

Owl Creek Homes Association, Inc.

Responsible Governance Policies

Re: The Law Under the Senate Bills: Colorado owner associations are required to have eight written responsible governance policies and procedures on the following topics, as of the dates indicated:

- i) Collections (1-1-06) [Source: SB 05-100]
- ii) Conflicts of Interest (1-1-06) [Source: SB 05-100]
- iii) Conduct of Meetings (1-1-06) [Source: SB 05-100]
- iv) Enforcement of Covenants and Rules (1-1-06) [Source: SB 05-100]
- v) Records, Inspection and Copying (1-1-06) [Source: SB 05-100]
- vi) Investment of Reserves (1-1-06) [Source: SB 05-100]
- vii) Adoption of Policies (1-1-06) [Source: SB 05-100]
- viii) Disputes Between the Association and Unit Owners. A copy of this policy must be made available to an owner on request. (1-1-07) [Source: SB 06-89]

Proposed policies

- i) Collections (1-1-06) [Source: SB 05-100]

The processes for the levy and collection of assessments are described throughout the Bylaws and Declaration, and more particularly in Declaration 7.7 and Bylaw 4.10.6 .

- ii) Conflicts of Interest (1-1-06) [Source: SB 05-100]

Any Association member may allege that any other Association member has a Conflict of Interest on any point of order raised at any duly noticed Regular or Special meeting of the general membership. The alleging member may make a motion that the member accused of having a Conflict of Interest be asked by the Board of Directors to voluntarily recuse himself/herself from voting on the matter at hand without comment as to the validity or lack thereof regarding the accusation. If the motion passes, the Board will then make the request. If the member accused of having the Conflict of Interest voluntarily recuses himself/herself from voting on the matter at hand, the minutes will so reflect this choice. However, if the member accused of having the Conflict of Interest does not voluntarily recuse himself/herself from voting, the Board President may request that any motion on that point of order be continued, until the dispute may be resolved, using the processes described in the Bylaws for voting at a meeting of the members. The Board President may also, at his discretion, call for a vote of the membership on that point of order upon which the accusing member has alleged that any other member has a Conflict of Interest to include the votes of all members present.

Any Board member may allege that any other Board member has a Conflict of Interest on any point of order raised at any duly noticed Regular or Special meeting of

the Board of Directors. The alleging member may make a motion that the member accused of having a Conflict of Interest be asked by the rest of the Board of Directors to voluntarily recuse himself/herself from voting on the matter at hand without comment as to the validity or lack thereof regarding the accusation. If the motion passes, the Board will then make the request. If the member accused of having the Conflict of Interest voluntarily recuses himself/herself from voting on the matter at hand, the Board minutes will so reflect this choice. However, if the member accused of having the Conflict of Interest does not voluntarily recuse himself/herself from voting, the Board President (or Vice President, if the accused person is the President) may request that any motion on that point of order be continued, until the dispute may be resolved, using the processes described in the Bylaws for voting at a Board meeting. The Board President may also, at his discretion, call for a vote of the membership on that point of order upon which the accusing Board member has alleged that any other Board member has a Conflict of Interest to include the votes of all Board members present.

iii) Conduct of Meetings (1-1-06) [Source: SB 05-100]

The rules for Conduct of Meetings are described throughout the Bylaws and Declaration and more particularly in Bylaw 3.2-7.

Also, Notices of homeowner meetings must be posted in a conspicuous place, if possible. If specifically requested by a homeowner, an association must give notice of homeowner or board meetings by e-mail. E-mail notice of special meetings shall be given at least 24 hours in advance. Homeowner and board meetings shall be open to all homeowners or their representatives. Homeowners have a right to speak at board meetings at an appropriate time determined by the board before the board votes on an issue. The board may limit the number of homeowners who may speak on each side of an issue. C.R.S. § 38-33.3-308.

