

BYLAWS
of
Little Norway
Property Owners' Association

Article 1

Purpose and Objectives

- 1.1 Purpose:** The purpose for which this nonprofit corporation (hereinafter the “Association”) is formed is to provide for the operation of the development known as Little Norway Subdivision in Costilla County, Colorado. Any property that is currently subject to or becomes subject to the Protective Covenants of Little Norway Subdivision in Costilla County, Colorado and all amendments thereof, hereinafter collectively referred to as “the Covenants,” shall be governed by the Association. The objectives of the Association shall be to maintain an attractive residential community in Little Norway and to protect the value and amenities of the property, to provide for the maintenance of common properties and facilities, and to prevent nuisances for the benefit of all present and future Little Norway property owners.
- 1.2 Compliance Required:** All present and future owners of the property described above shall be subject to the regulations set forth in these Bylaws. The acquisition of any lot in Little Norway which is subject to the Covenants will signify that these Bylaws are accepted, ratified and will be complied with.

Article 2

Offices

- 2.1 Registered Office and Registered Agent:** The registered office of the Association in the State of Colorado shall be at such place as may be fixed from time to time by the Board of Directors upon filing of such notices as may be required by law, and the registered agent shall have a business office identical with such registered office.
- 2.2 Other Offices:** The Association may have other offices within or outside the State of Colorado at such place or places as the Board of Directors may from time to time determine.

Article 3

Membership / Meetings of Members

- 3.1 Membership:** Every owner of a lot which is subject to the Covenants shown by the records of the Costilla County Assessor shall be a member of the Association and shall remain a member for the period of ownership of a lot and shall be subject to the membership requirements of the Association.
- 3.2 Annual Meeting:** A regular annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year on the first Wednesday of October – or on any other date as may be determined by the Board of Directors. The date, time and place of the annual meeting - including attendance via teleconference if available - will be designated by written notice given to the members.
- 3.3 Special Meetings:** Special meetings of the members for any purpose may be called at any time by the President, the majority of the Board of Directors, or the holders of not less than twenty percent (20%) of total votes in the Association. Notices for special meetings must state the purpose or purposes for which called.
- 3.4 Notice:** Written notice of the date, time and place of any Association meetings – whether regular annual meetings or special meetings - shall be given by delivering personally or by

mailing - either printed or electronically - at least ten days, and not more than fifty days in advance of the meeting, to each member of record entitled to vote at such meeting.

- 3.5 Voting Record:** At least ten days before each meeting of members, a complete record of the members entitled to vote at such meeting, or any adjournment thereof, shall be made, arranged in alphabetical order, with the mailing address, and email address of and number of lots held by each, which record shall be kept on file at the registered office of the Association for a period of ten days prior to the meeting. The records shall be kept open at the time and place of such meeting for the inspection of any member.
- 3.6 Quorum:** The presence in person or by proxy at any Association meeting of a minimum of ten percent (10%) of the voting members shall be necessary for a quorum for the transaction of business. If any meeting cannot be held because a quorum is not present, either in person or by proxy, the meeting will adjourn to a date not more than sixty days from the date set for the original meeting.
- 3.7 Manner of Voting:** A member may vote either in person or by proxy executed in writing – either printed or electronically - by the member, or his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Members may also vote for election of Directors or other actions requiring a vote by mail – either printed or electronically – as long as mailed ballots are received a minimum of 24 hours prior to the meeting time.

