

**AMENDED AND RESTATED RESPONSIBLE GOVERNANCE POLICIES
FOR
OWL CREEK HOMES ASSOCIATION, INC.**

THESE AMENDED AND RESTATED RESPONSIBLE GOVERNANCE POLICIES FOR OWL CREEK HOMES ASSOCIATION, INC. SUPERSEDE AND REPLACE THE POLICIES FOR OWL CREEK HOMES ASSOCIATION, INC. PREVIOUSLY ADOPTED BY THE EXECUTIVE BOARD OF THE ASSOCIATION.

These Responsible Governance Policies (the "Policies") for Owl Creek Homes (the "Project") are adopted by the Executive Board ("Board") of the Owl Creek Homes Association, Inc., a Colorado non-profit corporation (the "Association") pursuant to Article IV, Section 10 of the Bylaws of the Association (the "Bylaws") and pursuant to the Declaration of the Association recorded as Reception No. 399737 of the records of Pitkin County, Colorado (the "Declaration"). These Policies have been formulated in an attempt to be fair and equitable to all Owners of property within the Project (the "Owners"), and except as otherwise expressly provided, these Policies shall apply to all Owners and to all family members, guests, invitees, tenants, employees, customers, contractors and agents of such Owners (collectively, the "Occupants"). Any capitalized term not defined herein shall have the meaning assigned to it in the Declaration, Articles or Bylaws. In the event of a conflict between the Declaration, the Articles, the Bylaws of the Association and these Policies, the Declaration, Articles, Bylaws, and Policies will govern and control in that order.

In compliance with and as required by the Colorado Common Interest Ownership Act, Section §38.33.3-101, *et seq.*, of the Colorado Revised Statutes (the "Act") the Association hereby adopts the following policies and procedures with respect to certain aspects of its governance of the Project.

A. Collections Policy and Procedures. In compliance with the Act and the Declaration, the Board hereby adopts the following uniform and systematic procedures regarding collection of assessments and other charges ("Collection Policy").

1. Due Dates, Late Charges, Interest, and Suspension of Rights.

a. Due Dates. The regular assessments and any special or default assessments are due and payable 30 days after notice of the amount is sent (the "due date"). Payments shall be deemed received and shall be posted on the date the payment is received by the Association or in the Association's payment processor's office. Any installment not paid in full within 30 days of the due date (60 days after the date the assessment was issued) shall be considered past due and delinquent.

b. Late Charge. A late charge in the amount of 10% of the amount due shall be imposed for any assessment, fine or other charge not paid within 30 days of the due date without further notice to the Owner. Such late charge is a personal obligation of the Owner and a lien on the Unit/Property.

c. Interest. Interest at the rate of 8% per annum shall accrue on any delinquent assessment, fine or other charge from the due date without further notice to the Owner.

Interest will be added to the Owner's account beginning 30 days following the due date. Such interest is a personal obligation of the Owner and a lien on the Unit/Property.

d. Suspension of Rights. An Owner's right to vote shall be automatically suspended if an assessment or other charge is not paid within 30 days of the due date.

2. Returned Check Charges.

a. If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following amounts, at the option of the Association: (i) an amount equal to the face amount of the check, draft, or money order and a return check charge of \$25.00; or (ii) if notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.

b. Any returned check shall cause an account to be past due if full payment of the periodic assessment or of any other charge is delinquent

c. If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check or wire transfer.

3. Attorney Fees. The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner pursuant to the terms of the Declaration and Colorado law. Attorney fees incurred by the Association shall be considered part of the assessments and shall be due and payable immediately when incurred, upon demand.

4. Application of Payments. All payments received on account of any Owner or the Owner's property, may be applied first to post-judgment attorney's fees, costs and expenses; then to costs and attorney's fees not reduced to a judgment; then to interest; then to late charges; then to returned check charges; then to fines and other amounts levied pursuant to the Declaration; then to delinquent assessments; then to current assessments not reduced to judgment; and finally to amounts reduced to judgment.

