

EXHIBIT B

BYLAWS

OF

SHANAHAN RIDGE FOUR HOMEOWNERS' ASSOCIATION

ARTICLE I

Name and Location

The name of the corporation is SHANAHAN RIDGE FOUR HOMEOWNERS' ASSOCIATION, hereinafter referred to as "Association." The principal office of the Association shall be located at 2336 Pearl Street, Boulder, Colorado, but meetings of members and directors may be held at such places within the State of Colorado as may be designated from time to time by the Board of Directors.

ARTICLE II

Eligibility for Membership

Every record owner, whether one or more persons or entities, of a fee simple title to any lot in Shanahan Ridge Four shall be a member of the Association. The foregoing shall include contract buyers but shall exclude persons or entities who hold such interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of a lot and ownership of a lot shall be the sole qualification for membership.

If a lot is owned by more than one person or by a legal entity such as a partnership or corporation, the owners or the legal entity shall designate in writing to the Association the person who shall act for the owners or entities and who shall have the power to vote said membership, which designation may be changed from time to time by an instrument in writing filed with the Association.

ARTICLE III

Meetings of Members

1. Annual Meetings. The first annual meeting of the members of the Association shall be held within one year from the

date of incorporation of the Association, and subsequent annual meetings shall be held annually thereafter. At such meeting there shall be elected a Board of Directors in accordance with the requirements of Article IV of these Bylaws. The members may also transact such other business of the Association as may properly come before them.

2. Special Meetings. Special meetings of the members for any purposes other than those regulated by statute may be called by the President as directed by resolution of the Board of Directors or upon petition signed by those holding one-fourth of the votes in the Association entitled to be cast by members. Such petition shall state the purpose or purposes of such proposed meeting. No business shall be transacted at a special meeting, except as stated in the notice, unless by consent of four-fifths of the votes in the Association entitled to be cast by members present, either in person or by proxy.

3. Notice of Meetings. The President or Secretary shall give or cause to be given written notice of each meeting by mailing or hand delivering such notice at least fifteen days prior to such meeting, unless a different period is required by statute or the Declaration, to each member at the respective addresses of said members as they appear on the records of the Association. The notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. As used in this paragraph and elsewhere in these Bylaws the word "Declaration" refers to the Declaration of Covenants, Conditions and Restrictions affecting the above described property, which Declaration was recorded July 15, 1975, on Film 893 as Reception No. 144547 of the records of the Clerk and Recorder of the County of Boulder, State of Colorado, and any amendments thereto.

4. Quorum. The presence, either in person or by proxy, of ten per cent of the votes entitled to be cast by members shall

constitute a quorum for all purposes unless the representation of a larger number of votes shall be required by statute, by the Declaration, by the Articles of Incorporation or by these Bylaws and in that event representation of the number so required shall constitute a quorum.

5. Classes of Membership and Voting Rights. The Association shall have two classes of voting members whose designations are as follows:

Class A. Class A members shall be all owners as defined in Article II above with the exception of McStain Enterprises, Inc., and any of its successors or assigns which acquires more than one undeveloped lot for the purpose of development.

Class B. The only Class B members shall be McStain Enterprises, Inc., and any of its successors or assigns which acquires more than one undeveloped lot for the purpose of development. Each Class B member shall be entitled to four votes for each lot in which it holds the interest required for membership as prescribed by Article II above. Class B membership shall cease to exist and be converted to Class A membership on the happening of either of the following events:

- a. When the total number of votes outstanding in Class A membership equals the total number of votes outstanding in Class B membership, or
- b. On June 1, 1978

6. Adjournment of Meeting. Subject to the limitations set forth in the Declaration, if the number of members necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the Chairman of the meeting, or a majority in interest of the members present in person or by proxy, may adjourn the meeting from time to time without notice other than an announcement at the meeting until the necessary number of members shall be in attendance. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

7. Proxies. At all meetings of members, each member may vote in person or by proxy. A member may appoint as proxy only a spouse, a joint owner, a partner in the event of partnership ownership, or an officer of a corporation in the event of corporate ownership. Should the terms of a deed of trust or mortgage so provide, the mortgagee or beneficiary of said deed of trust may be appointed as proxy. All proxies shall be in writing and filed with the Secretary before the time of each meeting or upon the calling of the meeting to order. Every proxy shall be revocable and shall cease automatically upon conveyance of his lot by a member.

8. Waiver of Notice. Any member at any time may waive any notice required to be given under these Bylaws, or by statute or otherwise. The presence of a member in person at any meeting of the members shall be deemed such a waiver.

#### ARTICLE IV

##### Board of Directors

1. Number and Qualification. The business, property and affairs of the Association shall be managed, controlled and conducted by a Board of Directors consisting of three members. Only members of the Association shall serve on the Board of Directors.

2. Election and Term of Office. The term of office of the directors named in the Articles of Incorporation shall be until the first annual meeting of the members of the Association or until their successors are duly chosen and qualify. Said successors shall be elected at the first annual meeting. The directors elected at the first annual meeting and thereafter shall hold office for a period of one year or until successors are duly elected and qualify, except as herein provided. The number of directors may be altered from time to time by the action of a majority of the members at any regular or special meeting called for such purpose. In the event of any increase in the number of directors in advance of the annual meeting, each additional director shall be elected by the then

Board of Directors and hold office until his successor is elected and shall qualify.

3. Nomination of Directors. Nominations for election to the Board of Directors to be elected at the first annual membership meeting shall be made from the floor at said meeting. Thereafter, nominations shall be made by a Nominating Committee and may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman who shall be a member of the Board of Directors, and two or more members of the Association. Said Committee shall be appointed by the Board of Directors prior to each annual membership meeting, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies to be filled.

