

**RESPONSIBLE GOVERNANCE POLICIES AND OTHER POLICIES
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc., a Colorado nonprofit corporation (the "**Association**") is required to adopt certain policies, procedures, and rules and regulations concerning specified topics, which are known as the "responsible governance policies," according to COLO. REV. STAT. §§ 38-33.3-124 and -209.5(1)(b).

Accordingly, the Association has adopted the following responsible governance policies, which shall replace any previous policies on the same subjects:

POLICY CONCERNING COLLECTION OF UNPAID ASSESSMENTS (THE "COLLECTION POLICY")

POLICY CONCERNING HANDLING CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS (THE "CONFLICT OF INTEREST POLICY")

POLICY CONCERNING CONDUCT OF MEETINGS (THE "MEETING POLICY")

POLICY CONCERNING ENFORCEMENT OF COVENANTS AND RULES (INCLUDING NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES) (THE "ENFORCEMENT POLICY")

POLICY CONCERNING INSPECTION AND COPYING OF ASSOCIATION RECORDS BY LOT OWNERS (THE "RECORDS POLICY")

POLICY CONCERNING INVESTMENT OF RESERVE FUNDS (THE "RESERVE FUND POLICY")

POLICY CONCERNING PROCEDURES FOR ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES (THE "RULES POLICY")

POLICY CONCERNING PROCEDURES FOR ADDRESSING DISPUTES ARISING WITHIN THE ASSOCIATION AND OWNERS (THE "DISPUTE RESOLUTION POLICY")

The Association also has authority to adopt certain other policies that are not required by law and those policies are also provided here if adopted. The policies may be amended from time to time.

NOTE: OBTAIN LEGAL ADVICE BEFORE AMENDING ANY RESPONSIBLE GOVERNANCE POLICY TO ENSURE THAT THE CHANGES COMPLY WITH APPLICABLE LAW.

**POLICY CONCERNING COLLECTION OF UNPAID ASSESSMENTS
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning collection of unpaid assessments pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(I).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Collection Policy**"):

1. Use of Terms.
 - 1.1. Capitalized terms not otherwise defined in the Collection Policy have the same meaning as in the Association's recorded declaration.
 - 1.2. The term "**Assessment**" refers to all fees, charges, late charges, attorney's fees, fines, and interest imposed by the Association. The term includes but is not limited to Regular Assessments and Special Assessments (as defined below). Except as noted in the Collection Policy, all Assessments will be treated the same for collection purposes.
 - 1.3. The term "**Regular Assessment**" refers to a periodic payment due from each Owner to the Association based on the Association's budget (commonly known as "dues.")
 - 1.4. The term "**Special Assessment**" refers to an irregular, unbudgeted, payment due from each Owner to the Association from time to time as determined by the Association's executive board.
 - 1.5. The term "**Designated Contact**" means a person identified by an Owner to be provided with various notices. An Owner shall designate a Designated Contact in the manner provided in the separate Notice Policy.
 - 1.6. The term "**Recorded Vote**" means a vote conducted by the Association's executive board in which the individual votes of the members of the Association's executive board voting in favor of the matter, or the fact that the vote was unanimous, are reflected in the records of the Association. The members of the Association's executive board are not required to sign any document to record their vote.
2. Mandatory Nature of and Effect of Policy. The Association is required to follow the Collection Policy. Notwithstanding the foregoing, the Association's failure to comply with the Collection Policy shall in no event limit any Owner's liability for unpaid Assessments, which are always each Owner's responsibility. The Collection Policy shall supersede any provision of the bylaws or rules and regulations to the contrary. It replaces all previous collection policies that may have been adopted by the Association. The imposition of fines is governed by a separate Enforcement Policy; however, once fines are imposed as Assessments under the Enforcement Policy, they are subject to collection under the Collection Policy.
3. Due Date and When Past Due and Delinquent.
 - 3.1. Each installment of a Regular Assessment must be paid to the Association on or before the "**Regular Assessment Due Date**" stated on Schedule 1.
 - 3.2. Each Special Assessment must be paid to the Association at a date to be fixed by the Association's executive board at the time of imposing the Special Assessment.

- 3.3. All other Assessments must be paid at the time they are assessed unless otherwise determined by the Association's executive board.
- 3.4. All Assessments will be considered past due and delinquent if not received by the Association on or before the "**Past Due and Delinquent Date**" stated on Schedule 1.
- 3.5. If an Owner fails to pay any Regular Assessment when due, the Association may accelerate and call due all Regular Assessments for the remainder of the fiscal year and require the Owner to pay them immediately. The Association's executive board may later elect to decelerate the account in its business judgment.
4. Late Fees. The Association is entitled to impose late fees in the amount of the "**Late Fee**" shown on Schedule 1 in addition to interest for any payment that is past due and delinquent. Note: by statute, COLO. REV. STAT. § 38-33.3-209.5(1.7)(b)(I)(A), the Association may not impose late fees on a daily basis.
5. Interest. The Association is entitled to impose monthly interest in the amount of the "**Interest**" shown on Schedule 1 on unpaid Assessments in addition to late fees. Note: by statute, COLO. REV. STAT. §§ 38-33.3-1.7(8) and -315(2), the maximum rate that the Association may charge on past due Assessments is 8% per annum.
6. Returned-Check Charges. Any Owner whose check, draft, or order for the payment of money upon any bank, depository, person, firm, or corporation is not paid upon its presentment is liable to the Association as provided in COLO. REV. STAT. § 13-21-109 (the bad check statute). For purposes of the bad check statute, the bad check charge will be the "**Bad Check Charge**" shown on Schedule 1. Note: according to the bad check statute, the maximum bad check charge is twenty dollars. Writing bad checks is a criminal misdemeanor in Colorado and nothing herein shall prevent the Association from referring the matter to any appropriate authority for criminal prosecution.
7. Collection Process.
- 7.1. Billing and Notice Policy. On a monthly basis, the Association will send to each Owner who has an outstanding balance owed to the Association an itemized list (*i.e.*, statement) of all Assessments that the Owner owes to the Association. The list will be sent by first class mail, and, if the Association has the relevant e-mail address, by e-mail. An Owner may request that notices also be sent to the Owner's Designated Contact or be in a language other than English in the manner provided in the separate Notice Policy. Sending the list shall not affect an Owner's liability for unpaid Assessments, which are always the Owner's responsibility. Owners are responsible for making sure the Association has current contact information. **The risk of non-delivery of notices is always on each Owner**. Each Owner is affirmatively required to determine the Assessments owed from time to time and pay them with or without an invoice or statement; that is one of the purpose of the Association's budget process.
- 7.2. Payments. Payments may be made to the "**Payment Address**," or in such other place or manner as the Association may direct from time to time as currently shown on Schedule 1. If the Association shall have a managing agent, payment may not be delivered directly to the Association's managing agent at its offices unless otherwise directed and, to the extent that the Association accepts a payment delivered directly to the Association's managing agent, the payment will be deemed paid when actually deposited into the Association's account by the managing agent even if there is a delay that causes additional charges to accrue on the account.