5. Delegation of Authority to Sign Notice of Lien. The Executive Board delegates authority to the Association's attorney to sign and acknowledge the Notice of Assessment Lien. This delegation may be withdrawn at any time. In the event the delegation is withdrawn, the Board will send written notice to the Association's attorney of the withdrawal.

6. Notices. Before taking any action in relation to a delinquency the Association shall contact the Owner in the same manner described below for a notice of delinquency. The Association shall maintain a record of all contacts with the delinquent Owner including information regarding the type of communication used to contact the Owner and the date and time the contact was made. In the event the Association shall cause a notice of delinquency, collection letter or demand

letter to be sent to a delinquent Owner, the Association shall send such notice of delinquency, collection letter or demand letter by certified mail, return receipt requested, and shall physically post a copy of the notice of delinquency, collection letter or demand letter at the Owner's Unit/Property. Additionally, the Association shall contact the Unit/Property Owner by first class mail, by text message to a cellular number that the Association has on file which was provided by the Owner or by e-mail to an e-mail address that the Association has on file which was provided by the Owner. Any notice of delinquency shall include the following information:

- a. The total amount due, with an accounting of how the total was determined;
- b. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan;
- c. The name and contact information for the individual whom the Owner may contact to request a copy of the Owner's ledger;
- d. That action is required to cure the delinquency and failure to do so within 30 days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's Unit/Property, or other remedies available under Colorado law;
- e. The method by which payments may be applied on the delinquent account of the owner; and
- f. The legal remedies available to the association to collect on the owner's delinquent account pursuant to the governing documents and Colorado law.

7. Referral of Delinquent Accounts to Attorneys. Prior to referral of a delinquent account to the Association's attorney and except as provided in the Act, the Association shall first send the delinquent Owner notice of delinquency offering the delinquent owner a one-time opportunity to enter into an 18-month payment plan. The payment plan shall permit the delinquent owner to pay off the deficiency in monthly payments over a period of at least eighteen months in monthly installments in an amount determined by the Owner provided that payments shall be at least \$25.00 per month. There shall be no foreclosure of the Association's lien for past-due assessments unless a delinquent Owner declines to enter a repayment plan or after accepting a repayment plan has failed to pay at least three of the monthly installments within 15 days after the monthly installments were due. In order to refer a delinquent account to the Association's attorney, a majority of the Board must vote to do so. Upon referral of a delinquent account to the Association's attorneys, the attorneys shall take appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. The Association's attorney is authorized to take whatever action is necessary, in consultation with the President of the Executive Board or other person designated by the Board, believed to be in the best interest of the Association, including, but not limited to:

a. Filing a lien against the delinquent Owner's property to provide record notice of the Association's claim against the property, if not already filed;

b. Filing suit against the delinquent Owner for a money judgment. The purpose of obtaining a personal judgment against the Owner is to allow the Association to pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts;

c. Instituting a judicial action of foreclosure on the Association's lien. The Association shall not pursue foreclosure against the Owner based on fines owed or liens associated therewith. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or in other circumstances that may favor such action. Prior to instituting a judicial action of foreclosure, the Association shall first provide the Owner with a notice of delinquency and shall have provided the information required pursuant to Section A.7., above;

d. Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim; and

e. Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, who manages rental of the Owner's property, and collects the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past due assessments, and prevent waste and deterioration of the property. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. Upon referral of any matter to the Association's attorney, the Association shall pay the Association's attorneys their usual and customary charges as well as any costs incurred by the attorney on the Association's behalf, promptly upon receipt of the monthly invoice from the attorney.

