

	Policy Title		
	GOVERNANCE POLICIES		
	Adopted/Amended Date	Original Effective Date	Policy No.
	07/28/2022, 08/07/2024, 10/24/2024	August 10, 2022	
Administered By			
Board of Directors			

1. GENERAL

1.1 Scope. These Governance Policies ("***Governance Policies***") are adopted pursuant to, and are intended to comply with, C.R.S. § 38-33.3-209.5 and other relevant provisions of the *Colorado Common Interest Ownership Act*, C.R.S. § 38-33.3-101, *et seq.*, and the *Colorado Revised Nonprofit Corporation Act*, C.R.S. § 7-121-101, *et seq.*

1.2 Governance Policies. The following policies are included in these Governance Policies.

- Section 2: Records Retention and Copying Policy
- Section 3: Enforcement Policy
- Section 4: Collections Policy
- Section 5: Dispute Resolution Policy
- Section 6: Conflicts of Interest and Ethical Conduct Policy
- Section 7: Meeting Conduct Policy
- Section 8: Investment Policy
- Section 9: Amendments Policy

1.3 Definitions. Unless otherwise defined below or elsewhere in these Governance Policies, capitalized terms used in these Governance Policies are as defined in the Declaration.

1.3.1 "Association" means the Castle Pines Homes Association, Inc., a Colorado nonprofit corporation.

1.3.2 "Board" means the Board of Directors of the Association.

1.3.3 "Declaration" means the Amended and Restated Castle Pines Declaration and Agreement Creating Covenants, Conditions, Restrictions and Easements recorded May 2, 1989, at Book 852, Page 981, of the deed records of Douglas County, Colorado, as amended from time to time.

1.3.4 "Director" means a member of the Board.

1.3.5 “*DRC*” means the Association’s Design Review Committee established pursuant to Paragraph 25 of the Declaration.

1.3.6 “*Emergency Services*” means the Association’s Emergency Services Division established by the Board pursuant to Paragraph 5(g) of the Declaration. References to the Director of Emergency Services include his or her designee as applicable.

1.3.7 “*Enforcement Committee*” means the Association’s Enforcement Committee established by the Board pursuant to Article VIII of the Association’s Bylaws.

1.3.8 “*General Manager*” means the General Manager retained by the Association from time to time to manage the business and affairs of the Association. References to the General Manager include his or her designee as applicable.

1.3.9 “*Governing Documents*” means these Governance Policies, the Declaration the Rules, the Association’s Articles of Incorporation, Bylaws, Planned Unit Development Guide, Architectural Design Guide, Builder’s Information Outline, and other rules, policies, and procedures adopted by the Association from time to time, each as amended from time to time.

1.3.10 “*Rules*” mean the Rules and Regulations adopted by the Association, as amended from time to time.

1.3.11 “*Village*” means the real property and improvements covered by the Declaration, other than Commercial Lots, the Country Club Parcel, and the Golf Course Parcel.

1.3.12 “*Violation*” means a violation of the Governing Documents, other than a failure to pay when due Assessments, fines, or other charges owed to the Association under the Governing Documents, which is covered by the Collections Policy in Section 4. A Violation committed by an Owner’s tenants, residents, contractors (while performing work for the Owner), guests or other invitees will also be deemed a Violation committed by the Owner.

1.4 **Interpretation.**

1.4.1 *Generally.* When used in these Governance Policies, the word “including” means including without limitation and the singular includes the plural and *vice versa*. Section references are to sections in these Governance Policies unless otherwise indicated. References to sections of the Colorado Revised Statutes (C.R.S.) are to those sections as amended from time to time. These Governance Policies supersede and replace all governance policies and procedures adopted by the Association prior to the effective date of these Governance Policies. The Board is responsible for interpreting these Governance Policies and an interpretation made by the Board will be final and binding on all Owners absent fraud or manifest error. The Board may deviate from these Governance Policies if in its discretion the Board determines that the deviation is necessary or reasonable under the circumstances. These Governance Policies operate in conjunction with the other Governing Documents.

1.4.2 *Entities as Owners.* As defined in the Declaration, an “Owner” includes one or more persons or entities of record holding fee simple title to a Dwelling Unit. The Association will recognize any trustee, officer, or other person or entity holding actual or apparent authority to represent

an Owner entity as authorized to act and receive notices on behalf of that Owner entity unless the Association has reason to believe otherwise. The Association will deem acts or omissions by a representative with actual or apparent authority to represent an Owner entity in matters concerning the related Dwelling Unit as the acts or omissions of the Owner entity and may also, acting reasonably, deem them to be acts or omissions of the representative in his, her, or its individual capacity. Acts or omissions by such a representative in any other capacity will be attributed to that representative solely in his, her, or its individual capacity and not as a representative.

1.5 Conflicts. If a conflict arises between these Governance Policies and another Governing Document that the Board has authority to amend without additional approvals, the most recently adopted Governing Document will control. If a conflict arises between these Governance Policies and another Governing Document that the Board does not have authority to amend or has authority to amend only with additional approvals, the other Governing Document will control. If a conflict arises between these Governing Policies and applicable law, applicable law will control, and these policies will be deemed amended as necessary to comply with applicable law.

1.6 Committees and Administrative Offices. Except as otherwise provided in the Declaration, the Board may from time to time create or disband a committee or administrative office as it may deem appropriate to aid the Board in exercising its powers and performing its duties. Each committee or administrative office will adopt a charter or other governing document establishing its purpose, duties, powers, and rules of governance, consistent with the Governing Documents and subject to approval by the Board. No committee or administrative office will have or may exercise any power to act on behalf of the Association other than as and to the extent authorized in the Declaration or other Governing Documents, in its charter, or as otherwise specifically authorized by the Board. Unless otherwise indicated in the Declaration or other Governing Documents or in its charter, the duration of a committee or administrative office will be indefinite. Except as otherwise provided in the Governing Documents, the Board will appoint the members of each committee, committee chairs, and the holders of administrative offices created by the Board, each of whom will serve at the pleasure of the Board and may be removed or replaced by the Board at any time, with or without cause and with or without prior notice.

2. RECORDS RETENTION AND COPYING POLICY

2.1 Scope. This Records Retention and Copying Policy applies to the Association records described in Section 2.2 ("**Records**"), which will be available for inspection and copying as described in this Section 2. If the Association maintains other types of paper or electronic documents or maintains paper or electronic documents for a longer period than may be required by law, those documents will not be considered Records.

2.2 Maintenance of Records. In addition to any records specifically required by the Governing Documents or Colorado law, the Association will maintain at its principal office the following Records:

- (1) Detailed records of receipts and expenditures affecting the operation and administration of the Association;

- (2) Records of claims for construction defects and amounts received pursuant to settlement of those claims;
- (3) Minutes of Board and Member meetings;
- (4) Actions taken by the Board or Members by written ballot or by written consent in lieu of a meeting;
- (5) Actions taken by a committee acting on the behalf of the Board;
- (6) Written communications among, and the votes cast by, Directors that are directly related to an action taken by the Board without a meeting pursuant to the Association's Bylaws or Colorado law;
- (7) Waivers of the notice requirements for Member meetings, Board meetings or committee meetings;
- (8) The names of Members in a form that permits preparation of a list of names and physical mailing addresses of all Members, showing the number of votes each Member is entitled to vote;
- (9) The current Governing Documents and responsible governance policies required pursuant to Colorado law, and any other policies adopted by the Board;
- (10) Financial statements, to the extent available, showing in reasonable detail the Association's assets and liabilities and results of its operations for the past three years;
- (11) Tax returns for the past seven years, to the extent available;
- (12) A list of the names, email addresses and physical mailing address of the Association's current Directors and officers;
- (13) The Association's most recent annual report delivered to the Secretary of State;
- (14) Financial records sufficiently detailed to enable the Association to provide statements of unpaid Assessments in accordance with the *Colorado Common Interest Ownership Act*, C.R.S. § 38-33.3-101, *et seq.*;
- (15) The Association's most recent reserve study, if any;
- (16) Current written contracts to which the Association is a party;
- (17) Written contracts for work performed for the Association within the immediately preceding two years;
- (18) Records of Board or committee actions to approve or deny design or architectural approval requests from Owners;
- (19) Ballots, proxies, and other records related to voting by Members for one year after the election, action, or vote to which they relate (any identifying information on ballots may be redacted prior to inspection by a Member);
- (20) Resolutions adopted by the Board relating the characteristics, qualifications, rights, limitations and obligations of Members or any class of Members;
- (21) Written communications within the past three years to Owners generally;

- (22) A list of the current amounts of all unique and extraordinary fees, assessments, and expenses that are chargeable by the Association in connection with the purchase or sale of a Unit and are not paid for through Assessments, including transfer fees, record change fees, and the charge for a status letter or statement of Assessments due; and
- (23) The following additional information as required by C.R.S. § 38-33.3-209.4, as part of the Association's annual disclosures:
 - The date on which the fiscal year commences;
 - The operating budget for the current fiscal year;
 - A list, by Lot type, of the Association's current Monthly and Special Assessments;
 - The financial statements, including any amounts held in reserve, for the fiscal year immediately preceding the current annual disclosure;
 - The results of the most recent available financial audit or review, if any; and
 - A list of all Association insurance policies, including company names, policy limits, policy deductibles, additional named insureds, and expiration dates.

2.3 Permissive Exclusions. Pursuant to Colorado law, the Association may withhold from inspection and copying the following Records, to the extent that they are or concern:

- (1) Architectural drawings, plans, and designs, unless the legal owner of the drawings, plans or designs provides written consent to their release;
- (2) Contracts, leases, bids, or records related to transactions that are currently under negotiation;
- (3) Confidential files and communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work-product doctrine;
- (4) Files dealing with investigative proceedings concerning possible criminal conduct;
- (5) Disclosure of information in violation of law or a contractual commitment;
- (6) Records of an executive session of the Board; or
- (7) Records related to an individual Lot other than the requesting Owner's Lot.

If any of the foregoing records are made available for inspection, the procedures in Section 2.5 will apply.

2.4 Mandatory Exclusions. Pursuant to Colorado law, the following Records are not subject to inspection or copying and the Association will withhold from inspection and copying:

- (1) Personnel, salary, or medical records related to specific individuals; and
- (2) Personal identification and account information of Owners, including social security numbers, dates of birth, personal bank account information, driver's license numbers, telephone numbers, and email addresses.

Notwithstanding the foregoing, if an Owner or Village resident provides to the Association an express written authorization to disclose his or her telephone number or email address, the Association may publish that information to other Owners and Village residents. If the Owner or Village resident delivers

to the Association a written revocation of a prior authorization to disclose, the Association will cease making the information available and the Association may, but need not, change, retrieve or destroy any document or record published by the Association prior to the Association's receipt of the revocation.

2.5 Inspecting and Copying of Records. An Owner or his or her authorized agent may inspect and copy Association Records. Upon request, the Association may, but is not required to, allow an Owner or his or her authorized agent to inspect or copy other records. Records made available for inspection and copying will be subject to the following conditions, as well as the exclusions, conditions, and requirements of this Section 2:

- (1) The inspection and copying will be at the Owner's expense;
- (2) The inspection and copying will be conducted during regular business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday (excluding holidays), at the Association's office or other location designated by the Association; and
- (3) Prior to inspecting and copying a Record, the Owner must complete and sign an Owner Request for Records in substantially the form attached as Exhibit A to these Governance Policies. Failure to properly complete or sign the request form will be valid grounds for denying an Owner or agent the right to inspect or copy Records.
- (4) The Association reserves the right to have a representative present to observe any inspection and copying of Records by an Owner or the Owner's representative.
- (5) No Owner or Owner's agent may remove any Record from the place of inspection without written permission from the General Manager, nor may an Owner or Owner's agent mark in any manner, alter, or destroy any Record.