- 7.3. Mandatory First Contact. Before the Association turns over a delinquent account to a collection agency or refers it to an attorney for legal action that is charged to the Owner, the Association, or its managing agent, will first contact the Owner to alert the Owner of the delinquency. This is known as "First Contact." The Association will keep a record of any First Contacts, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made. For purposes of First Contact, an Owner may designate a Designated Contact or request that notices be in a language other than English in the manner provided in the separate Notice Policy. The Owner and the Owner's Designated Contact, if any, shall both be sent all correspondence and notices in relation to collecting a delinquent account. First Contact shall include sending a Notice of Delinquency in the manner provided below. In addition, First Contact shall consist of at least one of the following: (a) first-class mail; (b) text message to a cellular number that the Association has on file because the Owner has provided the cellular number to the Association; or (c) e-mail to an address that the Association has on file because the Owner has provided the e-mail address to the Association.
- 7.4. Notice of Delinquency. Before the Association turns over a delinquent account to a collection agency or refers it to an attorney for legal action that is charged to the Owner, the Association, or its managing agent, will first give the Owner at least one "**Notice of Delinquency**" in any legal form including but not limited to that contained in **Exhibit A**. The Notice of Delinquency will be given by (a) sending it certified mail, return receipt requested, and (b) physically posting a copy of it at the Owner's unit. The Notice of Delinquency must be written in English and in any language that the Owner has indicated a preference for under the separate Notice Policy. The Association may give an Owner any number of Notices of Delinquency before proceeding with more formal collection action without prejudice to its collection rights. Payments will be applied on each account as provided in the Notice of Delinquency, and the Association's acceptance of less than the full amount owed shall never constitute accord and satisfaction or affect the Association's rights with respect to collection of the balance except as expressly acknowledged by the Association in writing. Notwithstanding the foregoing, the Association is not required to give any Notice of Delinquency where not required by law. The Association will keep a record of any Notices of Delinquency. To the extent provided by law, the Notice of Delinquency must include an offer to enter into a repayment plan with terms to be negotiated consistent with legal requirements.
8. Referral to Collection Agency or Attorney. If an Owner has not paid the full amount owed on a delinquent account within thirty calendar days after First Contact (and the giving of a Notice of Delinquency, where required), a majority of the Association's executive board may vote to refer the matter to a collection agency or attorney by a Recorded Vote conducted in an executive session under the separate Meeting Policy. A delinquent Owner is liable for all the Association's collection and legal costs, including attorney's fees, with or without suit, and including the costs of any appeal. As directed by the executive board, the collection agency or attorney may pursue collection of the account using any means permitted by law, including through appointment of a receiver. Pursuant to statute, Colo. Rev. Stat. § 38-33.3-316(1)(b), the Association may not pursue legal action for unpaid monthly installments until the Owner has failed to pay at least three monthly installments.
- 8.1. Forbearance Agreement Permitted. The Association may, in its business judgment, forebear enforcement of the Collection Policy, including entering into forbearance agreements with delinquent Owners, if its executive board in the exercise of its business judgment determines this to be in the best interest of the Association. No agreement regarding Assessments is enforceable by an Owner unless reduced to a writing signed by a qualified person on behalf of the Association and the Owner.
9. Suspension of Voting Rights. Voting rights may be suspended by the Association's executive board during any period that there is a delinquency in payment of Assessments regarding a unit

to which such voting rights are assigned. If voting rights are suspended, the Association may nonetheless count the affected unit toward any quorum as applicable.

- 9.1. Effect of Bankruptcy. If any Owner files bankruptcy, the Owner might not be personally responsible for Assessments accruing before the Owner filed bankruptcy but will remain responsible for all Assessments accruing after the Owner filed bankruptcy until such time as the Owner shall no longer have legal title to a unit. A bankruptcy filing shall not affect the Association's right to claim a lien for the entire amount of unpaid Assessments against a unit as distinguished from claiming the same against the Owner personally. The Association may immediately turn the matter over to its attorney upon receipt of notice that an Owner filed bankruptcy, and any attorney's fees relating thereto may be charged to the Owner's account.
- 9.2. Lien for Assessments and Filing of Foreclosure Actions against Owners.
 - 9.2.1. The Association has a lien on each unit for unpaid Assessments. If the Assessment is payable in installments, then the lien attaches to the unit if the installment remains unpaid fifteen days after it is due. Otherwise, the lien attaches immediately. The Association's recorded declaration is the only notice of such lien that is legally required, and the Association is not required to record a special notice of its lien in the public records. Notwithstanding the foregoing, the Association, acting through its executive board, managing agent, or attorney, may cause a special notice of its lien to be recorded and a delinquent Owner will then be responsible for the "**Lien Filing Fee**" stated on Schedule 1.
 - 9.2.2. The Association's lien can be foreclosed to satisfy the debt in like manner as a mortgage on real estate subject to the following restrictions:
 - 9.2.2.1. The lien may not be foreclosed unless the balance of the Assessments sought to be collected equals or exceeds the equivalent of six months' of Regular Assessments based on a periodic budget adopted by the Association;
 - 9.2.2.2. The Association's executive board must formally resolve, by a Recorded Vote, to authorize the filing of a foreclosure against an Owner on an individual basis. The Association's executive board may not delegate its duty to act under this provision (such as to the managing agent or Association attorney). Evidence of the Recorded Vote must be filed in the foreclosure action;
 - 9.2.2.3. The Association must have complied with the requirements for First Contact and Notice of Delinquency as provided above, and, within thirty days after the Association has offered the Owner a repayment plan, if required, the Owner has either declined the repayment plan or, after accepting the payment plan, failed to pay at least three monthly installments after the monthly installments were due; and
 - 9.2.2.4. The Association may not foreclose its lien if the Assessments secured by the lien consist only of one or both of (a) fines that the Association has assessed against the Owner; or (b) collection costs or attorney's fees that the Association has incurred and that are only associated with assessed fines.
 - 9.2.3. Pursuant to statute, COLO. REV. STAT. § 38-33.3-316(12), if the Association's lien has been foreclosed, then certain persons, including members of the Association's executive board, its legal counsel, and its manager, are not permitted to purchase the foreclosed unit at the sale.
10. Assignment of Collection Rights. The Association may assign its right to collect any delinquent Assessments to any person without notice to the delinquent Owner and the assignee will then have all rights and responsibilities of the Association with respect to the assigned rights. When the Association assigns any portion of its collection rights, the assignee shall receive the right to collect the Assessments as of a specified date together with all collection expenses, including

attorney's fees, relating to those Assessments. Assessments accruing after the date of any such assignment and not relating to collection of the amount assigned must be paid to the Association in the normal course, and the Association will retain all collection rights with respect to them, such that an Owner may be delinquent regarding paying Assessments to the assignee and current with regard to paying Assessments to the Association, or vice versa. Once the Association assigns any portion of its right to collect any Assessments, the Owner must deal directly with the assignee with respect to the Assessments assigned. The Association may, but shall not be required to, enter into "standby" agreements whereby it agrees not to take enforcement action with respect to new Assessments until an assignee completes enforcement with respect to assigned Assessments, or vice versa. Enforcement of new Assessments and assigned Assessments may also take place concurrently and the Association and the assignee may assert concurrent enforcement rights in a single enforcement action coordinated by them subject to an agreement concerning the final disposition of proceeds. The arrangements between the Association and any assignee will not affect an Owner's rights or obligations with respect to unpaid Assessments and are therefore not subject to challenge by Owners.