8. Notification to and Communication with Owners. This Collection Policy shall be made available to all Owners by the Association as required by Colorado law. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner shall be handled through the Association's attorney. Neither the manager, if any, nor any member of the Executive Board shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

9. Certificate of Status of Assessment/Estoppel Letter. On a monthly basis the Association shall send, by first-class mail, and by electronic mail, to each Owner, or such Owner's designee upon written request, who has any outstanding balance owed to the Association an itemized written statement of all assessments, fines, fees, and charges that the Owner owes to the Association.

10. Bankruptcies and Public Trustee Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any Unit/Property within the Association, the Association shall advise the Association's attorney of the same and turn the account over to the Association's attorney.

11. Waivers. The Association may alter the time for the filing of lawsuits and liens, or otherwise modify the procedures contained herein, as the Association shall determine appropriate under the particular circumstances. Any such accommodation shall be documented in the Association's files with the conditions of relief. Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Collection Policy.

B. Policy Regarding Executive Board Member Conflicts of Interest. The Association hereby adopts the following policies and procedures to handle Executive Board member conflicts of interest.

1. Definitions:

a. "Conflicting interest transaction" means a contract, transaction or other financial relationship between: (A) the Association and a Board member, or (B) between the Association and a party related to a Board member, or (C) between the Association and an entity in which a Board member of the Association is a manager or officer.

b. "Party related to a Board member" means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board member or party related to a Board member has a beneficial interest, or an entity in which a party related to a Board member is a member, owner, officer, or has a financial interest.

c. "Officer," for purposes of this policy only, means any person designated as an Officer of the Association and any person to whom the Board delegates responsibilities, including, without limitation, a managing agent, attorney, or accountant employed by the Board.

2. The Board member shall disclose the conflicting interest in the proposed transaction in an open meeting prior to the discussion and vote. Such disclosure shall be reflected in the minutes of the meeting or other written form.

3. The Board member shall not take part in the discussion and shall leave the room during the discussion and the vote on the matter. Notwithstanding the foregoing, a majority of the disinterested Board members may ask the interested Board member to remain during any portion of the discussion and/or vote, provided that the Board member does not vote.

4. The interested Board member shall count for the purpose of establishing a quorum of the Board for the matter in which there is a conflict.

5. The contract, Board decision or other Board action must be approved by a majority of the disinterested Board members. No contract, Board decision or other Board action in which a Board member has a conflicting interest shall be approved unless it is commercially reasonable to and/or in the best interests of the Association.

6. Notwithstanding anything to the contrary herein, no conflicting interest transaction shall be set aside solely because an interested Board member is present at, participates in or votes at a Board or committee meeting that authorizes, approves or ratifies the conflicting interest transaction if:

a. the material facts as to the Board member's relationship or interest as to the conflicting interest transaction are disclosed or known to the Executive Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board members, even though the disinterested Board members may be less than a quorum; or

b. the material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or known to the Members entitled to vote on the transaction, if any, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Board members entitled to vote; or

c. the conflicting interest transaction is fair to the Association.

7. No loans shall be made by the Association to its Board members or Officers. Any Board member or Officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment of the loan.

C. Policy Regarding Conduct of Board Meetings and Owner Meetings. The Association hereby adopts the following policy and procedure for Executive Board and Member meetings.

1. Board Meetings.

a. The Board shall hold at least one meeting every six months.

b. Notice of Board meetings shall be delivered to Board members at least seven days prior to the meeting. If a schedule is set for regular Board meetings, no notice beyond the schedule need be given.

c. All Board meetings shall be open to attendance by Members of the Association, or their representatives, provided that the Board may go into executive session for any purpose allowed by law. Members may be excluded from executive session. Prior to going into executive session, the chair of the meeting shall announce the purpose for the executive session.

d. The Board will post notice of upcoming Board meetings and the agenda on the Association's website, if any. In the event any Unit/Property Owner requests notice by e-mail and provides the Association with a valid e-mail address, notice will be provided to such Owner via e-mail.

e. Meetings may not be audiotaped or videotaped, provided that the Secretary may audiotape the meeting for the purposes of preparing the minutes. Such audiotape shall not be part of the Association's records and may be destroyed once the minutes are prepared.