2.6 Limitations on Use. Unless otherwise specifically approved by the Board in writing, an Association ownership list may not be used by an Owner for:

- (1) A purpose unrelated to an Owner's interest as an Owner;
- (2) Soliciting money or property, unless the money or property will be used solely to solicit the votes of Owners in an election to be held by the Association;
- (3) A commercial purpose; or
- (4) Giving, selling, or distributing Association records to any person or entity.

2.7 Costs. If the Association so requires, an Owner requesting copies of Records will be responsible for reimbursement of actual costs incurred by the Association, including actual costs and labor to search, retrieve, and copy the Records requested. A minimum cost of 25 cents per page will be assessed for paper or electronic copies of Records unless waived by the General Manager. The Association may require a deposit equal to the anticipated actual cost of the requested Records, and failure to pay the deposit will be valid grounds for denying an Owner copies of the requested Records. If after payment of the deposit it is determined that the actual cost was more or less than the deposit, the Owner will pay or the Association will refund the difference, as applicable.

2.8 **Creation of Records.** Nothing in these Governance Policies will be construed to require the Association to create Records that do not exist or to compile existing Records in any particular format or order.

3. ENFORCEMENT POLICY

3.1 **Purpose.** The purpose of this Enforcement Policy is to encourage compliance with the Governing Documents for the benefit of all Owners and Village residents. For purposes of this Enforcement Policy, any communication, contact, other action taken by the General Manager, the Enforcement Committee, or the Board on behalf of the Association will be deemed taken by the Association.

3.2 **Definitions.** The following additional defined terms apply to this Enforcement Policy.

3.2.1 ***“Complainant”*** means an Owner, Village resident or guest, or Association representative (other than an Emergency Services officer) who submits a Complaint.

3.2.2 ***“Complaint”*** means a written document submitted by a Complainant pursuant to Section 3.2.2.

3.2.3 ***“Excluded Violation”*** means a Violation that (a) does not arise from the appearance, condition, use, or enjoyment of a Dwelling Unit, or (b) is committed by a Violator who is not an Owner.

3.2.4 ***“NOV”*** means a notice of Violation issued by an Emergency Services officer pursuant to Section 9.4 of the Rules.

3.2.5 ***“Presumptive Fine”*** means a fine listed in Section 3.12.4.

3.2.6 ***“Violation Notice”*** means a notice of Violation issued by or on behalf of the General Manager pursuant to Section 3.4.1, 3.5.1, 3.5.4, 3.6.1, or 3.7.1.

3.2.6 ***“Violator”*** means the person alleged to have committed or to be responsible for a Violation. If more than one person is alleged to have committed or to be responsible for a Violation, each such person will be considered a Violator and references in this Enforcement Policy to a Violator includes each such person.

3.3 **Complaints.**

3.3.1 **NOVs.** An Emergency Services officer may issue an NOV in person directly to the Violator for a Violation observed by that officer pursuant to Section 9.4 of the Rules. Emergency Services will forward a copy of the NOV to the General Manager for further action in accordance with this Enforcement Policy. If the Emergency Services officer is not able to personally deliver the NOV directly to the Violator, the NOV will be transmitted to the Violator in accordance with Section 3.4.1, 3.5.1, or 3.6.1, as applicable.

3.3.2 Submission of Complaints. A Complainant may submit a Complaint to the General Manager. The Complaint must (a) verify that the Complainant personally observed the alleged Violation, (b) identify the alleged Violator, if known, (c) describe the alleged Violation, citing the specific provisions of the Governing Documents that are alleged to have been violated, (d) state when and where the alleged Violation was observed, (e) include any other pertinent information, and (f) be signed by the Complainant. Complaints that do not comply with this Section 3.3.2 may be returned to the Complainant for correction or completion or may be dismissed without further action at the discretion of the General Manager.

3.3.3 Investigation of Complaints. Upon receipt of a Complaint pursuant to Section 3.3.2, the General Manager will investigate and attempt to verify the Complaint or may, at his or her discretion, delegate the investigation and verification to one or more Association representatives. If the General Manager determines that additional information is needed to investigate or verify a Complaint, the General Manager may return the Complaint to the Complainant with a request for further information available to the Complainant and may dismiss the Complaint if the requested information is not timely provided. If the General Manager finds that no Violation has occurred or that the Violator is not responsible for the Violation, he or she will dismiss the Complaint. If the General Manager reasonably determines that a continuing Violation has occurred based on a Complaint, the General Manager may attempt to secure voluntary compliance or proceed in accordance with Section 3.4, 3.5, or 3.7. If the General Manager reasonably determines that a non-continuing Violation has occurred based on a Complaint, the General Manager will proceed in accordance with Section 3.6 or 3.7 as applicable.

3.4 Continuing Violations that Threaten Public Safety or Health.

3.4.1 Violation Notice. Subject to Section 3.7, if the General Manager reasonably determines that a Violation that threatens public safety or health has occurred, is continuing, and is capable of being cured (whether the Violation is reported in an NOV or a Complaint) and that the Violator is responsible for the Violation, the Association will issue a Violation Notice to the Violator (a) explaining the nature of the Violation, (b) the action or actions needed to cure the Violation, (c) that the Violator has 72 hours to cure the Violation, (d) whether the Violator may pay a Presumptive Fine in lieu of a hearing, (e) unless a Presumptive Fine is available and is paid prior to the hearing, that a mandatory hearing before the Enforcement Committee pursuant to Section 3.8 has been or will be scheduled before any fines will be assessed, (f) if the hearing has been scheduled, the date, place, and time of the hearing and the procedures to be followed at the hearing, or if the hearing has not yet been scheduled, that information concerning the hearing will be forthcoming in a future notice, and (g) that the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 if the Association conducts an inspection and determines that the Violation has not been cured within the 72-hour cure period.

3.4.2 Optional Response by the Violator. The Violator may, but is not required to, submit a response to an NOV or a Violation Notice to the General Manager. The response may explain why the Violator believes that no Violation has occurred, explain why the Violator believes that the Violator is not responsible for the Violation, or provide other exculpatory information. The General Manager will forward to the Enforcement Committee in advance of the hearing any responses received from the Violator.

3.4.3 Inspection and Enforcement. If the NOV or Complaint has not previously been dismissed, the Association will inspect the Violation site as soon as practicable after the 72-hour cure period ends. If, upon inspection, the General Manager determines that the Violation has not been cured, the General Manager will report his or her findings to the Enforcement Committee. If the General Manager's report confirms that the Violation has not been cured within the 72-hour cure period, the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 following the hearing pursuant to Section 3.8. If the Enforcement Committee reasonably determines that the Violation poses an imminent threat of substantial damage to or destruction of real or personal property, personal injury or death, or substantial damage to the reputation of the Association or the Village, the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 in advance of the hearing, subject to adjustment as appropriate following the hearing, and direct the General Manager to so notify the Violator.

3.5 Continuing Violations that do not Threaten Public Safety or Health.

3.5.1 Initial Violation Notice. Subject to Section 3.7, if the General Manager reasonably determines that a Violation that does not threaten public safety or health has occurred, is continuing, and is capable of being cured (whether the Violation is reported in an NOV or a Complaint) and that the Violator is responsible for the Violation, the Association will issue a Violation Notice to the Violator via certified mail, return receipt requested (and at his or her option any other method authorized in Section 3.16), (a) explaining the nature of the Violation, (b) the action or actions needed to cure the Violation, (c) that the Violator has 30 days to cure the Violation, (d) whether the Violator may pay a Presumptive Fine in lieu of a hearing, (e) unless a Presumptive Fine is available and is paid prior to the hearing, that a mandatory hearing before the Enforcement Committee pursuant to Section 3.8 has been or will be scheduled before any fines will be assessed, (f) if the hearing has been scheduled, the date, place, and time of the hearing and the procedures to be followed at the hearing, or if the hearing has not yet been scheduled, that information concerning the hearing will be forthcoming in a future notice, and (g) that the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 if the Association conducts an inspection and determines that the Violation has not been cured within the 30-day cure period.

3.5.2 Optional Response by the Violator. The Violator may, but is not required to, submit a response to an NOV or Violation Notice to the General Manager. The response may explain why the Violator believes that no Violation has occurred, explain why the Violator believes that the Violator is not responsible for the Violation, or provide other exculpatory information. The General Manager will forward to the Enforcement Committee in advance of the hearing any responses received from the Violator.

3.5.3 Inspection and Enforcement. Within the initial 30-day cure period in Section 3.5.1, the Violator may notify the General Manager that the Violation has been cured and provide visual evidence of the cure (if the cure can be validated by visual evidence). If the Violator so notifies the General Manager and, upon inspection, the General Manager determines that the Violation has not been cured, the General Manager will report his or her determination to the Enforcement Committee and the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13. If the NOV or Complaint has not previously been dismissed and within the

initial 30-day cure period the Violator fails to notify the General Manager that the Violation has been cured, the Association will inspect the Violation site within seven days after the initial 30-day cure period has expired and if, upon inspection, the General Manager determines that the Violation has not been cured, the General Manager will report his or her findings to the Enforcement Committee and the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 following the hearing pursuant to Section 3.8. If the Enforcement Committee reasonably determines that a Violation poses an imminent threat of substantial damage to or destruction of real or personal property, personal injury or death, or substantial damage to the reputation of the Association or the Village, the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 in advance of the hearing, subject to adjustment as appropriate following the hearing, and direct the General Manager to so notify the Violator.

3.5.4 Second Violation Notice. If the NOV or Complaint has not previously been dismissed and the General Manager determines pursuant to Section 3.5.3 that the Violator has failed to cure the Violation, the Association will issue a second Violation Notice to the Violator giving the Violator a second 30-day period to cure the Violation, beginning on the day following the end of the initial 30-day cure period. If the NOV or Complaint has not previously been dismissed and, upon inspection, the General Manager determines that the Violation has not been cured within the second 30-day cure period and the Enforcement Committee has not already done so, the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 following the hearing pursuant to Section 3.8. A Violation cured during the second 30-day cure period will not eliminate any fines assessed and other sanctions imposed by the Enforcement Committee for failure to cure the Violation during the initial 30-day cure period.

3.5.5 Repeat Violations. The Association may at its option treat as one continuing Violation, a Violation for which a Violation Notice is given pursuant to Section 3.5.1 and a second Violation by the same Violator that is substantially the same as the initial Violation and that occurs within 90 days after the date of the initial Violation Notice given pursuant to Section 3.5.1, regardless of whether the initial Violation was cured prior to the second Violation. If the Association elects to do so, (a) the General Manager will so notify the Violator in the manner described in Section 3.5.1 and state in the notice that a hearing has been or will be scheduled and, if scheduled, the date, place, and time of the hearing, (b) the Violation Notice for the initial Violation will also cover the second Violation and no additional cure periods need be offered beyond those provided in the initial Violation Notice, (c) any cure of the initial Violation will be disregarded if it occurs before the second Violation, and (d) the Enforcement Committee may assess fines and impose other sanctions as described in Section 3.5.3, but the total fines assessed for the continuing Violation may not exceed the maximum amount in Section 3.12.1.