11. Effect of Prior Decisions and Business Judgment Rule. The Association is not bound to decisions with respect to one set of facts and circumstances when it comes to its decisions regarding another set of facts and circumstances concerning the enforcement of the Collection Policy. The Association's actions will be governed by the business judgment rule, which holds that good faith acts of the members of the Association's executive board that are within the powers of the Association and exercise of honest business judgment are valid.

Certification:

The foregoing policy was adopted effective _____ (date).

By:

The
Klug Law Firm LLC

SCHEDULE 1 TO COLLECTION POLICY:

| | |
|--|---|
| Regular Assessment Due Date | The first day of each month |
| Past Due and Delinquent Date | The thirtieth day of each month |
| Late Fee | \$50 per month |
| Interest | 8% per annum commencing from when an Assessment is thirty days past due |
| Bad Check Charge | \$20 |
| Payment Address or other method payment | PO Box 915, Silverthorne CO 80498 |
| Lien Filing Fee | \$50 (plus recording fee) |

EXHIBIT A TO COLLECTION POLICY

[Date]

[Name of Owner]
[Address]

NOTICE OF DELINQUENCY

PLEASE TAKE NOTICE:

As an Owner of a unit in THE WATERS AT SILVER TROUT, you are obligated to pay assessments to The Waters at Silver Trout Homeowners Association, Inc. (the "Association"). Our records show that your account is delinquent. Pursuant to the Association's Collection Policy and applicable law, you are hereby given Notice of Delinquency as follows:

CERTAIN DISCLOSURES AND NOTIFICATIONS HAVE BEEN PLACED ON THE LAST PAGE OF THIS NOTICE.

Total amount due:

[INSERT AMOUNT DUE]

Whether the opportunity to enter into a payment plan exists:

Yes, there is an opportunity for you to enter into a payment plan pursuant to applicable law. If you wish to discuss your options, please contact the Association's legal counsel, [INSERT NAME], by sending an email to [INSERT E-MAIL ADDRESS], referencing your name, unit number, mailing address, and phone number, and the fact that you would like information about a payment plan. [INSERT NAME] will then review the account and contact you with information about payment plan options.

No, there is not an opportunity for you to enter into a payment plan because:

To our knowledge, you do not occupy the unit and you acquired the property as the result of a default of a security interest encumbering the unit or foreclosure of the Association's lien; or

You previously entered into a payment plan with the Association.

The name and contact information for the individual you may contact to request a copy of your ledger in order to verify the amount of the debt:

[INSERT CONTACT INFO]

ACTION IS REQUIRED TO CURE THE DELINQUENCY AND FAILURE TO DO SO WITHIN THIRTY (30) CALENDAR DAYS MAY RESULT IN YOUR DELINQUENT ACCOUNT BEING TURNED OVER TO A COLLECTION AGENCY, A LAWSUIT BEING FILED AGAINST YOU, THE FILING AND FORECLOSURE OF A LIEN AGAINST YOUR PROPERTY, OR OTHER REMEDIES AVAILABLE UNDER COLORADO LAW.

The method by which payments may be applied on your delinquent account:

Payments received on your account will be applied first to the oldest assessments imposed on the account. Notwithstanding the foregoing, any payments that you make will be applied secondarily to any fines, fees, or other charges owed and primarily to all other kinds of assessments.

The legal remedies available to the Association or its assignee to collect on your delinquent account pursuant to the governing documents and Colorado law:

The legal remedies may include the following, which may be exercised concurrently: obtaining a money judgment against you personally and then enforcing the judgment as provided by law; foreclosing the Association's lien encumbering your unit; obtaining a receiver for your unit; suspending your voting rights in the Association; accelerating and calling due your account; turning over your account to a collection agency; referring your account to an attorney for legal action; imposing late charges, interest, collection costs and attorney's fees on your account; reporting information about your account to a credit agency; and all other remedies provided by law.

Payment may be made in the following manner(s):

[INSERT MANNER OF PAYMENT]

The delinquency concerns [check boxes as applicable]:

- Unpaid assessments
- Unpaid fines, fees, or charges

If the delinquency concerns unpaid assessments, you are hereby advised that such unpaid assessments may lead to foreclosure.

The steps that the Association must take before the Association may take legal action against you are stated in the Association's Collection Policy, a copy of which might be attached or will be provided upon request.

A party seeking to enforce rights and responsibilities arising under the declaration, bylaws, covenants, or other governing documents of an association in relation to disputes arising from assessments, fines, or fees owed to the association and for which the amount at issue does not exceed seven thousand five hundred dollars, exclusive of interest and costs, may file a claim in small claims court.

Fair Debt Collection Practices Acts Notice

1. The amount of the debt you owe is *[\$amount of debt]*.
2. The name of the creditor to whom you owe the debt is The Waters at Silver Trout Homeowners Association, Inc.
3. Unless you dispute the validity of the debt or any portion thereof within 30 days after receipt of this notice, we shall assume that you agree the debt to be valid.
4. If you notify us in writing within this 30-day period that you dispute this debt or any portion thereof, we will obtain verification of the debt or judgment, if one exists, and will mail you a copy.
5. Upon your written request within the 30-day period we will provide you with the name and address of the original creditor, if different from the current creditor.
6. If you notify us in writing to cease contacting you by telephone at your place of employment, no further contact shall be made.
7. If you refuse to pay the debt or you wish for us to cease further communication and you so advise us in writing, we shall not communicate further with you except:
 - a. To advise you we intend to invoke specified remedies permitted by law or that we may invoke specified remedies which we ordinarily invoke;
 - b. To advise you our efforts are being terminated.
8. This is an attempt to collect a debt, and any information obtained will be used for that purpose.

**POLICY CONCERNING HANDLING OF CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning handling of conflicts of interest involving board members pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(II). In addition, another applicable statute, COLO. REV. STAT. § 7-128-501, provides guidance for handling conflicts of interest.

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Conflict of Interest Policy**"):

1. Definitions.

- 1.1. A "**conflicting interest transaction**" arises when there is a contract, transaction, or other financial relationship between the Association and a director or officer, or between the Association and a party related to a director or officer, or between the Association, or a director or officer of the Association, and an entity in which a director or officer of the Association is a director or officer or has a financial interest in such entity. Common examples of conflicting interest transaction include an association hiring a director or officers' company or the hiring of a director or officer to provide services.
- 1.2. A "**party related to a director or officer**" means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or officer or a party related to a director or officer has a beneficial interest, or an entity in which a party related to a director or officer is a director, officer, or has a financial interest.

2. Standard that Applies to a Conflicting Interest Transaction.

- 2.1. A conflicting interest transaction is not necessarily disallowed. To the contrary, a conflicting interest transaction may be permitted if the material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Association's executive board, and the board in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum.