f. Items shall be discussed pursuant to the meeting agenda, provided that items may be taken out of order if deemed advisable by a majority of Board members present. Items not on the agenda may be discussed once all other items have been concluded, time permitting.

g. Any Board member may make a motion. All motions shall be recorded in the minutes. Motions must be seconded to be discussed and voted upon. The minutes shall record the number of votes in favor, votes against, and abstentions. If any Board member requests his/her vote in favor or against or his/her abstention be recorded in the minutes, the minutes shall so reflect.

h. Board meetings are not required to be held in accordance with *Robert's Rules of Order*.

2. Annual Meetings/Special Member Meetings.

a. Notice of a Membership meeting shall be hand delivered or mailed to each Member at least 10 days prior to the meeting. Notice shall also be posted on the website, if any. If a Member requests notice by e-mail only and provides an e-mail address, notice will be provided by e-mail.

b. Each Member will sign in prior to the meeting for himself/herself and for any proxies he/she holds. Voting rights of delinquent Members are suspended and such Members shall not be given a ballot. If an election or vote is to be held, the Member will be given the appropriate number of ballots.

i. Secret ballots are required for the following: any ballot for election of a contested position on the Executive Board; and any ballot for other matters if so requested by at least 20% of the Members present in person or by proxy at the meeting.

ii. If secret balloting is not required, the Association may indicate the number of proxies held on the ballot itself.

c. The President, or other person directed by the Board, will call the meeting to order and conduct the meeting.

d. Meetings may not be audiotaped or videotaped, provided that the Secretary may audiotape the meeting for the purposes of preparing the minutes. Such audiotape shall not be part of the Association's records and may be destroyed once the minutes are prepared.

e. Each Member who wishes to speak will be given a reasonable time to speak, provided the chair may impose reasonable time limits to facilitate Member participation. Members may not speak a second time until everyone who wishes to speak has been given an opportunity to speak once. Members may not speak more than twice on any one topic, subject to the chair's discretion.

f. Members must maintain decorum and refrain from addressing the Membership or Board until recognized by the chair. Upon being recognized, the Member must state his/her name and address.

g. Members may not interrupt anyone who validly has the floor, or otherwise disrupt the meeting. Members may not engage in personal attacks on either Board members or other Members. All comments and questions are to be delivered in a businesslike manner and comments shall be confined to matters germane to the agenda item being discussed. No Member may use abusive, rude, threatening, vulgar or crude language.

h. Members must obey all orders made by the meeting chair, including an order to step down.

i. Any Member who refuses to follow the above rules will be asked to leave the meeting and is subject to a fine per the Association's fine Schedule.

j. Any motions must be seconded prior to discussion and voting. Because the nature of a motion and vote may be outside the Members' authority, the Board reserves the right to determine whether a motion will be considered binding on the Association or a recommendation for proceeding. Such determination may be made following consultation with legal counsel.

k. Ballots shall be counted by a neutral third party or by a committee of volunteers who shall be Members selected or appointed at an open meeting by the President of the Board or other person presiding during that portion of the meeting. The committee of volunteers shall not be board members and, in case of a contested election for a Board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without identifying information of Members participating in such vote.

l. Meetings are not required to be held in accordance with *Robert's Rules of Order*.

D. Enforcement of Association Covenants and Rules; and Notice and Hearing Procedures for Disputes Between an Owner and the Association.

1. Dispute Resolution. The Association hereby adopts the following policies and procedures for enforcement of the Association documents and for dispute resolution. Alternative methods of dispute resolution to avoid litigation encouraged by the Executive Board include negotiation and mediation. The Association encourages Owners or Occupants with disputes between themselves or with the Association to resolve such disputes without court proceedings. The Association will take reasonable steps to facilitate negotiation or mediation between Owners and/or Occupants, but will have no responsibility for any costs incurred by the parties to the dispute resolution process. By engaging in negotiation or mediation the parties are not waiving their right to employ legal counsel at their own expense to assist them or to file any appropriate litigation.