3.6 Non-Continuing Violations.

3.6.1 Violation Notice. Subject to Section 3.7, if a Violation that is not of a continuing nature and is incapable of being cured is cited in an NOV that cannot be delivered personally by the Emergency Services officer directly to the Violator, the General Manager will send the NOV to the Violator via certified mail, return receipt requested (and at his or her option any other method authorized in Section 3.16). Subject to Section 3.7, if the General Manager reasonably determines that a Violation not cited in an NOV has occurred, is not of a continuing nature, and is incapable of being cured and that the

Violator is responsible for the Violation, the General Manager will issue a Violation Notice to the Violator via certified mail, return receipt requested (and at his or her option any other method authorized in Section 3.16), (a) explaining the nature of the Violation, (b) whether the Violator may pay a Presumptive Fine in lieu of a hearing (c) unless a Presumptive Fine is available and has been paid prior to the hearing, that a mandatory hearing before the Enforcement Committee pursuant to Section 3.8 has been or will be scheduled before any fines will be assessed, (d) if the hearing has been scheduled, the date, place, and time of the hearing and the procedures to be followed at the hearing, or if the hearing has not yet been scheduled, that information concerning the hearing will be forthcoming in a future notice, and (e) that the Enforcement Committee may assess a fine authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 following the hearing. No further Violation Notice is required for a Violation that is not of a continuing nature, that is incapable of being cured, and that is cited in an NOV delivered personally by the Emergency Services officer directly to the Violator.

3.6.2 Optional Response by the Violator. The Violator may, but is not required to, submit a response to an NOV or Violation Notice to the General Manager. The response may explain why the Violator believes that no Violation has occurred, explain why the Violator believes or that the Violator is not responsible for the Violation, or provide other exculpatory information. The General Manager will forward to the Enforcement Committee in advance of the hearing any responses received from the Violator.

3.7 Excluded Violations.

3.7.1 Applicability. Sections 3.4, 3.5, 3.6, 3.16.2, 3.16.3, and 3.16.4 do not apply to Excluded Violations. Fines issued for continuing Excluded Violations may be issued daily and the \$500 limit in Section 3.12.1 does not apply to Excluded Violations. The remaining sections of this Enforcement Policy apply to Excluded Violations unless otherwise indicated.

3.7.2 Violation Notice. if the General Manager reasonably determines as a result of a Complaint that an Excluded Violation has occurred and that the Violator is responsible for the Excluded Violation, the Association will issue a Violation Notice to the Violator (a) explaining the nature of the Excluded Violation, (b) the action or actions needed to cure the Excluded Violation if it is a continuing Violation and any permitted cure period, (c) the fine or other sanctions, if any, then imposed by the Enforcement Committee, (d) whether the Violator may pay a Presumptive Fine in lieu of a hearing, (d) unless a Presumptive Fine is available and is paid prior to the hearing, that a mandatory hearing before the Enforcement Committee pursuant to Section 3.7 has been or will be scheduled before any fines will be assessed, (e) if the hearing has been scheduled, the date, place, and time of the hearing and the procedures to be followed at the hearing, or if the hearing has not yet been scheduled, that information concerning the hearing will be forthcoming in a future notice, and (f) that the Enforcement Committee may assess fines authorized in Section 3.11 and impose other sanctions authorized in Section 3.12. Notice to a Violator of an Excluded Violation will be given and effective for all purposes when personally delivered to the Violator, sent by first-class U.S. mail postage prepaid, to the Violator's last known address, or sent by email to the Violator's last known email address, and will be effective upon delivery or sending. No further notice is required to be given to a Violator who has received an NOV for an Excluded Violation.

3.7.3 Optional Response by the Violator. The Violator may, but is not required to, submit a response to an NOV or Violation Notice to the General Manager. The response may explain why the Violator believes that no Excluded Violation has occurred, explain why the Violator believes or that the Violator is not responsible for the Excluded Violation, or provide other exculpatory information. The General Manager will forward to the Enforcement Committee in advance of the hearing any responses received from the Violator.

3.7.4 Enforcement. If the NOV or Complaint has not previously been dismissed and a continuing Excluded Violation has not been cured within the cure period, if any, stated in the Violation Notice, the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 following the hearing pursuant to Section 3.8. If the Enforcement Committee reasonably determines that a continuing Excluded Violation poses an imminent threat of substantial damage to or destruction of real or personal property, personal injury or death, or substantial damage to the reputation of the Association or the Village, the Enforcement Committee may assess fines authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 in advance of the hearing, subject to adjustment as appropriate following the hearing, and direct the General Manager to so notify the Violator.

3.8 Hearings.

3.8.1 Right to a Hearing. Each Violator has a right to a hearing on a Violation before the Enforcement Committee if the NOV or Complaint has not previously been dismissed and the Violator has not already resolved the Violation by payment of a Presumptive Fine or otherwise. If a hearing on the NOV or Violation Notice has not already been scheduled by the Enforcement Committee, the Violator may request a hearing by written request to the General Manager, and the General Manager will schedule the hearing and notify the Violator of the date, time, and place of the hearing and the procedures to be followed at the hearing at least 10 days prior to the hearing date. A Violator may also request in writing before the date of a scheduled hearing a reasonable postponement of the hearing to the next scheduled Enforcement Committee hearing date and one such postponement will be automatically granted by the General Manager. The Enforcement Committee reserves the right to schedule and reschedule hearings as needed and will direct the General Manager to notify interested parties as appropriate.

3.8.2 Hearing Procedures. The following procedures will apply to each hearing before the Enforcement Committee, in addition to any other procedures the Enforcement Committee may from time to time reasonably impose:

- (1) At the beginning of each hearing, an Association representative will introduce the case by describing the alleged Violation and the procedure to be followed during the hearing. Each party or the party's designated representative may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The Enforcement Committee may question the parties, their representatives, and witnesses and may also impose such other rules of conduct as may be appropriate under the circumstances.
- (2) If the hearing relates to an NOV, the Emergency Services officer issuing the NOV must attend the hearing. If the hearing relates to a Complaint, the

Complainant must attend the hearing. If an Emergency Services officer or Complainant fails to attend a hearing, the Enforcement Committee may reschedule the hearing or dismiss the NOV or Complaint.

- (3) Unless the NOV or Violation Notices indicates that a Presumptive Fine may be paid in lieu of a hearing and the Presumptive Fine is paid prior to the hearing, the Violator must attend the hearing. If the alleged Violator fails to attend the hearing, he or she will be deemed to have admitted responsibility for the Violation as described in the NOV or Complaint and to have waived any right to a further hearing on or appeal of the Violation. The Enforcement Committee may also increase a fine or impose other sanctions for failure to attend a mandatory hearing.
- (4) Each hearing will be conducted in executive session pursuant to C.R.S. § 38-33.3-308(4)(e), and unless otherwise authorized by the Enforcement Committee, attendance will be limited to (a) members of the Enforcement Committee, (b) representatives of the Association, including the Emergency Services officer issuing an NOV, if applicable, (c) the Complainant and his or her representatives, if applicable, (d) the alleged Violator and his or her representatives, and (e) witnesses invited by the parties and the Enforcement Committee. Deliberations by the Enforcement Committee will be conducted in executive session and the Enforcement Committee may limit attendance at those deliberations as it sees fit.
- (5) Failure to strictly follow the hearing procedures set forth in this Section 3.8.2 will not be grounds for appeal of the Enforcement Committee's decision, absent a showing of denial of due process.

3.8.3 Enforcement Committee Decision. The Enforcement Committee may base its decision solely on the matters set forth in the Complaint, written submissions by the parties, results of the investigation, and such other credible evidence as may be presented at the hearing. The Enforcement Committee will render its written findings and decision within 40 days after the hearing or such longer period as the General Manager may set, not to exceed 90 days. A decision by a majority of the Enforcement Committee present at the hearing is required for a finding against the alleged Violator. Based on the testimony and other evidence presented at the hearing:

- (1) If the Enforcement Committee determines that no Violation has occurred or that the Violator is not responsible for the Violation, the Enforcement Committee will dismiss the Complaint, revoke any fines assessed and other sanctions previously imposed, direct the General Manager to return any fines paid, and direct the General Manager to so notify the Violator.
- (2) If the Enforcement Committee determines that the Violation described in Section 3.4 or 3.5 or a continuing Excluded Violation described in Section 3.7 has occurred, that the Violator is responsible for the Violation, and that the Violation has not been cured within the initial cure period described in the Violation Notice, the Enforcement Committee may assess a fine authorized in Section 3.12 and impose other sanctions authorized in

Section 3.13 even if the Violation was subsequently cured and will direct the General Manager to so notify the Violator.

- (3) If the Enforcement Committee determines that the Violation described in Section 3.4 or 3.5 has been cured, the Enforcement Committee will direct the General Manager to notify the Violator that the Violation has been cured, that no further fines will be assessed with respect to the Violation, and the outstanding balance of any fines previously assessed.
- (4) If the Enforcement Committee determines that the Violation described in Section 3.6 or a non-continuing Excluded Violation described in Section 3.7 has occurred and that the Violator is responsible for the Violation, the Enforcement Committee may assess a fine authorized in Section 3.12 and impose other sanctions authorized in Section 3.13 and will direct the General Manager to so notify the Violator.
- (5) The Enforcement Committee may also modify the description of the Violation in the NOV or Complaint, modify any fine previously assessed or sanction previously imposed and assess new fines as authorized in Section 3.12 or impose new sanctions as authorized in Section 3.13.

3.9 Appeals.

3.9.1 *Right to Request an Appeal.* A person negatively impacted by a decision of the Enforcement Committee or another committee established by the Board may appeal the adverse decision to the Board by notice to the General Manager within 10 business days after receiving the adverse decision, setting forth the specific grounds for the appeal. This Section 3.9 does not apply to the DRC, which is established by the Declaration and whose decisions are not subject to Board review, unless the DRC elects to submit an appeal to the Board for review and agrees to abide by the Board's decision on appeal. Upon the General Manager's receipt of a timely notice of appeal, the committee issuing the adverse decision will stay further action pending resolution of the appeal (other than fines assessed by the Enforcement Committee pursuant to Section 3.12) unless the committee finds that irreparable damage would occur because of the stay, in which event the committee may act as necessary to prevent irreparable damage. If a timely notice of appeal is not received by the General Manager, the decision of the committee will be final and binding on all parties involved, and the stay of further action will be lifted.

3.9.2 *Board's Acceptance of Appeal.* The Board may, but is not required to, accept an appeal. The General Manager will promptly notify the Board of the appeal request and If a majority of the Board agrees in writing to accept the appeal within 30 days after being notified of the appeal request by the General Manager, the stay of further action will continue upon such terms and conditions as the Board may from time to time prescribe. If a majority of the Board does not agree in writing to accept the appeal within 30 days after being notified of the appeal by the General Manager, the appeal will be deemed rejected, the decision of the committee will be final and binding on all parties involved, and the stay of further action will be lifted.

3.9.3 *Standard of Review.* If the Board accepts an appeal pursuant to Section 3.9.2 and unless the Board determines that a broader review is warranted due to bias or other extraordinary

circumstances, the Board will limit its review to determining the following to the extent raised in the appeal: (a) whether a procedural error prejudicial to the appellant occurred, (b) whether the committee correctly applied the applicable provisions of the Governing Documents to the facts and circumstances as determined by the committee, and (c) whether any discretion exercised by the committee was exercised in a reasonable manner. The Board will then render its decision on the appeal or return the matter to the committee for further consideration. If an appellant presents new evidence to the Board that was not presented to the committee, the Board may in its discretion disregard the new evidence and render its decision based on the evidence presented to the committee, return the matter to the committee for consideration of the new evidence, or consider the new evidence and render its decision accordingly.