Article 4

Board of Directors

- 4.1 Number:** The affairs and business of the Association shall be managed by a Board of Directors consisting of five (5) persons who shall be voting members of the Association, but need not be residents of the state of Colorado. Board members shall be elected by the voting members at the annual meeting. In the event that fewer voting members express an interest to fill vacant seats on the Board, the Board will consist of a reduced number until the open Board seat is filled by either a vote of the Board of Directors or the next annual election.
- 4.2 Qualifications:** Candidates for open positions on the Board of Directors should express their interest to serve and provide a summary of their qualifications and background to the Secretary of the Association a minimum of 60 days in advance of the annual meeting date. The summary of qualifications for interested candidates will be distributed along with the annual meeting notice.
- 4.3 Term of Office:** All Directors shall be elected for a term of two years, and shall hold office until their successors are elected and assume office. Directors will serve staggered terms with three (3) Board seats up for election in year 1 followed by two (2) Board seats up for election in year 2.
- 4.4 Duties of Directors:** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association. The Board of Directors may do any reasonable act and perform their duties as fiduciaries of the Association except as prohibited by law, by these Bylaws or by the Covenants. The Directors may adopt such rules and regulations for the conduct of their meetings and the management of the Association as they deem proper based on the desires of the Association, and as are not inconsistent with these Bylaws, the Covenants or the laws of the State of Colorado.
- 4.5 Change of Number:** The number of directors may at any time be increased or decreased by amendment of these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent director.
- 4.6 Vacancies:** All vacancies in the Board of Directors, whether caused by resignation, death or, otherwise, may be filled by the affirmative vote of a majority of the remaining directors.
- 4.7 Removal of Directors:** At a meeting of the Association called expressly for that purpose, the entire Board of Directors, or any member thereof, may be removed by a vote of two-thirds (2/3) of members eligible to vote.

- 4.8 Director Meetings:** Regular meetings of the Board of Directors or any committee may be held with or without notice at such time or place upon such notice, if any, as the Board of Directors shall from time to time designate. The annual meeting of the Board of Directors shall be held without notice immediately after the adjournment of the annual meeting of members. Special meetings of the Board of Directors may be held at any place and at any time, and may be called by the President of the Board, or any two or more directors.
- 4.9 Notice of Meetings:** Notice of meetings, other than the regular annual meeting, shall be given to each Director in person, by telephone, or in writing – whether printed or electronically – according to the last known contact information, at least three days before the date of the meeting. The notice need not state the matters or business to be considered at such meeting. At any meeting at which every member of the Board of Directors is present, although held without notice, or to which the Directors not present have waived notice in writing, such presence or waiver shall be deemed equivalent of notice, a waiver of all objections to the manner of calling said meeting, and a ratification of the validity of said meeting.
- 4.10 Notice to Association Members:** Subject to the discretion of the Board of Directors, for Board discussion and decisions for which the Board feels owner participation would best serve the Association, unit owners will be notified as follows: (a) for minor decisions, an electronic notice will be sent providing the meeting date, time and place to all members who have provided electronic communication means, and (b) for major decisions, notice will be sent providing the meeting date, time and place to ALL members, via either electronic means or printed and mailed meeting notice. All members are encouraged to maintain current contact information – including email address - in the records of the Association.
- 4.11 Quorum:** A majority of the whole Board of Directors shall be necessary at all meetings to constitute a quorum for the transaction of business. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- 4.12 Compensation:** No member of the Board of Directors shall receive any compensation for services rendered as a Director. However, the Directors may receive reimbursement for actual expenses incurred in the performance of Association duties provided that such expenses were previously approved by the Board. Directors may receive compensation for services rendered to the Association in any other capacity.
- 4.13 Participation by Electronic Means:** Any action required or which may be taken at a meeting of directors, or of a committee thereof, may be taken by means of a telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.
- 4.14 Action Without a Meeting:** Any action authorized in writing by a majority of the Directors entitled to vote thereon – whether received printed or electronically - and filed with the minutes of the Association shall be the act of the Board of Directors with the same force and effect as if the same had been passed by a vote at a duly called meeting of the Board.