2. Required Dispute Resolution Procedure. Prior to filing a lawsuit against the Association, the Executive Board, or any Officer, manager, or committee member of the Association, an Owner must request and attend a hearing with the Executive Board. Any such request shall be in

writing and shall be personally delivered to any member of the Executive Board. The Owner, in such request and at the hearing, must make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's grievance. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the person requesting the hearing. The Board shall schedule this hearing for a date not less than 14 or more than 30 days from the date of receipt of the request. If the dispute cannot be resolved, the parties may utilize discretionary mediation procedures, but shall not be required to do so, or they may proceed to litigation.

3. Enforcement of Association Requirements. In the event a Unit/Property Owner, guest or tenant shall fail to comply with the requirements of the Declaration, Articles, Bylaws, Rules and Regulations or Policies of the Association, or shall fail to comply with the Resolutions, Decisions or Orders of the Executive Board (collectively "Requirements"), a Unit/Property Owner may be subject to the imposition of penalties as follows:

a. Notice of Violation. In the event a Unit/Property Owner, guest or tenant fails to comply with any of the Requirements, the Executive Board or the Managing Agent will provide written notice, to the owner of the Unit/Property, and to the tenant if the Unit/Property is subject to a lease, that a violation has occurred and specifically describe the violation ("Notice"). Such Notice shall be mailed by certified mail, return receipt requested, to the address of the Owner as set forth in the records of the Association or as provided in the records of the Pitkin County Assessor's office, by electronic mail, and shall be posted on the door of the Unit if the Unit is subject to a lease.

b. Right to Cure. The Owner, and tenant if applicable, will have a period of thirty (30) days from the date the Notice is hand delivered or deposited in the mail to cure the violation of the Requirements. If the Owner cures the violation within the period to cure, the Owner may notify the Association of the cure and, if the Owner sends with the notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the Unit/Property as soon as practicable to determine if the violation has been cured. If the Association does not receive notice from the Owner that violation has been cured, the Association shall inspect the Unit/Property within seven (7) days after the expiration of the thirty (30) day cure period to determine if the violation has been cured. If after inspection, the Association determines that the violation was not cured, the Association shall provide owner with another thirty (30) day period to cure. If the Owner fails to cure the violation following the second thirty (30) day cure period, the Association may take legal action in accordance with Section A.7. as set forth herein. Notwithstanding the foregoing, if the Association reasonably determines that the violation threatens the public safety or health, Owner shall have seventy-two (72) hours to cure the violation.

c. Penalties. In the event the Unit/Property Owner fails to cure (or cause the tenant to cure, as applicable) the violation within thirty (30) days, or seventy-two (72) hours in the event of a public safety or health violation, of the date the Notice is given, the Unit/Property Owner will be assessed a penalty in the amount of one hundred dollars (\$100.00) payable to the Association. If the Unit/Property Owner shall fail to cure the violation (or cause the violation to be cured) within thirty (30) days from the date the second Notice is given in accordance with Section D.3.b. as set forth herein, or six (6) days from the original Notice in the event of a public safety or

health violation, the Unit/Property Owner shall be assessed an additional penalty in the amount of four hundred dollars (\$400.00) payable to the Association. If the Owner shall fail to cure the violation before the expiration of the second 30-day period, the Association may take legal action against the Owner but shall not foreclose against the Unit/Property based on fines owed.