3.9.4 Appeal Procedures. Each appeal will be conducted in executive session pursuant to C.R.S. § 38-33.3-308(4)(e), and unless otherwise authorized by the Board, attendance will be limited to (a) the Board, (b) members of the committee whose decision is being appealed, (c) representatives of the Association, (d) if applicable, the Emergency Services officer issuing an NOV or the Complainant and the alleged Violator and their respective representatives, and (e) witnesses invited by the parties and the Board. Interested parties will be offered an opportunity to be heard at the appeal. Deliberations by the Board will be conducted in executive session and the Board may limit attendance at those deliberations as it sees fit. The Board may establish additional procedures for handling appeals as needed in accordance with the Association's Bylaws. Upon reaching a decision, the Board will direct the General Manager to notify the appellant of the decision reached. The decision of the Board on an appeal will be final and binding on all parties involved.

3.10 Conflicts of Interest. No person who has a direct personal or financial interest in the outcome of an NOV or Complaint or a decision on appeal may participate in any discussion or decision regarding that NOV, Complaint, or decision. Any participant who learns of the existence of an actual or potential disqualifying interest must promptly disclose it to the Board, and the disinterested Directors will make the final determination as to whether that person will be disqualified to participate in discussions and decisions regarding the NOV, Complaint, or decision being appealed.

3.11 Enforcement Decisions. Decisions of the Enforcement Committee and the Board under this Enforcement Policy must be in writing, will be provided to the Violator as described elsewhere in this Enforcement Policy, and will be final and binding on all interested parties absent fraud or manifest error. Enforcement decisions may also be provided to the Violator's representative or to the Complainant at the discretion of the entity rendering the decision.

3.12 Fines.

3.12.1 Generally. The Enforcement Committee or the Board on appeal may assess a reasonable fine for a Violation, subject to the limitations in this Section 3.12, without the necessity of commencing a legal action. Fines for a continuing Violation described in Sections 3.4 and 3.5 may be assessed no more frequently than every other day. The total amount of fines assessed for a single Violation described in Sections 3.5 and 3.6 may not exceed \$500.00. The Enforcement Committee or the Board on appeal may waive all or any portion of a fine if in its discretion the waiver is appropriate under the circumstances. The Enforcement Committee or the Board on appeal may also condition its waiver

upon the Violator complying with and remaining in compliance with the Governing Documents or other conditions.

3.12.2 Determination. The Association has established Presumptive Fines for many common Violations, listed in Section 3.12.4. The Presumptive Fines apply to the election in Section 3.12.3 and serve as a guide to the Enforcement Committee (or the Board on appeal) for assessing fines. The Enforcement Committee (or the Board on appeal) may levy the Presumptive Fine amount, if applicable, or a higher or lower amount that is reasonable under the circumstances. In determining whether a fine is reasonable, the Enforcement Committee (or the Board on appeal) will consider all relevant facts then known, including (a) the severity of the Violation, (b) any resulting injury or damage and its impact on the Village or its reputation, (c) whether the Violation was intentional or inadvertent, (d) whether the Violator was cooperative during the enforcement process, (e) the Violator’s history of prior Violations, and (f) the need to deter similar Violations in the future.

3.12.3 Eligibility to Pay a Presumptive Fine in Lieu of a Hearing. Unless the NOV, the Violation Notice, or the Governing Documents mandate a hearing, a Violator may elect not to contest the NOV or Violation Notice by paying to the Association prior to the hearing the Presumptive Fine listed in Section 3.12.4 and referenced in the NOV or Violation Notice. Timely payment of a Presumptive Fine will constitute final disposition of the Violation cited in the Violation Notice, the Violator’s admission that the Violation occurred as described in the NOV or Violation Notice, that the Violator is responsible for the Violation as described in the NOV or Violation Notice, and that the Violator has irrevocably waived his or her right to a hearing on the Violation. A Violation not listed in Section 3.12.4 will be adjudicated in a hearing pursuant to Section 3.8.

3.12.4 Presumptive Fines. The following Presumptive Fines have been established for the following Violations:

Dec. §	Rule §	Violation	Fine
13(u)	3.1	Offensive conduct or activity	\$200
	3.2	Increased insurance risk	\$200
	3.3	Littering	\$100
	3.4	Hunting or interference with wildlife	\$200
13(e)	3.5	Signs and flags	\$100
13(i)	3.6	Outside storage	\$100
	3.8	Temporary structures	\$200
13(n)	3.9	Antennae	\$200
13(m)	3.10	Automobile repair	\$100
	3.11	Open garage door	\$100
	3.12	Outdoor sales	\$200
13(n)	3.13	Interference with electrical devices	\$200
13(l)	3.14	Outside laundry	\$100
13(j)	3.15	Recreational equipment	\$200

Dec. §	Rule §	Violation	Fine
13(h)	3.16.1 3.16.2 3.16.3	Trash and recycling storage and disposal	\$100
	3.16.4	Misuse of Village dumpsters	\$300
	3.17	Holiday decorations	\$100
	3.19	Outdoor cameras	\$100
	4.2	Speeding – see schedule of fines in Section 4.2 of the Rules, but in no event more than \$500 per Violation	
	4.3.1	No current driver’s license	\$100
	4.3.2	Failure to license vehicle	\$200
	4.3.2	Failure to maintain automobile liability insurance	\$200
	4.3.3	Excessive vehicle noise	\$100
	4.3.4	Unsafe driving	\$200
	4.3.5	Off-road driving	\$200
	4.3.6	Operation of unauthorized vehicles on trails	\$100
	4.3.7	Improper operation of motorcycles and motorbikes	\$200
	4.3.8	Improper operation of off-road recreational equipment	\$200
	4.3.9	Unlicensed motor vehicles	\$100
	4.3.10	Bicycles and scooters	\$100
	4.3.11	Toy vehicles	\$100
13(b) 13(m)	4.4	Vehicle parking	\$100
13(b)	4.4	Vehicle parking that causes damage to Association or other private property	\$200
13(t)	5.1	Failure to maintain property perils insurance	\$200
	5.2	Failure to test alarm system	\$100
13(p)	5.3	Creation of fire hazard	\$200
	5.4	Use of prohibited substance	\$200
	5.4	Storage of propane or other fuels	\$200
	5.5	Failure to clean and service fireplace	\$100
13(p)	5.6	Outside burning	\$200
	5.7	Possession of firearms	\$200
	5.7	Discharge of weapons	\$300
11	6.1	Misuse of Common Area	\$200
13(i)	6.1	Storage on Common Area	\$100
13(w)	6.2	Obstruction of walkways	\$100
13(f)	6.3	Trail animals	\$200
	6.4	Community ponds	\$100
13(x)	6.5	Unapproved recreational activities	\$100
13(r)	7.1	Failure to maintain improvements	\$100

Dec. §	Rule §	Violation	Fine
13(r)	7.1	Failure to remove trash or debris from Lot	\$100
13(o)	7.2	Failure to timely submit landscape plans	\$500
13(o)	7.2	Failure to timely install landscaping	\$500
13(s)	7.3	Failure to maintain landscaping	\$200
13(q)	7.4	Damage to or unauthorized removal of tree, per inch of diameter of the main trunk, measured four inches above ground level, but not more than \$500	\$100
		Minimum fine	\$200
	7.5	Infestations	\$100
13(f)	8.1	Unapproved pet	\$100
	8.2	Number of pets	\$100
	8.3	Uncontrolled animal	\$100
	8.3	Animal creating nuisance	\$100
	8.3	Animal running loose	\$100
	8.4	Failure to dispose of pet waste	\$200
	8.5	Failure to control dog in heat	\$100
12 13(c)	10.1	Construction of improvements without DRC approval	\$200
13(v)	10.1	Exterior lighting	\$100
13(g) 13(o)	10.1 10.4	Other exterior changes without DRC approval	\$200
13(s)	10.3	Failure to screen gardens	\$100
	10.5	Failure to store awnings	\$100
	11.2	Working during non-designated hours	\$200
	11.3	Unauthorized persons or animals on the worksite	\$200
13(i)	11.4	Unauthorized parking	\$200
	11.5	Improper equipment or materials storage	\$200
13(h)	11.6	Failure to keep worksite and adjacent property clean	\$200
	11.7	Improper use of utilities	\$200
	11.7	Failure to immediately report damaged utility line	\$200
	11.8	Failure to report hazardous material discharge	\$500
13(u)	11.9	Loud noise	\$100
	11.10	Failure to repair damage to adjacent property	\$200
	11.10	Failure to maintain required insurance	\$200
	11.11	Unauthorized access to the worksite	\$200
	11.12	Improper stockpiling or import of dirt	\$200
	11.13	Unauthorized vehicle washing	\$200
	11.14	Failure to maintain erosion controls	\$200
13 (a)		Commercial enterprise, noxious or offensive trade	\$100

3.13 Costs and Expenses. Without the necessity of commencing a legal action, the Association may recover from the Violator (a) actual costs and expenses incurred as a result of the Violation, including those referenced in Section 3.15, and (b) reasonable attorney fees and costs incurred as a result of the Violation, subject to the limitations of C.R.S. § 38-33.3-123.

3.14 Other Sanctions. Subject to compliance with the applicable requirements of Section 3.4, 3.5, 3.6, or 3.7, the Enforcement Committee or the Board on appeal may impose one, more, or all of the sanctions described in this Section 3.14 in addition to fines authorized in Section 3.12 and costs and expenses recovered in Section 3.13 for a Violation, without the necessity of commencing a legal action.

- (1) Issue a warning in lieu of a fine or other sanctions;
- (2) Withdraw a fine assessed in accordance with Section 3.12 if the Violator meets conditions established by the Enforcement Committee;
- (3) Suspend the Violator's right to use Association facilities and property, including Common Areas;
- (4) Suspend the Violator's RFID sticker or card that allows access to the Village through resident gates;
- (5) Suspend a guest's or contractor's right to access the Village;
- (6) Initiate alternative methods of dispute resolution to avoid litigation in accordance with Sections 5.5 and 5.6; and
- (7) Take any other action or pursue any other remedy available to the Association under the Governing Documents or applicable law.

3.15 Restitution and Self-Help. The Association may recover from the Violator actual costs and expenses resulting from loss or damage to Common Areas or other Village property, including costs and expenses incurred by the Association to repair or replace property damaged or destroyed by the Violator, regardless of whether the Violation has been cured. The Association or its authorized agents may enter a Lot or Common Area to abate or remove, using such force as may be reasonably necessary, any structure, fixture, personal property, or condition that violates the Governing Documents, subject to applicable law. If the Association exercises its rights pursuant to this Section 3.15 and the Violator is an Owner, all actual costs and expenses incurred may be assessed against and become a lien on the Owner's Lot. The Violator may request a hearing pursuant to Section 3.8 to contest any action taken or costs and expenses assessed by the Association pursuant to this Section 3.15.

3.16 Legal Action. The Association may pursue legal action against an Owner to enforce the provisions of the Governing Documents (other than collection of delinquent Assessments and other Charges governed by the Collections Policy in Section 4), including an action for an injunction or other equitable relief, with or without Board authorization or a finding or determination by the Board that the legal action is in the Association's best interests. The Association may commence such a legal action:

- (1) At any time after the General Manager determines pursuant to Section 3.4.3 that the Violation has not been cured within the 72-hour cure period and any hearings and appeals upholding the Violation have been waived, dismissed, or concluded.