4. Election of Directors. Election to the Board of Directors shall be by secret written ballot. Members of the Association or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

5. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association, and shall exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by statute, other provisions of these Bylaws, the Articles of Incorporation or the Declaration. Such powers and duties shall include, but not be limited to, the power to:

- a. Adopt and publish rules and regulations governing the use of the Common Area and facilities;
- b. Suspend the voting rights and right to use of the recreational facilities of a member during any period in which he is in default in the payment of any assessment levied by the Association;
- c. Employ a manager, an independent contractor or such other employees as it deems necessary and to prescribe their duties;

- d. Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the members at their annual meeting or at any special meeting when such a statement is requested by those holding one-fourth of the votes in the Association entitled to be cast by members;
- e. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- f. Fix the amount of the annual assessment against each lot, give notice of such assessment and have all rights with respect to failure to pay such assessment all as more fully provided in the Declaration;
- g. Issue or caused to be issued, upon demand by any person, a certificate stating whether or not any assessment has been paid;
- h. Procure and maintain adequate liability and hazard insurance on the Association's property;
- i. Cause the Common Area to be maintained.

The Board of Directors may delegate such duties as appear to be in the best interests of the Association to the extent permitted by law.

6. Vacancies. Vacancies on the Board of Directors caused by any reason shall be filled by vote of a majority of the remaining directors even though they may consist of less than a quorum and each person so elected shall be a director until his successor is elected by the members at the next annual meeting.

7. Removal of Directors. At any regular or special meeting of the members, any one or more of the directors may be removed with or without cause at any time by the affirmative vote of a majority of all votes entitled to be cast by the entire membership of record and a successor may then be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

8. Compensation. No compensation shall be paid to directors for their services as directors and no compensation shall be paid to a director for services performed by him for the Association in any other capacity, unless a resolution authorizing such compensation shall have been unanimously adopted by the Board of Directors.

9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten days of election at such time and place as shall be fixed at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least three days prior to the day named for the meeting.

11. Special Meetings. Special meetings of the Board of Directors may be called by the President or by two of the directors on three days' notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

12. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

13. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of the Directors present

at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

14. Adjournments. The Board of Directors may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Association, provided that no meeting may be adjourned for a period longer than thirty days.

15. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for association funds furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the Association.

#### ARTICLE V

##### Officers

1. Designation and Qualifications. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. Any person may hold two offices except that the President shall not also hold the office of Secretary. The directors may appoint an Assistant Secretary and an Assistant Treasurer, and such other officers as in their judgment may be necessary.

2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board, and each shall hold office for a period of one year, unless he shall sooner resign, be removed, or otherwise be disqualified to serve.

3. Resignation and Removal. Any officer may resign at any time by giving written notice of said resignation to the Board, the Secretary or the President. Any officer may be removed from office, with or without cause, upon an affirmative vote of a majority of the members of the Board of Directors, and his successor elected at any regular meeting of the Board or at any special meeting called for that purpose.



4. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer so appointed shall serve for the remainder of the term of the officer he replaces.

5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are normally vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the members, from time to time, as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

6. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

7. Secretary. The Secretary shall keep the minutes of all meetings of the members, shall have custody of the seal of the Association, shall have charge of the membership books and such other books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of Secretary.

8. Treasurer. The Treasurer shall have the responsibility for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors and he shall make, sign and endorse in the name of the corporation all checks, drafts, notes and other orders for the payment of money and payout and dispose of such under the direction of the President or the Board of Directors.

9. Compensation. No compensation shall be paid to officers for their services as officers. No compensation shall be paid to an officer for services performed by him for the Association in any capacity, unless a resolution authorizing such compensation shall have been unanimously adopted by the Board of Directors.

#### ARTICLE VI

##### Association Seal

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

#### ARTICLE VII

##### Miscellaneous

1. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with reasonable standards of accounting procedure and prudence.

2. Inspection of Books. Financial reports, and the membership records of the Association, shall be available at the principal offices of the Association for inspection at reasonable times by any members.

3. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes, checks and contracts or other obligations shall be executed on behalf of the Association by any officer or director of the Association.

4. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors and shall be subject to change by the Board of Directors should Association practice subsequently necessitate such change.

ARTICLE VIII

Amendment of the Bylaws

1. Amendment by the Members. These Bylaws may be amended by the affirmative vote of three-fourths of the votes entitled to be cast by members present or represented by proxy at any regular or special meeting if a quorum as described in paragraph 4, Article III herein, is present at any such meeting. Amendments may be proposed by the Board of Directors or by petition signed by members holding a majority of the votes entitled to be cast at any meeting. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon.

2. Amendment by the Directors. By the affirmative vote of three-fourths (3/4) of the directors of the Association, the directors may amend or alter the Bylaws of the Association at any regular meeting or at any special meeting, provided that no such alteration or amendment by the Board of Directors shall increase the powers of the Board of Directors. The statement of any proposed amendment shall accompany notice of any regular or special meeting at which such proposed amendment shall be voted upon.

3. Limitations. These Bylaws may not be amended insofar as such amendment would be inconsistent with any statutes, the Declaration or the Articles of Incorporation. In the event of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the event of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

IN WITNESS WHEREOF, the undersigned, constituting all of the Directors of the Association, have hereunto set their hands this \_\_\_\_\_ day of October, 1975.

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Thomas R. Hoyt

*See recorded  
set*

Caroline Hoyt

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Thomas P. Patterson

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