d. Hearing. An Owner may request a hearing before the Executive Board for any violation. The Owner must submit such a request in writing to the Board within seven (7) days of the date the Notice was given. If an Owner requests a hearing before the Board, the penalty for an uncured violation shall be stayed until seven (7) days after a decision is rendered by the Board after such hearing. On receipt of a request for a hearing, the Board shall set a date for a hearing and provide the Unit/Property Owner that received the Notice of Violation, as well as all other Members of the Association, notice of the date, time and location of such hearing. The Unit/Property Owner that received the notice of violation and any other Unit/Property Owners shall be entitled to submit any written or other materials to the Executive Board, either before or at the hearing, and shall be entitled to make an oral presentation at the hearing and to be represented by counsel at the hearing. The hearing shall be before the Executive Board in an open meeting; provided, however, that no Board member who has a direct personal or financial interest in the outcome of the hearing shall participate in the hearing. The Executive Board shall base its decision on information and testimony provided by the Owner and any other Member of the Association and shall by majority vote to determine whether or not there is a violation of the Requirements and, if so, when such violation was cured or what actions are necessary to cure such violation.

e. Collection. Any penalties assessed hereunder shall be an assessment and the Association shall be entitled to collection thereof in the same manner and by the same procedures as provided in the Collection Policy, except that the Association shall not foreclose on an assessment lien if the debt securing the lien consists only of one or both of fines or collection costs including attorney's fees. Further, the Association shall be entitled to injunctive relief in the event the Owner has failed to cure the violation within thirty (30) days of the date the second Notice was given in accordance with Section D.3.b. as set forth herein, or six (6) days from the original Notice in the event of a public safety or health violation.

E. Policy Regarding Examination, Inspection, Copying, and Retention of Association Records. The Association hereby adopts the following revised policies and procedures for records inspection.

1. Pursuant to the Act, the Association shall maintain, at a minimum, the following records:

a. financial records for each Unit/Property sufficiently detailed to enable the Association to provide statements of unpaid assessments in accordance with the Act;

b. detailed records of receipts and expenditures affecting the operation and administration of the Association;

c. records of claims for construction defects and amounts received pursuant to settlement of those claims;

d. minutes of Membership meetings, minutes of Board meetings, a record of all actions taken by the Members or Board by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Board in place of the Board on behalf of the Association, and a record of all waivers of notices of meetings of Members and of the Board or any committee of the Board;

e. written deliberations and votes cast by Board members that are directly related to any action taken by the Board by action without a meeting pursuant to law or pursuant to the Association bylaws;

f. a record of Members in a form that permits preparation of a list of names and addresses of all Members, showing the number of votes each Member is entitled to vote and their physical mailing addresses ("Membership List");

g. the Articles of Incorporation (or other corresponding organization documents), Declaration, Covenants, Bylaws, Policies, and Resolutions or Rules or Decisions or Orders adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Members;

h. written communications within the past three years to Members generally as Members;

i. a list of the names and business or home addresses (both electronic and physical) of its current Board members, Managing Agents and Officers;

j. its most recent annual report, if any;

k. financial statements for the immediately preceding three years and federal and state tax returns for the immediately preceding ten years (if available);

l. all financial audits or reviews conducted pursuant to the Act during the immediately preceding three years;

m. an account for each Unit/Property showing the name and address of the Member, the name and address of any mortgagee who has given notice of the mortgage, the amount of the assessment or other charges, the due date of the assessment, and the amounts paid;

n. a record of any approved capital expenditures in excess of \$1,000.00 for the current and succeeding 2 years;

o. the current balance of any reserve funds with the amount of those portions designated for a specific purpose;

p. the most recent balance sheet and income and expense statement, if any;

q. current operating budget;

- r. a record of any unsatisfied judgments against the Association and the existence of any pending lawsuits in which the Association is a defendant;
- s. record of insurance coverage;
- t. a record of known alterations or improvements to Units/Properties either approved by the Association or which are known to the Association and are in violation of the Declaration;
- u. a record of any health, safety, fire or building code violations of which the Board has knowledge, if the Board is responsible for enforcement;
- v. a record of the actual cost of maintenance of common elements (not including any discounts or allowances);
- w. most recent reserve study, if any;
- x. current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;
- y. records of Board or committee actions to approve or deny requests for design or architectural approval from Members; and
- z. ballots, proxies, and other records related to voting by Members for one year after the election, action or vote to which they apply.