- (2) At any time after the General Manager determines pursuant to Section 3.5.4 that the Violator has not cured the Violation within the second 30-day cure period and any hearings and appeals upholding the Violation have been waived, dismissed, or concluded.
- (3) At any time after any hearing and appeals upholding a Violation covered by Section 3.6 have been waived, dismissed, or concluded.
- (4) Regardless of whether the conditions of clauses (1), (2) or (3) have been met, to prevent or eliminate an imminent threat of substantial damage to or destruction of real or personal property, personal injury or death, or substantial damage to the reputation of the Association or the Village, if the General Manager reasonably determines that such a threat exists. Once the legal action is commenced and until the conditions of clauses (1), (2), or (3) have been satisfied, the Association will actively pursue the legal action only as necessary to prevent or eliminate the threat or as necessary to preserve the legal action itself.
- (5) Regardless of whether the conditions of clauses (1), (2) or (3) have been met, if needed to preserve the right to commence a legal action before being barred by an applicable statute of limitations or statute of repose. Once the legal action is commenced and until the conditions of clauses (1), (2), or (3) have been satisfied, the Association will actively pursue the legal action only as necessary to preserve the legal action itself.
- (6) At any time after an NOV or Complaint is issued regarding an Excluded Violation.

3.17 Notices.

3.17.1 *To the Association.* A notice given to the Association by or on behalf of the Violator pursuant to this Enforcement Policy must (a) be in writing, (b) be given by U.S. first class mail, postage prepaid, by email, or by personal delivery, to the General Manager, as representative of the Association and the Enforcement Committee and Board, at the physical and email addresses for the General Manager shown on the Association's website, and (c) will be deemed effective for all purposes upon actual receipt by the General Manager. Notices and other communications with a Violator may be handled through the Association's attorney once a Violation has been referred to the attorney.

3.17.2 *To a Violator.* Except for Excluded Violations covered by Section 3.7, a Violation Notice or other notice given to a Violator by or on behalf of the Association pursuant to this Enforcement Policy must be in writing in English unless Section 3.17.3 applies. Unless otherwise indicated elsewhere in this Enforcement Policy and except for Excluded Violations covered by Section 3.7, notice to a Violator may be given (a) by U.S. certified mail, return receipt requested, or by U.S. first class mail to the Owner's Lot or to an alternate address provided by the Owner by notice to the Association, or (b) by email if the Owner has provided an email address, or (c) by personal delivery or posting at the Owner's Lot. Notice given to a Violator by or on behalf of the Association pursuant to this Enforcement Policy will be deemed given and effective for all purposes (i) when deposited in the U.S. mail postage prepaid (regardless of whether or when a return receipt is actually received by the Association if the notice is sent by certified mail, return receipt requested), (ii) when sent by email to an email address provided by the Violator, or (iii) when personally delivered or posted at the Owner's Lot. Notices to Violators regarding Excluded

Violations are governed by Section 3.7. The Association may charge the Violator the actual cost of certified mail for any notices or other communications required by Colorado law to be sent by certified mail. Notices and other communications with a Violator may be handled through the Association's attorney once a Violation has been referred to the attorney.

3.17.3 Language. Except for notices and other correspondence regarding Excluded Violations covered by Section 3.7, if a Violator gives notice to the Association requesting that the Association provide notices and other communications to the Violator pursuant to this Enforcement Policy in a language rather than English, the Association will (a) use reasonable efforts to secure a professional translation of the relevant notices and other communications, (b) give the relevant notices and other communications in the requested language beginning 30 days after the effective date of the Violator's notice so long as a professional translation can be obtained at that time and, if not, as soon as practicable thereafter, and (c) charge the Violator for the cost incurred by the Association for each translation. Not more than one language may be requested by the Violator. The Association cannot and does not guarantee that a requested translation will be accurate or complete, and so long as the Association secures a professional translation and has no reason to believe that the translation provided is inaccurate or incomplete, the Violator assumes the risk of an inaccurate or incomplete translation. The Violator may withdraw a language request at any time by notice to the Association, effective on the second business day after the effective date of the withdrawal notice, but the Violator will remain obligated to pay translation costs incurred by the Association for translation services rendered on or prior second business day after the effective date of the Violator's withdrawal notice, even if those costs relate to notices or other communications not ultimately given because of the withdrawal notice. This Section 3.16.3 does not confer any rights regarding notices or other communications relating to Excluded Violations.

3.18 Waiver and Cumulative Remedies. No waiver of or failure to enforce any rights or remedies of the Association with respect to a particular Violation will be deemed a waiver of any other rights or remedies of the Association with respect to that Violation or a waiver of any rights or remedies with respect to any other Violation. The fines, sanctions, and other remedies in this Enforcement Policy are cumulative and in addition to all other sanctions permitted by the Governing Documents and applicable law.

3.19 Limitation on Liability. Except as otherwise provided in these Governance Policies, neither the Association nor any person acting in good faith on behalf of the Association as a Director, officer, committee member, employee, agent, or volunteer may be held personally liable for an act or omission on behalf of the Association absent gross negligence or willful misconduct. Neither the Association nor any Association Director, officer, committee member, employee, agent, or volunteer will be liable for his, her, or its failure or inability to prevent, detect, or cure a Violation.

4. COLLECTIONS POLICY

4.1 Purpose and Scope. The purpose of this Collections Policy is to establish a uniform and systematic procedure for collecting Assessments and Charges to ensure the financial well-being of the Association. Monthly and Special Assessments and Charges under this Section 4.4 are "common expenses" and are personal obligations of each Debtor Owner of the Lot or Dwelling Unit for which the Assessment

or Charge is unpaid. This Collections Policy does not apply to collection of monetary obligations owed to the Association that are not created by the Governing Documents, including contractual obligations and obligations owed by employees of the Association. For purposes of this Collections Policy, any communication, contact, or other action taken by the General Manager or the Board on behalf of the Association will be deemed taken by the Association.

4.2 Definitions. The following additional defined terms apply to this Collections Policy.

4.2.1 “Charges” means fines, fees, and other charges owed to the Association pursuant to the Governing Documents, other than Assessments.

4.2.2 “Debtor” means a person or entity having unpaid Assessments or Charges due the Association.

4.2.3 “Debtor Owner” means a Debtor who is also an Owner.

4.2.4 “Designated Contact” is defined in Section 4.9.4.

4.2.5 “Due Date” means the date on which Assessments and Charges must be paid.

4.3 Due Dates. The Due Date for paying Monthly Assessments and monthly installments of Special Assessments is in advance on the first day of each month. The Due Date for paying Charges is immediately upon the date the Charges are levied. An Assessment or Charge will be deemed delinquent and past-due if not paid in full within 15 days after its Due Date. The Association is not required to invoice a Debtor for any Assessment or Charges due, and the obligation to pay Assessments and Charges by the Due Date applies regardless of whether an invoice is issued or received.

4.4 Charges Related to Delinquent Accounts. The Association may impose or collect any or all of the Charges in this Section 4.4 on delinquent accounts without the necessity of commencing a legal action.

4.4.1 Late Charges. The Association may impose a single \$25.00 late charge monthly if Assessments or Charges are not paid within 15 days after the applicable Due Date.

4.4.2 Interest Charges. The Association may impose simple interest on Assessments and Charges not paid within 15 days after the applicable Due Date at the rate of 8% per annum (or if less, the highest rate permitted by law).

4.4.3 Return Check Charges. The Association may impose a \$20.00 charge or other amount deemed appropriate by the Board if a check or other instrument attributable to or payable for the benefit of that Debtor is not honored by the financial institution or is returned by the financial institution for any reason, including insufficient funds. If two or more payments are dishonored or returned within any 12-month period, the Association may require that the Debtor’s future payments be made by certified check, money order, ACH withholding, or other means acceptable to the Association.

4.4.4 Collection Costs. The Association may recover reasonable attorney fees and costs actually incurred by the Association in attempting to collect a delinquent account, subject to the

limitations in C.R.S. § 38-33.3-123. The Association may also recover other costs and expenses actually incurred by the Association in attempting to collect a delinquent account.

4.3.5 Other Charges. The Association may recover other costs and expenses actually incurred by the Association as a result of the Debtor's failure to pay.

4.5 Posting and Application of Payments. The Association will post a payment on the day the payment is received in the Association's office. If a Debtor has not established automated monthly ACH withdrawals from the Debtor's account, the Debtor is responsible for assuring that payment is received by the Due Date, and the Association is not responsible for delays caused by the Debtor's bank or other financial institution, a delivery service, or other events outside the Association's control. If the Debtor has established automatic monthly ACH withdrawals by the Association from the Debtor's account, the Debtor is responsible for assuring that the information provided to the Association to establish the automatic ACH withdrawals is and remains current and correct but will not otherwise be responsible for delays caused by the Debtor's bank or other financial institution or other events outside the Debtor's control. Unless otherwise instructed in writing by the Board, the General Manager, or the Association's attorney, sums collected on a delinquent account must be remitted to the Association. If a Debtor Owner has both unpaid Assessments and unpaid Charges, a payment by or on behalf of the Debtor Owner will be applied first to unpaid Assessments and then any remaining balance to unpaid Charges.

4.6 Monthly Delinquency Status Notice. The Association will provide monthly to each Debtor Owner having an outstanding balance owed to the Association notice containing an itemized list of all Assessments and Charges currently owed to the Association. The notice required by this Section 4.6 will be given by U.S. first class mail and by email if the Debtor Owner has provided the Association with an email address, and otherwise in accordance with Section 4.9. The Association may, but is not required to, convey other periodic reminders to a delinquent Debtor Owner.

4.7 Payment Plans.

4.7.1 General Payment Plan. The Association must make a good faith effort to set up a payment plan with a delinquent Debtor Owner by notice to the delinquent Debtor Owner offering a payment plan that permits the Debtor Owner to pay off a deficiency in equal installments over a period of 18 months or such longer period as may be authorized by the Board. The payment plan offer must allow the Debtor Owner to pay the balance of the delinquency covered by the payment plan without penalty at any time during the duration of the payment plan. Notwithstanding the foregoing, the Association is not obligated to offer or negotiate a payment plan under this Section 4.7.1 (a) with a Debtor Owner who has previously entered into a payment plan, or (b) if the Debtor Owner does not occupy the Lot and has acquired the Lot as a result of a default of a security interest encumbering the Lot or foreclosure of the Association's lien. The Association may at its option at any time offer a payment plan under Section 4.7.2 in lieu of or in addition to a payment plan under this Section 4.7.1.

4.7.2 Payment Plan in Anticipation of Foreclosure. As a precondition to filing a foreclosure action, the Association must by notice to the delinquent Debtor Owner offer a payment plan that allows the Debtor Owner to pay off the delinquency subject to foreclosure over a period of 18 months or such longer period as may be authorized by the Board and that allows the Debtor Owner to choose the amount to be paid each month, but not less than \$25.00 per month. If the amount chosen by the Debtor

Owner is not sufficient to pay the delinquency in full over the term of the payment plan, the balance will be due in the final installment under the payment plan. The payment plan offer must allow the Debtor Owner to pay the balance of the delinquency covered by the payment plan without penalty at any time during the duration of the payment plan. Before filing a foreclosure action, the payment plan offer described in this Section 4.7.2 is required regardless of whether the Association previously offered a payment plan under Section 4.7.1 that the Debtor Owner accepted, rejected, or breached. If the Debtor Owner has already accepted and is complying with a payment plan under Section 4.7.1, the Association must by notice offer to replace that payment plan with a new payment plan that complies with this Section 4.7.2 before filing a foreclosure action.