3. Requirements in Event of a Potential Conflicting Interest Transaction.

- 3.1. In the event a director or officer, or the Association's managing agent, perceives a potential conflicting interest transaction through whatever means, including a complaint by an Owner, he or she shall bring the matter promptly to the attention of the Association's executive board and the potential conflicting interest transaction shall be discussed at a meeting of the board at which a quorum is present. At that meeting, any director or officer involved in the potential conflicting interest transaction shall disclose to the members of the executive board present all material facts as to the director's or officer's relationship or interest and reasons why or why not the transaction would be fair to the Association. The existence of the potential conflicting interest transaction, and the pertinent facts, shall be noted in the minutes of the meeting.
- 3.2. A majority of the disinterested directors present at the meeting may then in good faith decide by affirmative vote if there is, in fact, a conflicting interest transaction, and, if so, whether to authorize, approve, or ratify the transaction, even though the disinterested directors may be less than a quorum. In the alternative, a majority of the disinterested directors present at the meeting may choose to refer the matter to vote or approval of the Owners, in which case the Owners shall be provided with all material facts necessary to make the determination.

- 3.3. An interested director may be counted in determining the presence of a quorum at a meeting of the executive board which authorizes, approves, or ratifies a transaction giving rise to a perceived conflict of interest.
- 3.4. An interested director or officer may address the disinterested members of the executive board on the matter in the same manner as any other Owner.
4. REQUIREMENT FOR PERIODIC REVIEW. THIS CONFLICT OF INTEREST POLICY SHALL BE REVIEWED BY THE ASSOCIATION'S EXECUTIVE BOARD AT LEAST ONCE IN EVERY TWO-YEAR PERIOD AS REQUIRED BY LAW.

CERTIFICATION:

The foregoing policy was adopted effective _____ (date).

By: _____

The **K**lug Law Firm, LLC

**POLICY CONCERNING CONDUCT OF MEETINGS
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning conduct of meetings pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(II).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Meeting Policy**"):

1. Requirement for Meetings Generally. There are generally two types of meetings that the Association may conduct: meetings of the executive board (including its committees) and meetings of the Owners. Unless otherwise stated in the bylaws, the Association is only required to conduct one of each type of meeting annually. When a meeting occurs at a recurring date, time, and place, it is known as a "regular meeting." All other meetings are known as "special meetings." There are different notice requirements that pertain to different types of meetings and different types of participants in those meetings. In addition, it is possible for the Association to take action without holding a meeting through different procedures provided by law (*e.g.*, action by written ballot). However, in certain cases where the executive board takes action without a meeting, the written communications among, and the votes cast, by the executive board members must be maintained as Association records (as addressed in the separate Records Policy). No notice is required for action without meeting except as required by law or the bylaws. This Meeting Policy is supplemented by the provisions of the Association's bylaws concerning meetings to the extent not inconsistent herewith.
2. General Provisions for All Meetings.
 - 2.1. Meetings will be conducted substantially in accordance with the bylaws of the Association and applicable law. The person presiding over any meeting may reasonably determine how to conduct the business at hand, which may be relatively informal or in accordance with the current edition of Robert's Rules of Order or similar parliamentary rules. No action taken by the Association or its executive board will be subject to challenge for failure to comply with formalities unless required by law.
 - 2.2. Minutes shall be kept of all meetings. However, it is not necessary that the minutes reflect every matter that was discussed or statement that was said as if it were a transcript. Instead, the minutes need only state, at a minimum, the date, time, and place or manner of the meeting, the persons present in-person or by proxy who were counted toward a quorum, that it was considered whether proper notice of the meeting had been given, and the motions that were approved. Sample minutes follow this policy for reference only. Nothing herein shall prevent the secretary, or other person taking the minutes, from including other information as desired. There is no requirement that minutes be approved unless stated in the bylaws, and, while the Association may mark minutes as being a "draft," the Association may not withhold minutes from any requesting Owner on the basis that they are not approved or are in draft form. The person presiding over any meeting may call for minutes to be approved at the end of the meeting to which they relate or at another meeting. The best practice is to approve them, if at all, at the end of the meeting to which they relate while the events are still fresh in the participants' minds.
 - 2.3. Any meeting may be attended by an Owner and/or by that Owner's representative.
 - 2.4. Owners should be aware that it may not be permissible for the Association to conduct business that is not on an agenda for a meeting. In other words, an Owner cannot show up at the annual

meeting expecting that any business can be conducted regardless of what is on the agenda. Owners may request that any item be placed on the agenda for any meeting, but the discretion whether to do so ultimately rests with the executive board in its business judgment. If the executive board declines to place a matter on the agenda that an Owner wants addressed, then that Owner can attempt to call a special meeting for the purpose of discussing the matter following legal requirements.

- 2.5. Meetings may be conducted by telephone, video, or similar electronic means that reasonably permit the participants to listen and be heard upon request. Nothing herein shall prevent the person presiding over the meeting from muting any participants as appropriate.

3. General Provisions that Apply to Executive Board Meetings.

- 3.1. All votes by the Executive Board shall be conducted during an open meeting except where permitted by law to be conducted in executive session.
- 3.2. At an appropriate time determined by the person presiding over the meeting, but before the executive board votes on an issue under discussion, the executive board shall permit Owners or their designated representatives to speak regarding the issue. The executive board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the executive board shall provide for a reasonable number of persons to speak on each side of the issue. All comments to the executive board shall be made in a respectful and non-confrontational manner.
- 3.3. The executive board or any committee of the executive board may conduct an executive session and restrict attendance to executive board members and any others designated by the executive board or by the committee for any of the following reasons (and no other):
 - 3.3.1. To consult with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 - 3.3.2. To discuss matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
 - 3.3.3. Investigative proceedings concerning possible or actual criminal misconduct;
 - 3.3.4. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy, including a disciplinary hearing regarding a Owner and any referral of delinquency; or
 - 3.3.5. Review of or discussion relating to any written or oral communication from legal counsel.
- 3.4. Before the executive board or any committee of the board convenes in executive session, the chair of the body shall announce the general matter of discussion as one of the above reasons.
- 3.5. The executive board shall not adopt any change to the Associations' articles of incorporation or bylaws during an executive session; any such may be validly adopted only during a regular or special meeting or after the executive board goes back into regular session following an executive session.
- 3.6. The minutes of all meetings at which an executive session was held must indicate that an executive session was held and the general subject matter of the executive session.

3.7. An owner who is the subject of a disciplinary hearing or a referral of delinquency may request and receive the results of any vote taken at the relevant meeting.

4. Notices for Executive Board Meetings.

4.1. Regarding executive board meetings, there are differences between the notice requirements for Owners who are members of the executive board and those who are not. Owners who are not members of the executive board are not entitled by law to notice of executive board meetings. Nonetheless, the executive board shall make agendas for meetings of the board, and agendas for meetings of committees of the board that are authorized to take final action on the board's behalf, reasonably available for examination by all Owners and/or their representatives. If there is no formal agenda, Owners and/or their representatives are nonetheless entitled to a general description of the purpose of the meeting and the subject matter that will be discussed. For purposes hereof, "reasonably available" means that Owners may request that such agendas or descriptions be provided to them by electronic means in advance of a meeting where feasible, or otherwise promptly thereafter, or that such agendas or descriptions will be posted on a website or similar electronic forum maintained by the Association.

4.2. Unless otherwise required by law or the bylaws, regular meetings of the executive board may be held without notice of the date, time, place, or purpose of the meeting to the members of the executive board.

4.3. Unless the bylaws provide for a longer or shorter period, special meetings of the executive board shall be preceded by at least two days' notice of the date, time, and place of the meeting to the members of the executive board. The notice need not describe the purpose of the special meeting unless otherwise required by law or the bylaws. Notwithstanding the notice requirement, members of the executive board may waive notice expressly or by participating in the meeting.