Article 5

Officers

- 5.1 Designations:** Executive officers of the Association shall consist of President, Vice-President, Secretary and Treasurer. Any two or more offices may be held by the same person, except the offices of President and Secretary.
- 5.2 Term:** Executive officers shall be elected from the Board of Directors at its meeting immediately following the annual meeting of the Association. The officers shall hold office until the next annual meeting when their successors are chosen.
- 5.3 Election/Removal:** All officers shall be appointed by and serve at the pleasure of the Board of Directors. By majority vote, the Board of Directors may remove any officer at any time, whenever in its judgment the best interests of the Association would be served thereby.
- 5.4 President:** The President shall preside at all meetings of members and directors, shall have general supervision of the affairs of the Association, and shall perform all other duties as are incident to his office or are properly required of him by the Board of Directors.

- 5.5 Vice-President:** During absence or disability of the President, the Vice-President shall exercise all functions of the President.
- 5.6 Secretary:** The Secretary shall issue notices for all meetings, shall keep the minutes of all meetings, shall make such reports and perform other duties as are incident to the office, or are properly required of him by the Board of Directors.
- 5.7 Treasurer:** The Treasurer shall have the custody of all moneys and securities of the Association and shall keep regular books on account. He/she shall disburse funds of the Association in payment of the just demands against the Association as approved by or as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors from time to time as may be required of him, an account of all his transactions as Treasurer and of the financial conditions to his office or that are properly required of him/her by the Board of Directors, as well as filing any necessary reports with the IRS. An Assistant Treasurer may be appointed by the Board of Directors, who shall perform all of the duties of the Treasurer in the absence or disability of the Treasurer and at other times may perform such other duties as are directed by the President or the Board of Directors.
- 5.8 Delegation:** In the case of absence or inability to act of any officer of the Association and of any person herein authorized to act in his place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any director or other person whom it may select.
- 5.9 Vacancies:** Vacancies in any office arising from any cause may be filled by a majority vote of the Board of Directors at any regular or special meeting of the Board.
- 5.10 Other Officers:** Directors may appoint such other officers and agents as they shall deem necessary or expedient who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.
- 5.11 Execution of Written Instruments:** The President may sign, along with the Secretary or any other proper officer of the Association authorized by the Board of Directors, deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to a specific officer or agent of the Association.
- 5.12 Loans:** No loans shall be made by the Association to any officer or director.

Article 6

Finance

- 6.1 Depositories:** The moneys of the Association shall be deposited in the name of the Association in such banks, trust companies or other depositories as the Board of Directors shall designate and the Treasurer has authority to open and manage all such accounts. The Association shall maintain two separate accounts, an Operating Account and a Reserve Account.
- 6.1.1 Operating Account:** The Operating Account will be used for deposit of assessments and for ongoing operating expenses.
- 6.1.2 Reserve Account** A reserve account will be established to cover the cost of anticipated and unanticipated large upkeep or emergency expenses. The transfer of funds from the Reserve Account to the Operating Account requires affirmative vote of the majority of the Board of Directors.
- 6.2 Surplus Funds:** Until the Board of Directors feels the Association is financially sound and reasonably reserved for potential extraordinary maintenance items and emergency expenses, all annual surplus funds will be used to build the reserve account. After development of what the Board believes to be adequate reserves, any surplus funds of the Association remaining after payment of or provision for common expenses shall be credited to unit owners to reduce their future common expense assessments.
- 6.3 Fiscal Management:** The Board of Directors shall develop policies to control the disbursement of funds and develop financial controls to ensure that the Board of Directors authorizes all expenditures. No Director has the authority to act unilaterally, and the Treasurer

shall make no disbursements without secondary approval from the President or the Board of Directors.

6.4 Fiscal Year: The fiscal year of the Association shall be from January 1 to December 31 until changed by the Board of Directors, subject to applicable law.

Article 7

Assessments

7.1 Regular Annual Assessments: Prior to each regular annual meeting of the Association, the Board of Directors shall prepare a proposed budget for the expenses to be incurred by the Association in performing its functions for the fiscal year commencing on the next January 1, including a reasonable provision for contingencies and reserves. The budget will be distributed to Association members along with the annual meeting notices, and the budget will be approved unless vetoed by a majority of unit owners at the annual meeting. If vetoed, the last proposed budget shall be continued until a subsequent budget is proposed and not vetoed by the Association. The total budget will be allocated equally to each unit owner in the Association, and notices of the amount of such assessment will be sent to each unit owner who shall thereupon be responsible for prompt payment of the assessment.