Contested elections of executive board members shall be done by secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Volunteers shall be selected by the presiding board member, and shall not be board members or candidates. Votes on other matters must be by secret ballot if requested by the board or by 20% of owners present. C.R.S. § 38-33.3-310.

iv) Enforcement of Covenants and Rules (1-1-06) [Source: SB 05-100]

The Enforcement of Covenants and Rules is described throughout the Declaration and Bylaws, and more particularly in Bylaw 4.10.1-2 and 11.2 and Declaration 6.7

v) Records, Inspection and Copying (1-1-06) [Source: SB 05-100]

The Members rights to inspect, examine, and copy the Records of the Association are described throughout the Bylaws and Declaration and more particularly in Bylaws 12.2;

vi) Investment of Reserves (1-1-06) [Source: SB 05-100]

The Association invests its cash reserve balances in conservative investments such as FDIC insured bank accounts, money market instruments, or short-term Certificates of Deposit; Boards are subject to the standard of care in section 7-128-401 of the Colorado Revised Nonprofit Code, which requires boards to invest reserve funds in good faith and with the care of an ordinarily prudent person in like circumstances would take.

vii) Adoption of Policies (1-1-06) [Source: SB 05-100]

The Adoption of Policies is described throughout the Bylaws and Declaration and more particularly in section 10.10 of the Bylaws;

viii) Disputes between the Association and Unit Owners. A copy of this policy must be made available to an owner on request. (1-1-07) [Source: SB 06-89]

Unit Owners, or members, may only submit written correspondence to the Board of Directors formally describing any Dispute between the Association and Unit Owners. If the Board determines that the Dispute has merit or lack thereof, the Board will so respond in writing to the member who has brought the issue before the Board. The Board will attempt to resolve the Dispute to the satisfaction of the reporting member via oral and written discussion. If the Dispute remains unresolved after these mutual efforts within a 60-day period, the Board will end oral and written discussions on the matter with the member. At all times the Board will follow the processes described in the Bylaws and the Declaration regarding its conduct in the matter, including, but not limited to, obtaining the advice of counsel on how best to proceed in order to protect the interests of all of the members and the Association.

Other specifications contained in Colorado State laws are noted below:

ix) “All members of the executive Board shall have available all information related to the responsibilities and operation of the Association obtained by any other member of the Board.” This requirement is met by language throughout the Declaration and the Bylaws, and more particularly in sections 6.1-6.10 of the Bylaws and sections 5.4-5.9 of the Declaration;

x) “The Board may not act on behalf of the Association to amend the Declaration, to terminate the common interest community, or to elect members of the executive Board or determine the qualifications, powers and duties, or terms of office of Board members, but the Board may fill vacancies in its membership for the unexpired portion of any term;

- xi) “Committees of the Association shall be appointed pursuant to the governing documents of the Association. Or, if the governing documents contain no applicable provisions...The person appointed after August 15, 2009, to preside over any such committee shall meet the same qualifications as are required by the governing documents of the association for election or appointment to the executive board of the association.” ;

- xii) “An association may not prohibit display of an American flag, but may adopt rules regarding placement and manner. (b) An association may not prohibit display of a military service flag, but may adopt rules regarding size and manner. (c) An association may not prohibit display of political signs from 45 days before to 7 days after an election. An association may regulate the size and number of signs, but must permit at least one sign 36"x48" or as allowed by ordinance, whichever is smaller. (d) An association must permit the parking of a vehicle used for firefighting, law enforcement or ambulance or emergency medical services if the vehicle is necessary for employment. (e) An association must permit an owner to remove landscaping around a unit for fire mitigation. (f) An association may not require the use of cedar shakes or other flammable roofing materials. C.R.S. § 38-33.3-106.5.”

- xiii) The Association must register annually with the HOA Information and Resource Center.

- xiv) **REPLACEMENT RESERVE STUDY AND FUNDING POLICIES**
 - a. Reserve study was performed by a third party provider.

 - b. **The association will have an independent third party perform a reserve study in 2011.**

 - c. The association has performed a reserve study based on:

Both a Physical analysis – condition of existing common elements and future needs; and a Financial analysis – ability to raise and maintain funds for reserve needs.

- d. The association will update the **financial analysis** of the reserve study every seven years. The updates will be performed by a third party provider, and will be approved by the Association Board at each annual budget meeting.
- e. The association will update the **physical analysis** (if applicable) of the reserve study every seven years. The updates will be performed by a third party provider, and will be approved by the Association Board at each annual budget meeting.
- f. Reserve funding goals are based on:

Baseline Funding – Funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balances does not drop below zero during the projected period. The method used is to be reviewed and adopted annually by the Board of directors.

- g. The association has a plan for funding the work recommended in the study: reserve funds will be provided through Regular assessments, and/or Special Assessments, and/or Borrowing/Debt.