4.4. If the Association maintains a website, then agendas of meetings may be posted on such website. If the Association does not maintain a website, then agendas of meetings will not be posted on-line.

4.5. The Association will provide notices and agendas of meetings of the Owners by electronic mail to all Owners who so request and who furnish the Association with their electronic mail address.

4.6. The executive board shall give at least thirty days' advance notice to the Owners of any change in the manner or means by which meeting information regarding executive board meetings will be provided.

5. General Provisions that Apply to Owner Meetings.

5.1. A meeting of the Owners shall be held at least once each year.

5.2. Special meetings of the Owners may be called by the president, by a majority of the executive board, or by Owners having twenty percent, or any lower percentage specified in the bylaws, of the votes in the Association.

6. Notices for Owner Meetings.

6.1. Not less than ten nor more than fifty days in advance of any meeting of the Owners, the secretary or other officer specified in the bylaws shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the Owner. The notice shall state the time and place of the meeting and the items on

the agenda, including the general nature of any proposed amendment to the declaration or bylaws, any budget changes, and any proposal to remove an officer or member of the executive board.

- 6.2. Unless specified here, agendas of meetings need not be physically posted at any location.
- 6.3. Electronic notice of a special meeting of the Owners must be given as soon as possible but at least twenty-four hours before the meeting. Electronic notice shall be in addition to any other notice required by the bylaws or applicable law. It shall only be required to provide electronic notice to those owners who provide an e-mail address to the Association for that purpose.
- 6.4. Votes for contested positions on the executive board shall be taken by secret ballot. In addition, at the discretion of the executive board or upon the request of not less than twenty percent of the Owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter on which all Owners are entitled to vote shall be by secret ballots.
- 6.5. Whenever a secret ballot is required, such ballots shall be counted by a neutral third party or by a committee of volunteers. The neutral third party or committee of volunteers shall be selected at the meeting where the vote is being taken by person presiding over that portion of the meeting, who shall not be a candidate for a contested position where applicable. If the ballots are counted by a committee of volunteers, then those volunteers must be Owners who are neither members of the executive board nor candidates. Once a secret ballot is taken, the results shall be reported without reference to the names, addresses, or other identifying information of Owners participating in such vote. In the event of any dispute concerning the manner in which a secret ballot will be taken or reported, the matter will be referred to the Association's regular legal counsel who will either render a final decision on the matter or indicate another manner that the matter will be decided. Secret ballots are further addressed in the Association's separate Records Policy.

CERTIFICATION:

The foregoing policy was adopted effective _____ (date).

By:

The
Klug Law Firm, LLC

SAMPLE MINUTES OF OWNER MEETING

**[NAME OF ASSOCIATION]
Minutes of Annual Owners Meeting
[DATE]**

At a special meeting of the owners of [name of Association], held at its attorney's office on [date], the president, [name], in the chair and Noah Klug, attorney for the Association, acting as secretary, members being present in-person or by proxy, as follows:

[names and unit numbers]

It was established that notice was proper.

A quorum was established (20% of 51 units requiring 10.2 owners, which is rounded to 11).

The minutes of the [date] owner meeting were approved by acclamation.

Old Business: there was a discussion of short-term rental policy. [name] will investigate whether properties being used for short-term rentals have active licenses, and the owners will otherwise monitor the proposed Town of Breckenridge ordinance.

New Business:

The 2022 budget was not vetoed by the owners (thereby causing the budget to take effect as approved by the Board).

There was a call for nominations to the Board. The slate of [names] was approved for one-year terms by acclamation.

There was a discussion of lot maintenance issues, specifically noxious weeds and dead/downed trees.

Open discussion: no new items.

There being no further business to come before the owners, the meeting was adjourned.

SAMPLE MINUTES OF EXECUTIVE BOARD MEETING

**[NAME OF ASSOCIATION]
Minutes of Executive Board Meeting
[DATE]**

At a special meeting of the executive board of [name of Association], held at its attorney's office on [date], the president, [name], in the chair and Noah Klug, attorney for the Association acting as secretary, and a quorum of the members of the executive board being present as follows: [names]

Motions were duly made, seconded, and passed by unanimous vote as follows:

The minutes of the [date] board meeting are approved.

The following officers are appointed to the positions indicated next to their names:

[name] – President
[name] – Vice President/Asst. Secretary
[name] – Secretary/Treasurer.

Any unidentified funds in the design review account shall be transferred to the operating account.

[name] shall send informal letters to delinquent owners (manager to provide list).

The following persons were reappointed to the design review board:

[names]

There being no further business to come before the board, the meeting was adjourned.

**POLICY CONCERNING ENFORCEMENT OF COVENANTS AND RULES (INCLUDING NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES)
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning enforcement of covenants and rules (including notice and hearing procedures and the schedule of fines) pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(IV).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Enforcement Policy**"):

1. Review of Suspected Violations. The Association's executive board will review all suspected violations of the governing documents coming to its attention and take appropriate action in the exercise of its business judgment. If the violation of the governing documents concerns failure to pay Assessments (*e.g.*, dues), it shall be addressed under the separate Collection Policy rather than the Enforcement Policy.
2. Persons Not Entitled to Participate in Proceedings as a Director. The following shall not be entitled to participate in any proceedings to review suspected violations: (a) the Owner suspected of the violation; and (b) any other Owner having a direct personal or financial interest in the outcome. An Owner shall not be deemed to have a direct personal or financial interest in the outcome if the Owner will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. Owners who are not entitled to participate in the proceedings may nonetheless be counted in determining the presence of a quorum at a meeting of the Association's executive board to consider the suspected violation, but any such Owner will be recused and the remaining directors may take action even if they are less than a quorum.
3. Enforcement Process.
 - a. With respect to any violation of the governing documents, the Association's executive board will first reasonably determine if the violation threatens the public health or safety. In turn, this determines the type of notice that must be given to the subject Owner, the time allowed for the Owner to cure the violation, and the amount of fines that may be charged.
 - b. If the executive board determines that the suspected violation *does* threaten public health or safety, then it shall provide the subject Owner (and any Designated Contact pursuant to the separate Notice Policy) written notice in English and in any other language that the Owner has indicated a preference as provided in the separate Notice Policy that the Owner has seventy-two hours to cure the suspected violation or the Association may fine the Owner. The notice will be given in the manner provided in the separate Notice Policy. If, after inspection of the unit, the Association acting through the executive board determines that the Owner has not cured the violation within seventy-two hours of the written notice, then the Association may impose fines on the Owner every other day and/or take other legal action (except the Association shall not pursue foreclosure against any Owner based on fines owed).
 - c. If the executive board determines that the suspected violation *does not* threaten public health or safety, then it shall provide the subject Owner (and any Designated Contact

pursuant to the separate Notice Policy) written notice in English and in any other language that the Owner has indicated a preference as provided in the separate Notice Policy that the Owner has thirty days to cure the violation. The notice shall be sent by certified mail, return receipt requested. If, after inspection of the unit, the Association acting through the executive board determines that the Owner has not cured the violation within thirty days of the written notice, then the Association may impose fines on the Owner every other day not to exceed \$500. If the Association gives a second written notice in the same manner as the first and the Owner still has not cured the violation within a second thirty-day period, then the Association may take other legal action (except the Association shall not pursue foreclosure against any Owner based on fines owed).