4.7.3 Acceptance or Rejection of Offer. When the Association offers a new or replacement payment plan under Section 4.7.1 or 4.7.2, the Debtor Owner will have 30 days after the Association's notice conveying the offer to accept or reject the offer by notice to the Association. In accepting an offer, the Debtor Owner may, but is not required to, request a shorter repayment schedule than that offered by the Association. If the Debtor Owner neither accepts nor rejects a proposed payment plan within 30 days after the notice conveying the offer is given, the Debtor Owner will be deemed to have rejected the offer. If the offer of a payment plan is rejected and the delinquency is not paid in full, the Association may proceed with the remedies in Section 4.10, including a foreclosure action if the rejected payment plan complies with Section 4.7.2.

4.7.4 Compliance with Payment Plan. So long as the Debtor Owner timely accepts and complies with an accepted payment plan, the Association will not pursue foreclosure or other legal action to collect the delinquency. The Debtor Owner will be in default under a payment plan if the Debtor Owner fails to pay (a) three or more installments under the payment plan within 15 days after the Due Date (even if the installment is later paid), or (b) fails to pay any Monthly Assessment within 15 days after its Due Date during the term of the payment plan. If the Debtor Owner defaults under a payment plan, the Association may restore any previously waived or reduced fines, interest or other Charges and pursue legal action and other remedies in Section 4.10 to collect the remaining delinquency covered by the payment plan, including a foreclosure action if the default relates to a payment plan that complies with Section 4.7.2.

4.8 Referral for Collection or Legal Action. The following actions must be completed before referring a Debtor Owner's delinquent account to an attorney or collection agency for collection and before commencing legal action against a Debtor Owner to collect a delinquency. If the Association wishes to commence a judicial foreclosure action, the Association must also comply with Section 4.10.3 No notice or other action is required before referring a delinquent account for collection or commencing legal action on a delinquent account of a Debtor who is not a Debtor Owner.

4.8.1 Initial Contact. The Association must alert the Debtor Owner or, if designated, a Designated Contact of the delinquency by any one or more of the means described in Section 4.9.

4.8.2 Delinquency Notice. The Association must give a delinquency notice to the Debtor Owner and, if designated, a Designated Contact in accordance with Section 4.9 by (a) certified mail, return receipt requested, and (b) two of the following contact methods: (i) telephone call to a telephone number provided to the Association by the Debtor Owner or Designated Contact (and, if available, leaving

a voice message if the call is not answered), (ii) text to a cellular number provided to the Association by the Debtor Owner or Designated Contact, or (iii) email to an email address provided to the Association by the Debtor Owner or Designated Contact. If contact information has not been provided for one or more of the contact methods referenced in (b) above, the Association must alert the Debtor Owner or Designated Contact using those methods (if any) that have been provided to the Association. The notice of delinquency must state:

- (1) The total amount due and an accounting of how that amount was determined,
- (2) Whether the delinquency concerns unpaid Assessments, unpaid fines, fees, or other Charges, or both unpaid Assessments and unpaid fines, fees, or other Charges,
- (3) That a notice of Assessment lien (in addition to the lien established by the Declaration and recognized by Colorado law) may be recorded against the Owner's Lot, and that unpaid Assessments may lead to foreclosure,
- (4) The steps the Association must take to commence legal action against the delinquent Debtor Owner, including the cure process described in Sections 3.4 or 3.5, as applicable,
- (5) A description of what legal action the Association may take against the Debtor Owner, including the types of matters the Association or the Debtor Owner may take to small claims court, including injunctive matters for which the Association seeks an order requiring the Debtor Owner to comply with the Governing Documents,
- (6) Whether a payment plan (as described in Section 4.7) is available and, if available, instructions on how the Debtor Owner may contact the Association to enter into the payment plan,
- (7) The name and contact information for the individual the Debtor Owner may contact to request a copy of the Debtor Owner's ledger to verify the amount of the debt,
- (8) That a lien is in place on the Debtor Owner's Lot, as provided under the Declaration and Colorado law,
- (9) That payment is required to cure the delinquency,
- (10) That failure to pay within 30 days may result in the Debtor Owner's delinquent account being turned over to an attorney for the Association or a collection agency,
- (11) That a legal action on the Debtor Owner's promise to pay, a foreclosure of the Association's lien, or both, may be filed against the Debtor Owner, and
- (12) That other remedies available under the Governing Documents and Colorado law may be sought by the Association.

4.8.3 Payment Plan. If a payment plan described in Section 4.7 is available, the Debtor Owner has either failed to timely accept the payment plan or, having accepted the payment plan, has defaulted as described in Section 4.7.

4.8.4 Board Authorization. The Board must authorize the referral or legal action by majority vote recorded in a meeting conducted in executive session pursuant to C.R.S. § 38-33.3-308(4)(e).

4.9 Notices.

4.9.1 To the Association. Notice given by or on behalf of the Debtor pursuant to this Collections Policy must (a) be in writing, (b) be given to the General Manager, as representative of the Association, (c) be sent by U.S. first class mail postage prepaid, by email, or by personal delivery, at the physical and email addresses for the General Manager shown on the Association's website, and (d) will be deemed given and effective for all purposes upon actual receipt by the General Manager. Notices and other communications with a Debtor may be handled through the Association's attorney once a delinquent account has been referred to the attorney.

4.9.2 To a Debtor. Notice given to a Debtor by or on behalf of the Association pursuant to this Collections Policy must be in writing in English unless Section 4.9.3 applies. Unless otherwise indicated elsewhere in this Collections Policy, notice to the Debtor or, if designated, a Designated Contact may be given by (a) U.S. certified mail, return receipt requested, or by U.S. first class mail to the Debtor's Lot or to an alternate address provided by the Debtor or Designated Contact by notice to the Association, or (b) text if the Debtor or Designated Contact has provided a cellular phone number, (c) by email if the Debtor or Designated Contact has provided an email address, or (d) personal delivery, or (e) posting at a Debtor Owner's Dwelling Unit. Notices to a Debtor Owner must also comply with Sections 4.9.3 and 4.9.4. Notice given by or on behalf of the Association pursuant to this Collections Policy will be deemed given and effective for all purposes (i) three business days after being deposited in the U.S. mail postage prepaid (regardless of whether or when a return receipt is actually received by the Association if the notice is sent by certified mail, return receipt requested), (ii) when sent by text to a cellular phone number provided by the Debtor or Designated Contact, (iii) when sent by email to an email address provided by the Debtor or Designated Contact, or (iv) when personally delivered to the Debtor or posted at a Debtor Owner's Dwelling Unit. The Association may charge the Debtor the actual cost of certified mail for any notices or other communications required by Colorado law to be sent by certified mail. Notices and other communications with a Debtor may be handled through the Association's attorney once a delinquent account has been referred to the attorney.

4.9.3 Language. If a Debtor Owner gives notice to the Association requesting that the Association provide notices and other communications to the Debtor Owner pursuant to this Collections Policy in a language rather than English, the Association will (a) use reasonable efforts to secure a professional translation of the relevant notices and other communications, (b) give the relevant notices and other communications in the requested language beginning 30 days after the effective date of the Debtor Owner's notice so long as a professional translation can be obtained at that time and, if not, as soon as practicable thereafter, and (c) charge the Debtor Owner for the cost incurred by the Association for each translation. Not more than one language may be requested by the Debtor Owner. The Association cannot and does not guarantee that a requested translation will be accurate or complete, and so long as the Association secures a professional translation and has no reason to believe that the translation provided is inaccurate or incomplete, the Violator assumes the risk of an inaccurate or incomplete translation. The Debtor Owner may withdraw a language request at any time by notice to the Association, effective on the second business day after the effective date of the withdrawal notice, but

the Debtor Owner will remain obligated to pay translation costs incurred by the Association for translation services rendered on or prior second business day after the effective date of the Debtor Owner's withdrawal notice, even if those costs relate to notices or other communications not ultimately given because of the withdrawal notice. This Section 4.9.3 does not confer any rights on a Debtor who is not a Debtor Owner.

4.9.4 Designated Contact. If a Debtor Owner gives notice to the Association requesting that Association provide a copy of notices and other communications to the Debtor Owner pursuant to this Collections Policy to a designated contact and furnishes contact information for the designated contact (a "**Designated Contact**"), the Association will provide a copy of the relevant notices and other communications to the Designated Contact using the contact information provided by the Debtor Owner or Designated Contact, beginning with notices and other communications given 10 days after the effective date of the Debtor Owner's notice. The Debtor Owner may not request more than one Designated Contact at any one time. The Debtor Owner may withdraw a Designated Contact request at any time by notice to the Association, effective on the second business day after the effective date of the withdrawal notice. This Section 4.9.4 does not confer any rights on a Debtor who is not a Debtor Owner.

4.9.5 Required Recordkeeping. The Association will maintain a record of all notices and other contacts with each Debtor Owner and Designated Owner, including the type of communication used and the date and time the contact was made.

4.10 Remedies.

4.10.1 Generally. The Association may pursue any one or more of the remedies in this Section 4.10 to recover delinquent accounts due. All rights and remedies of the Association in this Collections Policy are cumulative and are in addition to all other rights and remedies available to the Association in the Governing Documents and by applicable law.

4.10.2 Legal Action Other than Foreclosure. The Association may pursue a legal action, other than foreclosure, against a Debtor who has Assessments or Charges due the Association, based on the covenant or promise to pay the Association as set forth in the Declaration, so long as the Association has first complied with Sections 4.6 and 4.7 if the Debtor is a Debtor Owner.

4.10.3 Judicial Foreclosure. The Association may foreclose on its lien in order to obtain payment of Assessments and Charges owed, but not if the Charges owed consist solely of fines or attorney fees or collection costs associated with collecting fines. If the Association forecloses on its lien, the Debtor Owner may lose his or her Lot. The Association will not commence a foreclosure action against a Lot unless:

- (1) The balance of the Assessments and Charges secured by its lien equals or exceeds six months of Monthly Assessments based on the Association's periodic budget,
- (2) The Board has resolved, by a recorded majority vote in a meeting conducted in executive session pursuant to C.R.S. § 38-33.3-308(4)(e), to authorize the filing against that Lot,

- (3) The Association has first complied with Sections 4.7 and 4.8, and
- (4) The Association has first complied with the requirements of C.R.S. §§ 38.33.3-316 and 38.33.3-316.3.

4.9.4 Appointment of a Receiver. The Association may seek the appointment of a receiver if a Debtor Owner becomes delinquent in the payment of Assessments or Charges pursuant to the Declaration and applicable law.

4.11 Bankruptcies and Foreclosures. Upon receipt of notice of a bankruptcy filing by or against a Debtor, a legal action to appoint a receiver for the a Debtor Owner, or a foreclosure by the holder of an encumbrance against a Lot, the Board may direct the General Manager to turn the account over to the Association’s attorney for representation in the bankruptcy, receivership, or foreclosure action, including filing a proof of claim, asserting the Association’s lien and other rights, and taking other actions necessary or appropriate to protect the Association’s interests, without first complying with the requirements of this Collections Policy.

4.12 Waivers. The Association may extend the time for the filing of legal actions and liens, or to otherwise waive or modify the collection procedures in this Collections Policy that favor the Association as the Association may determine appropriate under the circumstances and consistent with applicable law. No waiver of or failure to enforce any rights or remedies of the Association with respect to a late payment or non-payment of Assessments and Charges on a particular occasion will be deemed a waiver of any other rights or remedies of the Association with respect to that late payment or non-payment or a waiver of any rights or remedies with respect to any other late payment or non-payment.