2. Records shall be made reasonably available for inspection and copying by a Member or the Member's authorized agent. "Reasonably available" means available during normal business hours upon 10 days prior notice, or at the next regularly scheduled meeting, if such meeting occurs within 30 days after the request, to the extent that:

- a. the request is made in good faith;
- b. the request describes with reasonable particularity the records sought;
- c. the Member is prohibited from using Membership Lists for purposes unrelated to a Member's ownership interest, such as solicitation, commercial purposes or the sale of Membership information; and
- d. the information shall be kept strictly confidential except as required by the Act or other law.

3. A Membership List may not be:

- a. used to solicit money or property unless such money or property will be used solely to solicit votes of the Members in an election held by the Association;

- b. used for any commercial purpose;
- c. sold to or purchased by any person; or
- d. used for any other purpose prohibited by law. Any Member requesting a Membership List shall be required to sign an agreement indicating that he/she will not use the list for the purposes stated above.

4. Upon receipt of a request, the Association shall make an appointment with the Member, at a time convenient to both parties, to conduct the inspection. The Board may make many of the records listed above available on the website or via e-mail for the Member's convenience, provided that such availability does not reduce the Member's right to request and physically inspect records.

5. At the discretion of the Executive Board or manager, records will be inspected only in the presence of a Board member or other person designated by the Board.

6. During inspection, a Member may designate pages to be copied with a paperclip, post-it note, or other practical means provided by the Association. Copies will be made at a cost of \$0.20 per page or actual cost, whichever is greater. The Member shall be responsible for paying the total copying cost prior to receiving the copies.

7. Records may not be removed from the location in which they are inspected without the express written consent of the Board.

8. The following records will not be available for inspection without the express written consent of the Board:

- a. documents which are privileged or confidential between attorney and client or which concern pending or imminent court proceedings;
- b. documents related to investigative proceedings concerning possible or actual criminal misconduct;
- c. documents which, if disclosed, would constitute an unwarranted invasion of individual privacy;
- d. documents which the Association is prohibited from disclosing to a third party as a matter of law;
- e. documents which the Association is prohibited from disclosing that would be in violation of applicable law;
- f. inter-office memoranda, preliminary data, working papers and drafts, and general deliberative information or investigations which have not been formally approved by the Board;

- g. architectural plans and designs, unless released by the Member;
- h. contracts, leases, bids or similar matters that are currently in or under negotiation;
- i. executive session records; and
- j. documents relating to individual Units/Properties other than Unit/Property(s) owned by the requesting Member.

9. The Association must withhold documents relating to personnel, salary or medical records, and personal identification and account information.

10. The Association may pursue any Member for damages or injunctive relief or both, including reasonable attorney fees, for abuse of inspection and copying rights, including use of any records for a purpose other than that stated in the Member's request.

F. Investment of Reserve Funds Policy. The Association hereby adopts the following policies and procedures for investing its reserve funds, if any.

1. With regard to investment of reserve funds, Board members and Officers shall be subject to the standard of care outlined below. Officers, for purposes of this policy only, means any person designated as an Officer of the Association and any person to whom the Board delegates responsibilities, including, without limitation, a managing agent, attorney, or accountant employed by the Board.

a. Each Board member and Officer shall perform their duties regarding investment of reserves in good faith, in a manner the Board member or Officer reasonably believes to be in the best interests of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In the performance of their duties, a Board member or Officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (a) one or more Officers or employees of the Association whom the Board member or Officer reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, professional property manager, certified public accountant, or other persons as to matters which the Board member or Officer reasonably believes to be within such person's professional or expert competence; or (c) a committee of the Association on which the Board member or Officer does not serve if the Board member reasonably believes the committee merits confidence.

b. A Board member or Officer shall not be considered to be acting in good faith if the Board member or Officer has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A Board member or Officer shall not be liable to the Association or its Members for any action the Board member or Officer takes or omits to take as a Board member or Officer if, in connection with such action or omission, the Board member or Officer performs his duties in compliance with this policy. A Board member or Officer, regardless of title,

shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association.