- d. If the Owner cures the violation within either the seventy-two hour or thirty-day cure period as provided above, as applicable, the Owner may notify the Association of the cure and, if the Owner sends with the notice visual evidence that the violation has been cured, the violation shall be deemed cured on the date that the Owner sends the notice. However, if the Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the unit as soon as practicable to determine if the violation has been cured. If the Association does not receive notice from the Owner that the violation has been cured, then the Association acting through the executive board shall inspect the unit within seven days after the expiration of the cure period.
- e. Once an Owner cures a violation, the Association shall notify the Owner in English and in any other language that the Owner has indicated a preference as provided in the separate Collection Policy (a) that the Owner will not be further fined with regard to the violation, and (b) any outstanding balance that the Owner still owes the Association.

- 4. Fair and Impartial Factfinding Process Before Fine. In addition to, or as part of, the notice and cure process provided above, the Association shall not fine an Owner unless it first gives the Owner notice and opportunity for a hearing at a regular or special meeting of the executive board or any committee (including a committee of a single person) appointed by it to hear the matter. The notice may require a response by the Owner within a designated time, and the failure of the Owner to respond to the notice or to cooperate in scheduling the hearing will be deemed a waiver of the opportunity for a hearing and the fines may be imposed as determined by the executive board or its designated committee. At any hearing to consider whether to impose a fine for a suspected violation of the governing documents, the executive board or its designated committee will employ a fair and impartial factfinding process concerning whether the alleged violation actually occurred and whether the subject Owner is the one who should be held responsible for the violation. As part of the factfinding process, the executive board or its designated committee may consider any evidence that it deems relevant and need not have "proof" that the violation occurred if it finds it more likely than not that it occurred based on the available evidence. The decision of the Association's executive board or its committee will be final and binding. If it is determined that the Owner suspected of a violation should not be held responsible for the alleged violation, the Association shall not allocate to the Owner's account any of the Association's costs or attorney's fees incurred in asserting or hearing the claim or impose any fines. The hearing process described in this policy will be treated as an arbitration under an arbitration agreement pursuant to the Colorado Uniform Arbitration Act, COLO. REV. STAT. § 13-22-201 *et. seq.*
- 5. Fine Schedule. The Association acting through the executive board or committee will determine whether any violation was a single occurrence or a continuing violation. In the case of a single occurrence, meaning a violation that occurred on a single occasion, the Association may levy the "**Single Occurrence Fines**" shown on Schedule 1. In the case of a continuing violation, meaning a violation that occurred and/or continues for more than one day, the Association may levy the

“Continuing Violation Fines” shown on Schedule 1. If the subject Owner does not request a hearing, or if the Owner is determined to be in violation at the hearing, fines will be imposed retroactively to the date of the violation (not the date of the notice) unless otherwise determined by the executive board or its committee. The Association’s executive board or its committee may exercise its business judgment to determine whether any violation or series of violations should be treated as a single occurrence or continuing violation and to determine the date of the violation.

6. Collection Provisions. Except as otherwise provided, all attorney’s fees and costs incurred by the Association to enforce the governing documents, including but not limited to those in relation to a hearing under the Enforcement Policy, and all imposed fines, shall be Assessments subject to all collection powers of the Association under the Collection Policy.

Certification:

The foregoing policy was adopted effective _____ (date).

By:

The
Klug Law Firm, LLC

SCHEDULE 1: FINE SCHEDULE

| | |
|-----------------------------------|--|
| Single Occurrence Fines | \$100 for first violation and increasing by \$25 for each subsequent violation up to a maximum of \$150. |
| Continuing Violation Fines | \$100 for first day and \$50 for each additional day, imposed every other day. |

**POLICY CONCERNING INSPECTION AND COPYING OF ASSOCIATION RECORDS BY HOME OWNERS
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning inspection and copying of Association records by Owners pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(V). In addition, other statutes contain detailed records requirements. See COLO. REV. STAT. §§ 39-33.3-317 and -209.4(2).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Records Policy**"):

1. Annual Disclosures.
 - 1.1. Within ninety days after the end of each fiscal year (December 31), the Association shall make certain information available to the Owners that shall be known as the "**Annual Disclosure.**"
 - 1.2. The Annual Disclosure shall be accomplished by one of the following means: Posting on an internet web page with accompanying notice of the web address sent to each Owner via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery to the Owners.
 - 1.3. The Association will give each Owner notice when the Annual Disclosure is available.
 - 1.4. The cost of distributing the Annual Disclosure shall be accounted for as a common expense liability in the Association budget.
 - 1.5. The Association's executive board may delegate the responsibility for preparing and distributing the Annual Disclosure to the managing agent or one of its officers, as the Association shall determine.
 - 1.6. The Annual Disclosure shall consist of the following:
 - (i) The date on which the Association's fiscal year commences;
 - (ii) The Association's operating budget for the then current fiscal year;
 - (iii) A list, by unit type, of the Association's then current assessments, including both regular and special assessments;
 - (iv) The Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current Annual Disclosure;
 - (v) The results of the Association's most recent available financial audit or review, if applicable;
 - (vi) A list of all Association insurance policies, including, but not limited to, property, general liability, association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;
 - (vii) All the Association's bylaws, articles, and rules and regulations;

(viii) The minutes of the executive board and member meetings for the fiscal year immediately preceding the current Annual Disclosure; and

(ix) The Association's responsible governance policies adopted under Colorado Revised Statute § 38-33.3-209.5.

2. Required Records. In addition to the records required as part of the Annual Disclosure and any records specifically defined in the Association's governing documents, the Association's will maintain the following, all of which shall be deemed to be the sole records of the Association for purposes of document retention and production to Owners (the "**Records**"):

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

(b) Records of claims for construction defects and amounts received pursuant to settlement of those claims;

(c) Minutes of all meetings of its owners and executive board, a record of all actions taken by the owners or executive board without a meeting, and a record of all actions taken by any committee of the executive board;

(d) Written communications among, and the votes cast by, executive board members that are:

(I) Directly related to an action taken by the board without a meeting pursuant to COLO. REV. STAT § 7-128-202; or

(II) Directly related to an action taken by the board without a meeting pursuant to the Association's bylaws;

(e) The names of Owners in a form that permits preparation of a list of the names of all Owners and the physical mailing addresses and electronic mail address at which the Association communicates with them, showing the number of votes each Owner is entitled to vote;

(f) Its current declaration, covenants, bylaws, articles of incorporation, rules and regulations, responsible governance policies adopted pursuant to COLO. REV. STAT § 38-33.3-209.5, and other policies adopted by the executive board;

(g) Financial statements as described in COLO. REV. STAT § 7-136-106 (requiring reasonable detail of the association's assets and liabilities and results of its operations) for the past three years and tax returns of the association for the past seven years, to the extent available;

(h) A list of the names, electronic mail addresses, and physical mailing addresses of its current executive board members and officers;

(i) Its most recent annual report delivered to the secretary of state, if any;

(j) Financial records sufficiently detailed to enable the association to comply with COLO. REV. STAT § 38-33.3-316(8) concerning statements of unpaid assessments;

- (k) The Association's most recent reserve study, if any;
- (l) Current written contracts to which the Association is a party and contracts for work performed for the association within the immediately preceding two years;
- (m) Records of executive board or committee actions to approve or deny any requests for design or architectural approval from Owners;
- (n) Ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;
- (o) Resolutions adopted by its executive board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and
- (p) All written communications within the past three years to all Owners generally as Owners.

