Association shall be at the offices of Carlson, Carlson & Dunkelman, Frisco, Colorado, or at such other place as the Executive Board may from time to time designate.

**Section 8.5--Reserves.** As a part of the adoption of the regular budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements defined in the Declaration that it is obligated to maintain, based upon the project's age, remaining life and the quantity and replacement cost of major Common Element improvements.

**Section 8.6--Additional Reports.** For so long as the Association consists of 30 or more dwelling Units and the collection, deposit, transfer or disbursement of Association funds are delegated to a managing agent or entity, or to a third person or entity, the following shall apply:

- (a) The other persons or managing agent shall maintain fidelity insurance coverage or a bond in an amount not less than Fifty Thousand Dollars (\$50,000.00) or such higher amount as the Executive Board may require;
- (b) The other persons or managing agent shall maintain funds and account of the Association separate from the funds and accounts of other associations managed by the other persons or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association;
- (c) That an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

**Section 8.7 - Services.** Attached hereto at Schedule "A" is a list of Services Provided by the Association and Paid for out of the Regular Assessment.



## **ARTICLE 9 - AMENDMENTS TO BY-LAWS**

**Section 9.1—Procedure** The By-Laws may be amended by vote of sixty-six and two-thirds percent (66 2/3%) of the Executive Board or a majority of the Unit Owners, following notice and comment to all Unit Owners, at any meeting duly called for such purpose. The notice of such meeting shall contain a summary of the proposed changes or a copy of the proposed changes.

**Section 9.2—Exceptions** No amendment of the By-Laws of this Association shall be adopted which would affect or impair the validity or priority of any mortgage or deed of trust covering any Unit or which would change the provisions of the By-Laws with respect to institutional mortgagees of record.

**ATTEST:** Certified to be the By-Laws adopted by The Sun Gate Condominium Association, Inc. at a meeting held on September 16, 2005.

\_\_\_\_\_, Secretary

**THE SUN GATE  
CONDOMINIUM ASSOCIATION, INC.  
(A COLORADO NONPROFIT CORPORATION SCHEDULE A)**

**Services Provided by the Association and Paid for out of the Periodic Assessments  
Described in Article VII and VIII of the Declarations**

1. Common utility service, including water, sewer, and lighting.
2. Trash removal (If not provided by the Master Association).
3. Insurance, more fully described in Article VII of the Declaration.
4. Normal repair, maintenance and operation of the Subsidiary Common Elements and Subsidiary Limited Common Elements.
5. Common Internet Service if desired.
6. Common Communication/Cable Television facilities.
7. Any other facilities common to more than one unit.
8. Snow removal and Driveway Maintenance (If not provided by the Master Association)
9. Master Association Dues and Special Assessments.

**Services Provided by the Association and Paid for Monthly at Actual Cost**

1. Heating System separately for each Building