4.13 Defenses. Failure of the Association to comply with any provision in this Collections Policy will not be deemed a defense to payment of Assessments or Charges except as and to the extent stated otherwise in this Collections Policy or mandated by applicable law.

4.14 Certificate of Status of Assessment. Upon written request to the General Manager or other agent designated for that purpose by the Association, the Association will furnish to an Owner or the Owner’s designee without charge, within 14 days after receipt of the written request, a written statement setting forth the amount of unpaid Assessments and Charges currently levied against the Owner’s Lot. If the Owner’s account has been turned over to the Association’s attorney, the request may be handled through the attorney.

5. DISPUTE RESOLUTION POLICY

5.1 Purpose and Scope. The purpose of this Dispute Resolution Policy is to provide an efficient and cost-effective means of resolving Claims. This Dispute Resolution Policy applies only to Claims. This Dispute Resolution Policy does not:

- (1) Preclude, limit, or delay the ability of the Association to exercise its right to enforce Violations pursuant to the Enforcement Policy in Section 3 (including its right to enforce compliance with this Dispute Resolution Policy) or its right to collect monies owed to the Association pursuant to the Collections Policy in Section 4, even if a Claim has been asserted that relates to the actions the Association has taken, is

attempting to take, or could take pursuant to the Enforcement Policy or the Collections Policy;

- (2) Preclude either party from pursuing an injunction or other emergency equitable relief necessary to prevent immediate and irreparable harm to persons, animals, or property; or
- (3) Preclude either party from pursuing litigation or other adversary proceedings to enforce a settlement of a Claim.

5.2 Definitions. The following additional defined terms apply to this Dispute Resolution Policy.

5.2.1 “Claim” means claim for monetary or other relief asserted against one or more of (a) the Association, (b) the Board, or (c) an individual Association Director, officer, committee member, employee, agent, or volunteer acting in their capacity as such.

5.2.2 “Claimant” means a person or entity asserting a Claim against one or more Respondents.

5.2.3 “Respondent” means a person or entity against whom a Claim is asserted.

5.3 Mandatory Procedures. Except as provided in Section 5.7, a Claimant must first comply with this Section 5 before commencing litigation or other adversary proceedings against a Respondent to resolve a Claim, regardless of whether the Claim also potentially involves other parties. No Claim may be asserted after the date that litigation based on the Claim would be barred by the applicable statute of limitations or statute of repose.

5.4 Notice of Claim. The Claimant must provide to the Respondent (with a copy to the Association’s president and the General Manager) a detailed written description of the Claim, including (a) the nature of the Claim, the individuals involved and the Respondent’s role, (b) the legal or contractual basis for the Claim, and (c) the specific remedy or relief sought by the Claimant. The Claimant and Respondent may each request additional information and documents from the other that are reasonably necessary to substantiate or dispute the Claim, and the party to whom the request is directed must promptly provide the information and documents so requested to the extent available and not subject to privilege.

5.5 Good Faith Negotiation. The Claimant and Respondent must cooperate in good faith negotiations to attempt to resolve the Claim, including meetings in person and site visits as appropriate. Either party may be represented by an attorney, consultant, or other representative at the negotiations, but if either party wishes to be represented in negotiations by an attorney, it must first so notify the other party.

5.6 Mediation.

5.6.1 Request for Mediation. If the parties are unable to resolve the Claim pursuant to Section 5.5 within 60 days after the Respondent’s receipt of the Claim, the Claimant will have an additional 60 days in which to submit to the Respondent (with a copy to the Association’s president and to the General Manager) a written request for mediation. If the Claimant does not so request mediation within the time specified or if, having requested mediation, if the Claimant fails to attend and participate in good faith in the

mediation, the Claimant will be deemed to have waived the Claim with respect to the Respondent and will be barred from pursuing the Claim further pursuant to this Dispute Resolution Policy or in litigation or other adversary proceedings.

5.6.2 Mediation Procedures. If the Claimant timely requests mediation, the parties will within 15 days after the request for mediation jointly agree on a mediator and, if they fail to agree within that time, either party may apply to the District Court in Douglas County, Colorado, to appoint the mediator. Each party will attend the mediation and work in good faith to resolve the Claim as expeditiously as possible. The role of the mediator is to facilitate further negotiation between the parties. The mediator will not have power to resolve the Claim but will use recognized, accepted mediation techniques to assist the parties in making that decision. Costs of the mediator will be shared equally between the parties unless they and the mediator agree otherwise. If either party fails to attend or participate in the mediation, costs of the mediation resulting from the failure will be borne solely by the party failing to attend or participate.

5.7 Litigation. A Claimant may commence litigation or other adversary proceedings to resolve the Claim (a) at any time after the Claimant has complied in good faith with Sections 5.4, 5.5, and 5.6 and the Claim has not been resolved to the Claimant's reasonable satisfaction within 60 days after the mediator has been selected pursuant to Section 5.6.2, or (b) not more than five business days before litigation based on the Claim would be barred by the applicable statute of limitations, statute of repose, or court rule, but only if the Claimant has followed in good faith the procedures in this Dispute Resolution Policy up to that time. Any litigation or other adversary proceedings to resolve a Claim must be brought in Douglas County, Colorado, either in a court having jurisdiction or (if the parties so agree in writing) before an arbitration panel or other tribunal. In any litigation or other adversary proceedings to pursue a Claim, the prevailing party may recover its reasonable legal fees and other reasonable costs of litigation or resolution.

5.8 Settlement. Settlement or other consensual resolution of a Claim must be documented in writing and signed by the parties (and by the mediator if a mediator has been appointed). If litigation has been commenced to enforce the Claim, the settlement document will be presented to the court with a motion for judgment based on the settlement. Unless and to the extent otherwise stated in the settlement document, all issues related to the Claim will be deemed settled, waived, and released by the settlement.

6. CONFLICTS OF INTEREST AND ETHICAL CONDUCT POLICY

6.1 Purpose and Application. The purpose of this Conflicts of Interest and Ethical Conduct Policy is to assure that decisions made, and actions taken, on behalf of the Association are free from Conflicts and in accordance with the highest ethical standards. This Conflicts of Interest and Ethical Conduct Policy applies to all Representatives and will be administered by the Board.

6.2 Definitions. The following additional defined terms apply to this Conflicts of Interest and Ethical Conduct Policy.

6.2.1 "Conflict" means a conflict of interest that occurs when a contract, decision or other action taken or proposed to be taken by or on behalf of the Association would financially benefit (a)

a Representative, (b) a parent, grandparent, spouse, child, or sibling of that Representative, (c) a parent, child or spouse of any of the persons in subsection (b), or (d) an entity in which that Representative is a director or officer or has more than an immaterial financial interest.

6.2.2 “Gift” means a gift, gratuity, favor, entertainment, loan, or other benefit with a monetary value of more than \$100.00.

6.2.3 “Representative” means a Director, officer, committee member, or employee of the Association or a person representing or acting on behalf of the Association.

6.3 General Duty. Each Representative and the Board must use its and their best efforts to make decisions that are consistent with high ethical principles, and to protect and enhance the value of properties of the Association, Owners, and Village residents. Representatives must exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to, the Association. Representatives must comply with all lawful provisions of the Governing Documents and applicable laws.

6.4 Conflicts. As soon as a Representative learns that he or she has an actual or potential Conflict as a member of a committee, the Representative must disclose the Conflict to the committee in writing or verbally at an open meeting of the committee prior to further participation in the relationship. As soon as a Representative learns that he or she has an actual or potential Conflict other than as a member of a committee, the Representative must disclose the Conflict to the Board in writing or verbally at an open meeting of the Board prior to further participation in the relationship. After disclosure, the Representative may participate in discussions concerning the proposed action subject to the Conflict but may not participate further in that action unless and to the extent (a) further participation by the Representative is approved by the committee or the Board (as applicable) by a majority vote of the committee members or Directors present at a meeting at which a quorum is present (if applicable, excluding the vote of the committee member or Director subject to the Conflict), and (b) the proposed action is fair to the Association, as allowed by Colorado law. The minutes of the Board or committee meeting will reflect the disclosure made and if a vote is taken on further participation, any abstention from voting, the composition of the quorum, and the Directors or committee members voting for and against further participation. The committee chair must report to the Board any Conflict raised by a committee member and the action taken by the Committee with respect to the Conflict.

6.5 Gifts. A Representative may not solicit or accept, directly or indirectly, a Gift from a person or entity seeking to obtain or maintain a contractual or other business or financial relationship with the Association, if the Representative is involved or will be involved in the negotiation, approval, or management of the relationship, unless: (a) the Representative discloses the nature and amount of the Gift to the Board in writing or verbally at an open meeting of the Board, and (b) the Board approves the Gift by a majority vote of the Directors present at a meeting at which a quorum is present (if applicable, excluding the vote of the Director wishing to receive the Gift). The minutes of the Board meeting will reflect the disclosure made, any abstention from voting, the composition of the quorum and the Directors voting for and against acceptance of the Gift. If the Board approves acceptance of a Gift, it may condition its approval on limiting the Representative’s further participation in relationships between the Association and the person or entity making the Gift. No Representative may offer a Gift with the intent of influencing the decision or action on any Association matter.

6.6 **Code of Ethics.** Each Representative and the Board must adhere to the following code of ethics:

- (1) No Representative may use his or her position for private gain, including for enhancement of his or her financial status by using certain contractors or suppliers.
- (2) No Representative may knowingly misrepresent facts to anyone involved with the Association that would financially benefit the Representative.
- (3) No Representative may knowingly misrepresent facts to Owners or Village residents for the purpose of advancing a personal cause or influencing Owners or Village residents to place pressure on the Board to advance a personal cause.
- (4) No Representative may through any means directly or indirectly harass, bully, abuse, demean, insult, threaten, or direct profane language toward, or attempt to control or instill fear in, any Owner or Village resident.
- (5) No promise or commitment by a Representative may be made on behalf of the Association to any contractor or supplier during negotiations unless in accordance with Association policies or as otherwise approved by the Board.
- (6) A Director convicted of, or who pleads guilty or no contest to, a felony after being elected or appointed as a Director must voluntarily resign from his or her position on the Board, and in the absence of a voluntary resignation the remaining members of the Board may remove that Director.

6.7 **Foreclosure Sales.** The following persons are prohibited from purchasing a Dwelling Unit at a foreclosure sale: (a) a Director, (b) a member of the Enforcement Committee, (c) an employee of the Association, (d) an employee of a law firm retained by the Association to represent the Association in the foreclosure action or concerning the Dwelling Unit and the delinquency giving rise to the foreclosure action, or (e) a person who is related to any of the foregoing by blood, marriage, civil union, or adoption.

6.8 **Periodic Review.** The Board will periodically review this Conflicts of Interest and Ethical Conduct Policy and other procedures related to conflicts of interest involving Directors.

7. MEETING CONDUCT POLICY

7.1 **Member Meetings.** Member meetings will be called pursuant to the Bylaws of the Association. Member meetings are open to Members and their representatives.

7.1.1 **Voting.**

7.1.1.1 **Election of Directors.** Election of Directors will be conducted by secret ballot for elections where more candidates are running than there are positions available. Where secret balloting is used, each Member entitled to vote pursuant to the Bylaws will receive a ballot. The ballot will contain no identifying information concerning the ballot holder. If a Member holds a proxy for another Member, upon presentation of the proxy to the Association's secretary or his or her designee, the Member will receive a secret ballot to cast the vote of the Member who provided the proxy. If specific

voting instructions are included in the proxy, the proxy holder must vote in accordance with those instructions. The Association will retain the proxy.