To the extent that any of the Records are not available going backward from the adoption of this policy, it shall be sufficient to maintain them going forward and, in that case, the Association shall maintain a record of unavailable Records and include it with the Records.

3. Details Concerning Action Without Meeting.

- 3.1. Paragraph 2(d) above requires the Association to maintain written communications, and the votes cast by, executive board members that are related to certain actions taken by the Association's executive board without a meeting. To clarify this requirement, the members of the executive board are permitted to communicate generally between and among themselves with respect to Association business without this constituting a meeting that must comply with meeting requirements. The executive board may also be permitted to take action on behalf of the Association without a meeting or by written ballot under the governing documents and applicable law. However, to the extent that the executive board does take action on behalf of the Association without a meeting, the written communications relating to that action (such as e-mail correspondence) must be maintained as Records.
- 3.2. The secretary is responsible for maintaining such written communications and this duty may be delegated to the managing agent, if any. The president may issue separate protocols for complying with this rule such as that executive board members must utilize special e-mail accounts for communications between and among themselves, that communications must take place in a designated electronic forum, or that all communications must be copied to a certain e-mail account for tracking purposes.
- 3.3. In most cases, the executive board should take action at a formal meeting.
- 3.4. Nothing herein shall prevent the members of the executive board from discussing outside of a formal meeting matters that will come before the executive board at a formal meeting, and, so long as the actual action is taken at a meeting, any written communications relating to such discussions need not be maintained as Records.
- 3.5. To the extent that the executive board authorizes an agent such as a managing agent, committee member, or officer, to take action on behalf of the Association, written communications to or from

that agent in carrying out the authorized action may, but need not be, maintained by the Association.

4. Owner Right to Inspection or Production of Records and Request Process.

4.1. Subject to the limitations stated below, the Records must be available for examination and copying by an Owner or the Owner's authorized agent.

4.2. An Owner wishing to obtain any Record or the Records must submit a written request to the Association, describing with reasonable particularity the Record or Records sought, at least ten calendar days (as determined in Section 4.4) prior to inspection or production of the documents. The request shall state whether the Owner wishes to physically inspect the Record or Records or wishes to have copies of them produced. The requirement that a request be stated with "reasonable particularity" means that the scope of a request shall be limited to a limited number of Records rather than simply a request for all Records and shall refer to specific Records that the Association is required to maintain per this Records policy or the bylaws.

4.3. To the extent that an Owner requests to physically inspect a Record or Records, the Association shall notify the Owner of a date, time, and place where such inspection may occur. The inspection may be limited to normal business hours or the next scheduled executive board meeting if the meeting occurs within thirty calendar days after the request.

4.4. To the extent that an Owner requests that copies of a Record or Records be produced, the Owner shall designate whether the Owner wishes to receive the documents by photocopying or through a means of electronic transmission, if available. The Association may impose a reasonable charge for making copies, including electronic copies, of Records. The charge will be \$15 per hour or fraction thereof for copying plus 20 cents per page, which may be paid to the managing agent, if any. The Association may require an Owner to pay the charge, or a deposit of the estimated amount thereof, in advance. The ten days' notice provided in paragraph 4.2 above shall run from when the charge or deposit is paid, not from the date of the request. However, the Association shall provide the Owner with the amount of the charge or deposit amount within ten calendar days following any request and the request shall be deemed made and received on the date the deposit is received.

5. Limitations on Record Requests.

5.1. Membership Lists. A membership list or any part thereof may not be obtained or used by the Association for any purpose unrelated to an Owner's interest as an Owner without consent of the executive board. A request by an Owner for a membership list or any part thereof shall be accompanied by a statement of the purpose for the request so that the Association can ensure compliance with this provision. Without limiting the generality of the foregoing, without the consent of the executive board, a membership list or any part thereof may not be:

(i) Used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;

(ii) Used for any commercial purpose; or

(iii) Sold to or purchased by any person.

5.2. Other Documents. The Association may withhold Records from Owners to the extent that they are or concern:

(i) Architectural drawings, plans, and designs, unless released upon the written consent of the legal owner of the drawings, plans, or designs;

(ii) Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;

(iii) Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including fee agreements with legal counsel and legal invoices, even if the communication relates to action taken by the executive board without a meeting;

(iv) Disclosure of information in violation of law;

(v) Records of an executive session of an executive board;

(vi) Individual Lots other than those of the requesting owner;

(vii) Personnel, salary, or medical records relating to specific individuals; or

(viii) Personal identification and account information of members and residents, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers.

(b)(l) Personal identification and account information of members and residents, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers; except that a member or resident may provide the Association with prior written consent to the disclosure of, and the Association may publish to other members and residents, the person's telephone number, electronic mail address, or both. The written consent must be kept as a Record of the Association and remains valid until the person withdraws it by providing the Association with a written notice of withdrawal of the consent. If a person withdraws his or her consent, the Association is under no obligation to change, retrieve, or destroy any document or record published prior to the notice of withdrawal.

5.3. Additional Limitations. The Association is not obligated to compile or synthesize information for Owners. Records and the information contained within those Records shall not be used for commercial purposes. The Association may adopt such additional rules concerning the publication or dissemination of Records by Owners, as the Association deems reasonably necessary. The Association may request reasonable information or assurances in writing from Owners prior to disclosing Records to ensure compliance with the stated limitations.

6. Statement of Account.

6.1. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's unit.

6.2. As provided by statute, Colo. Rev. Stat. § 38-33.3-209.5(8(b)), the Association shall not assess a fee or other charge to recover costs incurred for providing the Owner with a statement of the total amount that the Owner owes.

- 6.3. The statement shall be furnished within fourteen calendar days after receipt of the request.
- 6.4. The statement shall be sent to the Owner or holder of a security interest or his or her designee, personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party.
- 6.5. The Association may, in its discretion, respond to informal requests for statements from title companies that represent they are handling the transfer of a unit in the Association.
7. Audit or Review of Financial Information.
 - 7.1. With respect to paragraph 1.6(v) above, the books and records of the Association may be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified person selected by the executive board. Such person need not be a certified public accountant except in the case of an audit. A person selected to conduct a review shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting.
 - 7.2. An audit or review may be initiated at any time in the discretion of the executive board.
 - 7.3. An audit shall be required when both of the following conditions are met:
 - (i) The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars; and
 - (ii) An audit is requested by the Owners of at least one-third of the units represented by the Association.
 - 7.4. A review shall be required when requested by the Owners of at least one-third of the units represented by the Association.
 - 7.5. In addition to the requirement to disclose an audit or review as part of the Annual Disclosure, copies of any audit or review shall be made available upon request to any Owner beginning no later than thirty calendar days after its completion.
8. Disclosure of Budget. Within ninety calendar days after adoption of any proposed budget, the executive board shall mail, by ordinary first-class mail, electronic mail address, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary, or as allowed for in the bylaws. The executive board shall give notice to the Owners of the meeting as allowed for in the bylaws.
9. Disclosure of Secret Ballot Information. There are provisions of the applicable law pertaining to disclosure of voting information that could be read in conflict. On the one hand, COLO. REV. STAT. § 38-33.3-310 indicates circumstances under which votes may or must be taken by secret ballot, and further requires "results of a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of unit owners participating in such vote." On the other hand, COLO. REV. STAT. § 38-33.3-317, which is reflected in Paragraph 2(n) above, requires the Association to disclose "[b]allots, proxies, and other records

related to voting by Owners for one year after the election, action, or vote to which they relate." The Association interprets the law to mean that the general requirement to disclose ballots does not apply to the disclosure of secret ballots because that would absurdly defeat the purpose of the secret ballots. Rather, the Association's interpretation is that the more specific provisions of Section 110 cited above apply in the case of secret ballots and the Association will only disclose such information as is provided in that section of the law with respect to secret ballots and related information.