2. The Executive Board shall establish the amount to be transferred to reserve funds on an annual basis. The amount shall be reflected in the budget to be ratified by the Owners.

3. Reserves may be invested in certificates of deposit, money market deposit accounts, money market funds, U.S. treasury and government obligations, municipal bonds and other state obligations, and other investments recommended by a financial advisor pursuant to the Association's investment goals. No funds shall be deposited or invested except in authorized investment funds.

4. The reserve funds shall be invested to achieve the following goals, in descending order of importance:

- a. Promote and ensure the preservation of principal;
- b. Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;
- c. Mitigate the effects of interest rate volatility upon reserve assets;
- d. Seek the highest level of return that is consistent with preserving the principal and accumulated interest; and
- e. Minimize investment costs.

5. The Board may consider the following circumstances in investing reserve funds:

- a. General economic conditions;
- b. Possible effect of inflation or deflation;
- c. Expected tax consequences;
- d. Role that each investment plays in the overall investment portfolio; and
- e. Other resources of the Association.

6. All accounts, instruments and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the Executive Board as appropriate, and shall be reviewed at least once per year.

7. The President and Treasurer, if the Treasurer is also a Board member, shall be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals in paragraph 4 above; and to enter into agreements, contracts and

arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. To withdraw or transfer funds, the signature of two Board members shall be required.

8. The Association may carry fidelity insurance to protect against theft or dishonesty from anyone with access to the reserve funds.

9. The Association's Treasurer, manager or other person designated by the Board shall maintain monthly statements, including detailed accounting of current values, income and all transactions.

10. Except in accordance with a specific plan approved by the Executive Board for repair, replacement or restoration of the Common Elements, the Association will not hold funds and/or have invested more than 150% of the previous approved annual budget.

G. Policy Regarding Adoption and Amendment of Policies, Procedures, and Rules Procedures. The Executive Board adopts the following Policies providing for a uniform and systematic procedure to amend and adopt the Association's policies, procedures and rules.

1. Definitions:

a. A policy is a course or principle of action adopted to guide the Executive Board.

b. A procedure is an established or official way of conducting a course of action.

c. A rule is defined as a regulation or requirement governing conduct or behavior.

2. Policies and procedures, in general, shall govern the activities of the Executive Board in the operation of the Association.

3. Rules, in general, shall govern the use of property within the community and the behavior of residents and/or their guests while in the community.

4. The Executive Board shall have the authority to adopt policies, procedures and rules to the extent they do not conflict with the Declaration, Articles of Incorporation, and Bylaws of the Association.

5. The Board shall have authority to adopt and amend those policies and procedures which govern Association operation. Such policies and procedures shall be adopted at an open Board meeting and documented in the minutes or in a formal resolution.

6. The Board may adopt Policies regarding uses of common property.


7. Prior to adopting final rules, the Board may send notice of a proposed rule to all owners and allow for a comment period. Rules, once adopted, shall be sent to all owners and shall be effective immediately.

H. Policy Regarding Owner Education. It is the policy of the Association to provide educational opportunities to Owners in accordance with applicable provisions of the Act. The Association's Managing Agent shall include in the notice of the annual meeting of the Owners, a statement that any Owner may contact the Managing Agent to schedule a meeting to learn about the Association, its governing documents, general operation, policies and procedures. This policy is deemed by the Executive Board to comply with C.R.S. §38-33.3-209.7.

CERTIFICATION:

I certify that the above Responsible Governance Policies were approved by the Executive Board of the Association by a vote of 7 to 0 at a Meeting of the Executive Board held on the 7 day of June, 2024.

Date: 6/19/24


Secretary of the Association