7.1.1.2 Other Votes. All other votes taken at a meeting of the Members will be taken in such method as determined by the Board or chair of the meeting, including by acclamation, by hand, by voice or by ballot, unless otherwise required by Colorado law.

7.1.1.3 Counting Ballots. Written ballots will be counted by a neutral third party (excluding the General Manager or legal counsel), or by a Member who is not a candidate or a Director. The chair may specify the procedure for selecting these volunteers. The individuals counting the ballots will report the results of the vote to the chair by indicating how many votes were cast for each individual candidate or how many votes were cast in favor and against the issue.

7.1.2 Proxies. Any Member may submit a proxy as allowed by C.R.S. § 7-127-203. The Association's Secretary or his or her designee will review all proxies as to the following:

- Validity of the signature
- The signatory's authority to sign for the Member
- Authority of the Member to vote
- Conflicting proxies
- Expiration of the proxy

7.2 Board Meetings. Board meetings will be called pursuant to the Bylaws of the Association. Board meetings are open to Members and their representatives and guests invited by the Association, except for executive sessions. The Board may from time to time adjourn to executive session, during which only Directors and their invitees may be present and participate. Matters considered in an executive session are limited to those permitted by Colorado law.

7.3 Member Input. The agenda for Member and Board meetings will include an open forum during which a Member or his or her representative may speak, subject to Section 7.4. In addition, after a motion and second has been made on any matter before the meeting, but prior to a vote by the Members or Directors, Members or their representatives present at that time will be afforded an opportunity to speak (subject to Section 7.4) on the motion as follows:

- (1) The chair will ask those Members present to indicate on a sign-up sheet or by a show of hands who wishes to speak in favor or against the motion. The chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak. The chair will also announce the procedure for who will be permitted to speak if not everyone desiring to speak will be permitted to speak.
- (2) Following Member input, the chair will declare Member input closed and there will be no further Member participation on the motion at hand unless a majority of the Board votes to open the discussion to further Member participation.

7.4
of conduct:

Rules of Conduct. Member and Board meetings will be governed by the following rules

- (1) The Association president or in his or her absence the Association vice president will chair Member and Board meetings.
- (2) Owners who attend a Member meeting must sign in, present any proxies, and receive ballots as appropriate. Owners who attend a Board meeting may be required to sign in, listing their name and Lot address or other affiliation.
- (3) Any person desiring to speak during an open forum must sign up on the list provided at check in and indicate if he or she is speaking for or against an agenda item.
- (4) Anyone wishing to speak must first be recognized by the chair.
- (5) Only one person may speak at a time.
- (6) Each person who speaks must first state his or her name and Lot address.
- (7) Any person who is represented at the meeting by another person, as indicated by a written instrument, will be permitted to have that person speak for him or her.
- (8) Those addressing the meeting will be permitted to speak without interruption from anyone so long as the rules in this Section 7.4 are followed.
- (9) Comments must be offered in a civilized manner and without profanity, personal attacks, or shouting. Comments must be relevant to the purpose of the meeting.
- (10) Except as allowed by the chair pursuant to Section 7.3, each person will be given up to a maximum of three minutes to make a statement or to ask questions, or such longer or shorter time period as the chair may establish for the orderly conduct of the meeting. Time limits may be increased or decreased by the chair but must be uniform for all persons addressing the meeting.
- (11) Each person may only speak once unless otherwise permitted by the chair.
- (12) The Board may decide whether to answer questions during the meeting.
- (13) Yielding of time by a speaker to another individual will not be permitted.
- (14) All actions and decisions of record require a motion and a second.
- (15) Once a vote has been taken, the chair may close further discussion regarding that topic.
- (16) Written notes may be taken during a meeting, but unless the Board approves otherwise, no audio, video or other recording of the meeting may be made.
- (17) The Association will keep minutes of actions taken at the meeting.
- (18) Anyone disrupting the meeting or violating the rules in this Section 7.4, as determined by the chair, will be asked to immediately cease the disruption or violation. If that person fails or refuses to do so, he or she will be required to leave the meeting immediately.
- (19) The chair may adjourn the meeting as necessary to maintain order or complete the business of the meeting.

- (20) The chair may from time to time establish such additional rules of order as may be necessary or appropriate for the orderly and efficient conduct of the business of the Association.

8. INVESTMENT POLICY

8.1 Purpose. The purpose of this Investment Policy is to assure that adequate Operating Funds and Reserve Funds are held and invested in accordance with applicable law to provide sufficient resources to properly provide services and maintain areas in Village for which the Association is responsible.

8.2 Definitions. The following additional defined terms apply to this Investment Policy.

8.2.1 "Operating Funds" mean funds held for the day-to-day operation of the Association.

8.2.2 "Permitted Investments" mean (a) money market accounts and certificates of deposit issued by a Qualified Bank or a Qualified Credit Union, and (b) obligations backed by the full faith and credit of the United States.

8.2.3 "Qualified Bank" means a bank chartered by a state or the federal government, domiciled in the United States, and a member of the Federal Deposit Insurance Corporation (FDIC), or a bank chartered in a foreign country having one or more physical branches located in the contiguous United States and a member of the FDIC.

8.2.4 "Qualified Credit Union" means a nonprofit, cooperative financial institution, organized under the laws of a state or the federal government, domiciled in the United States, and a member of or insured by National Credit Union Administration (NCUA).

8.2.5 "Reserve Funds" mean funds held to repair or replace fixed assets owned by the Association.

8.3 Investment Objectives. Operating Funds and Reserve Funds will be deposited and invested by the Association in accordance with Colorado law and resolutions enacted by the Board to accomplish the following objectives:

8.3.1 Safety of Principal. Safety of principal is the foremost objective. Investments will be made in such a manner as to ensure preservation of capital and minimize credit risk and interest rate risk.

- (1) The Association will minimize credit risk (the risk of loss due to the failure of the financial institution) by (a) limiting investments to the types allowed in this Investment Policy, (b) vetting the financial institutions, broker-dealers, and advisors with whom the Association does business, and (c) subject to the limitations imposed in this Investment Policy, diversifying the investments to minimize losses on individual investments.

- (2) The Association will minimize investment rate risk (the risk that market changes in interest rates will adversely affect the value of the Association's investments) by (a) structuring investments so that they mature sufficiently close to the time when cash is expected to be needed for operations or capital expenditures, thereby minimizing the need to sell investments prior to maturity, (b) investing Operating Funds primarily in short- to intermediate-term investments consistent with the Association's annual budget and projections in the Association's long range financial plan, and (c) investing Reserve Funds in investments that match the Association's capital needs as set forth in the Association's annual budget and the current reserve study.

8.3.2 Types of Investments. Association monies may be invested only in Permitted Investments. No Association monies may be invested in any single institution in excess of the FDIC or NCUA insurance limits applicable to that institution.

8.3.3 Yield. Subject to the restrictions on the types of investments, the Association's investments will earn competitive market rates of return throughout budgetary and economic cycles, considering investment risk, cash flow needs, and other applicable constraints.

8.4 Delegation of Authority. The Association's president, treasurer, assistant treasurer, and General Manager are authorized to manage investments, cash, and treasury functions in accordance with this Investment Policy. Persons authorized by this Section 8.4 may consult with the Association's Long-Range Planning and Finance Committee and engage the advisory or support services of outside professionals, subject to approval by the Board.

8.5 Direct Investments and Purchased Investments. Upon approval by the Board, the Association may open accounts for Permitted Investments with (a) Qualified Banks or Qualified Credit Unions, (b) the United States Treasury (TreasuryDirect®), or (c) broker-dealers who are members of the NYSE, FINRA, and SIPC, and purchase Permitted Investments through these broker-dealers. Operating Funds and Reserve Funds must be held in separate accounts. Cash in any account must be insured by FDIC or NCUA. Certificates of deposit purchased through a broker-dealer must be "new issue" not purchased on the secondary market.

8.6 Reporting. The Long-Range Planning and Finance Committee or an outside advisor will prepare an annual report for the Board, summarizing for Operating Funds and Reserve Funds the investment earnings and transactions for the past year and listing the Association's investments and their market values as of a recent date. The Board will make available to requesting Members a listing on an itemized basis as to amount, type, and interest rate, of the instruments, funds, and accounts in which Association funds are invested or deposited.

8.5 Investment Decisions. The Association's Long-Range Planning and Finance Committee may periodically make recommendations to the Board for approval of investment of Association funds in accordance with this Investment Policy and the Board will periodically review investments to ensure that they comply with this Investment Policy. Investment decisions by the Board will be made based on the standard of care required by the *Colorado Revised Nonprofit Code*, which requires Directors to act in good faith, with the care an ordinarily prudent person in a like situation would exercise under similar

circumstances, and in a manner the Director reasonably believes to be in the best interest of the Association. In making investment decisions, the Board may rely on the advice of a qualified investment advisor or other professional as needed.

8.6 Reserve Study. To assist the Board in determining appropriate funding of the Reserve Fund, the Board may, with the assistance and advice of professionals, conduct a reserve study of the life expectancy and replacement cost of fixed assets owned by the Association and used in its business operations. The Board will periodically review and update any reserve study and current reserve funding, preferably once every three years, and make appropriate adjustments and changes as needed.

9. AMENDMENTS POLICY

9.1 Right to Adopt and Amend. The Board may from time to time amend or repeal the Rules and the Association's policies and procedures (including these Governance Policies), or adopt new Rules or policies and procedures, as necessary to comply with Colorado law, to further the purposes for which the Association was established, or as may be necessary or advisable to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents.

9.2 Notice to Members. The Association will notify Members of the adoption and effective date of a new Rule, policy, or procedure applicable to Members or the adoption and effective date of an amendment to an existing Rule, policy, or procedure applicable to Members. The notice may include either a copy of the applicable document or a description of the document and where it may be found on the Association's website. The notice may be sent directly to Members or may be included in an electronic communication available to Members generally. A Member's failure to receive notice of an amendment or new Rule, policy or procedure may not be asserted as a defense to an attempt by the Association to enforce a Violation. The Association may, but is not required to, solicit input from Members before adopting a new Rule, policy or regulation or an amendment to an existing Rule, policy, or procedure.



Castle Pines Homes Association Owner Request for Records

Note: Association records may be inspected and copied by any Owner. This form and many Association records are available for download on the Association’s website: www.thevillagecastlepines.com.

Request to: Inspect Records Copy Records Both Inspect and Copy

Records Requested By:

Owner Name: _____

Address: _____

Phone #: _____ Fax #: _____

Email Address: _____

Description of Records Requested (attach additional sheets if needed):

Format Requested:

Please note that a nominal copy charge may apply for large document requests

Paper E-mail Fax

I understand that, if requested, an Association ownership list may not be obtained or used for any purpose unrelated to my interests as an Owner and, in particular, an ownership list may not be:

- (a) Used to solicit money or property unless the money or property will be used solely to solicit the votes of the Owners in an election held by the Association;
- (b) Used for any commercial purpose;
- (c) Sold to, otherwise distributed to, or purchased by any person; or
- (d) Used for any other purpose prohibited by law.

If any requested document is used for an improper purpose, I will be responsible for all damages, penalties, and costs incurred by the Association, including reasonable attorney fees, resulting from the improper use. I will additionally be subject to all enforcement procedures available to the Association through its governing documents and Colorado law.

Member

Signature: _____

Date: _____

Please return this completed form to:

Castle Pines Homes Association, Inc.

688 West Happy Canyon Road, Castle Rock, CO 80108

Email: admin@thevillagecastlepines.com