Except as specifically required herein or in the bylaws, unless requested by any member of the Association, any requirement of a secret ballot shall not apply, and voice vote shall otherwise be permitted.

10. Miscellaneous Provisions.

10.1. With respect to paragraph 2(a) and (j) above, the Records shall be considered sufficiently "detailed" if they include a record of the date, amount, subject, and payee for each transaction. The Records need not include actual receipts and evidence of payment.

10.2. With respect to paragraph 2(n) above, the secretary shall be responsible for collecting the required documents relating to any votes. Should the secretary be unavailable, this duty may be delegated to a responsible person by the President of the Association.

CERTIFICATION:

The foregoing policy was adopted effective _____ (date).

By: _____

The
Klug Law Firm, LLC

**POLICY CONCERNING INVESTMENT OF RESERVE FUND
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning investment of its reserve fund pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(VI).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Reserve Fund Policy**"):

1. Notice to Executive Board. Members of the executive board are advised that investment of reserve funds is subject to a special standard of care under Colorado law and could result in personal liability. See C.R.S. §§ 38-33.3-303(2.5) and 7-128-401. Therefore, such members should consult legal counsel regarding any investment of reserve funds.
2. General. The Association is permitted by law, but not required, to maintain a reserve fund. Any reserve fund maintained by the Association may be invested in an insured account in a reputable banking or financial institution selected by the executive board. Unless required by law, any reserve fund is not earmarked for any particular purpose even if nominally intended to be for a particular purpose and the Association may utilize any reserve fund for such expenses and purposes as its executive board may from time to time direct.
3. Investment Objectives.
 - 3.1. Safety of Principal: The long-term goal is safety of the reserve funds and to promote and ensure the preservation of the reserve fund's principal.
 - 3.2. Liquidity: Funds shall be sufficiently liquid to meet anticipated or unanticipated expenditures. Liquidity can be achieved by structuring maturities to ensure the availability of assets when needed.
 - 3.3. Minimal Costs: Investment costs should be minimized.
 - 3.4. Return: Funds should be invested to seek a level of return consistent with the preservation of principal.

CERTIFICATION:

The foregoing policy was adopted effective _____ (date).

By:

The
Klug Law Firm, LLC

**POLICY CONCERNING PROCEDURE OF ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning its procedure of adoption and amendment of policies, procedures, and rules pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(VII).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Rules Policy**"):

Subject to the Association's recorded declaration and applicable law, the Association's executive board may adopt or amend policies, procedures, and rules as it deems necessary, desirable or appropriate with or without prior notice to the Owners. Upon adopting or amending a policy, procedure, or rule, the Association shall provide notice thereof to the Owners and make the same available for production under the separate Records Policy.

CERTIFICATION:

The foregoing policy was adopted effective _____ (date).

By:

The
Klug Law Firm,LLC

POLICY CONCERNING PROCEDURES FOR ADDRESSING DISPUTES ARISING BETWEEN THE ASSOCIATION AND LOT OWNERS OF THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning its procedure for addressing disputes arising between the Association and Owners pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(VIII).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Dispute Resolution Policy**"):

1. Any dispute between the Association and any Owner may be adjudicated by a majority vote of the executive board.
2. Any controversy between the Association and an Owner may be submitted to mediation by agreement of the parties prior to the commencement of any legal proceeding. The mediation agreement, if one is reached, may be presented to the court as a stipulation. Either party to the mediation may terminate the mediation process without prejudice. If either party subsequently violates the stipulation, the other party may apply immediately to the court for relief.
3. The governing documents of the Association may specify situations in which disputes shall be resolved by binding arbitration under the uniform arbitration act, part 2 of article 22 of title 13, COLO. REV. STAT., or by another means of alternative dispute resolution under the "Dispute Resolution Act", part 3 of article 22 of title 13, COLO. REV. STAT.
4. This Dispute Resolution Policy shall not apply to disputes concerning enforcement, collections, and fines, which are governed by separate policies.

CERTIFICATION:

The foregoing policy was adopted effective _____ (date).

By: _____

The **K**lug Law Firm, LLC

**POLICY CONCERNING NOTICE TO OWNERS
OF
THE WATERS AT SILVER TROUT HOMEOWNERS ASSOCIATION, INC.**

The Waters at Silver Trout Homeowners Association, Inc. (the "**Association**") adopts the following optional policy as part of its rules and regulations (the "**Notice Policy**"):

1. Unless a different method of notice is required by applicable law or the Association's policies, or a different method of notice has been requested by an Owner and approved by the Association, the Association may give correspondence and notices to Owners by (a) mailing it by first-class mail to each Owner's address on file with the county assessor for purposes of tax notices; (b) sending it to each Owner's last known e-mail address; or (c) personally delivering it to the Owner or a responsible person found at the Owner's unit.
2. Unless a different method of notice is required by applicable law or the Association's policies, or a different method of notice has been requested by the Association and approved by the Owner, any Owner may give correspondence and notices to the Association by (a) mailing by first-class mail to the Association's address(es) for mailed notice stated on Schedule 1; (b) sending to the Association's designated e-mail address(es) for notice stated on Schedule 1; or (c) in any other manner for notice stated on Schedule 1.
3. Without limitation to other methods of notice that may be acceptable under applicable law, notice given under this policy shall be deemed sufficient for all purposes unless otherwise provided by applicable law.
4. The burden is always on each Owner, not the Association, to ensure that the Association has proper information for notice to such Owner.
5. The term "**Designated Contact**" means a person identified by an Owner to be given notice for various purposes. An Owner may designate a Designated Contact by providing notice to the Association of the person's name and contact information.
6. Any Owner may notify the Association if the Owner prefers that correspondence and notices from the Association be made in a language other than English, and the Association will comply with that request. However, the cost of translating any correspondence or notice into a language other than English will be assessed to the Owner making the request. If a preference is not indicated, the Association shall send all correspondence and notices in English.

CERTIFICATION:

The foregoing policy was adopted effective _____ (date).

By:

The
Klug Law Firm, LLC

SCHEDULE 1 TO NOTICE POLICY:

| | |
|---|--|
| Association's address(es) for mailed notice: | |
| Association's address(es) for e-mailed notice: | |
| Any other form of acceptable notice: | |