7.2 Special Assessments: The Board of Directors shall also have the authority to establish special assessments to meet any financial shortfalls. Notices for such special assessments would be sent as soon as such shortfall becomes apparent.

7.3 Delinquent Assessments: The Board of Directors shall determine a due date for each assessment, after which all unpaid assessments will be declared delinquent. The Board of Directors will determine and notify Association members of the late penalty to be assessed on all delinquent accounts. In addition, the Board of Directors will determine and notify Association members of the monthly finance charge – if any - to be assessed on continued delinquent accounts. [Note that as of 2014, the Board-approved late penalty is 15%, and there is no monthly finance charge applied to delinquent accounts. These amounts are subject to change and Association members will be notified of these rates on future assessments.]

7.4 Unpaid Assessments as Liens: The Board of Directors shall reserve the right to place a lien upon any lot and improvements thereon for the amount of any delinquent assessment, whether regular or special, assessed against any unit owner and any late penalty and finance charges attributable thereto, as well as any incidental costs for recording of the lien.

Article 8

Indemnification

8.1 Indemnification: The Association shall indemnify every director, officer, their respective successors, personal representatives, and heirs against all loss, cost and expenses, including attorney fees, reasonably incurred by him or her in connection with any action, suit or proceeding to which he or she may be made a party by reason of his or her being, or having been, a director or officer of the Association, except as to matters as to which he or she shall finally be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. The Board may provide insurance for the directors and officers for the purpose of complying with the indemnification required hereunder.

8.2 Agency: All contracts or other commitments or obligations made by the Board of Directors or officers shall be made as agent for the Association or lot owners and they shall have no personal responsibility or liability on any such contract or commitment except as a lot owner.

8.3 Insurance: The Board of Directors shall obtain and maintain in full force and effect the insurance coverage required by the Association or by law. The Board may require any managing agent or independent contractor providing services to the Association to obtain and maintain in full force and effect such insurance coverage as the Board deems appropriate for the services being rendered.

Article 9
Notices

Except as may otherwise be required by law, any notice to any Association member or director may be delivered personally or by mail or email. If mailed, the notice shall be deemed to have been delivered when deposited in the United States mail, addressed to the addressee at his last known address in the records of the Association, with postage thereon prepaid. If emailed the notice shall be deemed to have been delivered on the date the email is sent.

Article 10
Books and Records

The Association shall keep correct and complete books and record of accounts and shall keep minutes of the proceedings of its Association members and Board of Directors, and shall keep at its registered office or principal place of business, a record of its Association members, giving the names and addresses of all members. Any books, records, and minutes may be in written form or any other form capable of being converted into written form within a reasonable time. All records shall be made reasonably available for examination or copying by any unit owner. Actual costs for copying and mailing requested documents shall be paid to the Association by the requesting member and is due in advance.

Article 11
Amendments

- 11.1 To Bylaws:** These Bylaws of the Association may be altered or amended by a majority vote of those votes cast by the voting members, whether in person, via teleconference, or by written vote - either printed or electronically – at any regular or special meeting of the Association.
- 11.2 To Covenants:** Amendments to the Declaration of Protective Covenants for Little Norway are permissible, but only upon an affirmative vote of 67% of the unit owners.
- 11.3 Recording of Amendments:** The President and the Secretary of the Association are expressly permitted by these Bylaws to prepare, execute, certify and record amendments to the Declaration and Bylaws on behalf of the Association, as appropriate.

Certification

I, the undersigned, do hereby certify that the foregoing is a true and complete copy of the Bylaws of Little Norway Property Owners' Association, as the same were adopted a vote of the membership of said Association on the 18th day of November, 2015.

By Paul Esposito, Secretary
Little Norway Property Owners' Association