

## RESOLUTION OF THE CASTLE PINE HOMEOWNERS ASSOCIATION, INC., TO ENACT RESPONSIBLE GOVERNANCE POLICIES

Castle Pine Homeowners Association, Inc., (the "Association"), for the purpose of complying with C.R.S. 38-33.3-209.5, hereby adopts the following responsible governance policies. The Condominium Declaration for Declaration of Covenants, Conditions and Restrictions for the Castle Pine Subdivision (the "Covenants"), the Bylaws of Castle Pine Homeowners Association, Inc. (the "Bylaws") and the Rules and Regulations of Castle Pine Homeowners Association, Inc. (the "Rules") are collectively referred to as the "Governing Documents."

### 1. Policy Regarding Collection of Unpaid Assessments.

- a) Assessments are due on the 1<sup>st</sup> day of each month.
- b) Assessments are deemed delinquent 10 days after the day the assessments are due.
- c) The Association may charge interest at the rate of 18% per annum on delinquent assessments, a late fee of \$50.00 for any assessment not paid within ten days after the day the assessment is due, and \$30.00 for any dishonored bank check.
- d) **Payment plans.** All Payment Plans must bring a delinquent owner(s) account "paid-in-full" within a six (6) month period. Said payment plan shall require that a delinquent owner stay current in regular occurring assessments. The Association is not prohibited from pursuing legal action against a unit owner if the unit owner fails to comply with the terms of a payment plan. A unit owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the six (6) month period, constitutes a failure to comply with the terms of the owner's payment plan. The Association is not obligated to negotiate a payment plan with a unit owner who has previously entered into a payment plan under this section.
- e) Before a delinquent account is turned over for collection, the Association will send the owner a letter specifying the following:
  - i. A statement of account indicating the total delinquency, along with the manner in which the debt was calculated.
  - ii. A name and phone number of a person the owner can contact to either contest the debt or enter into a payment plan;
  - iii. A list of all Association remedies that the Association may use to collect the debt;
  - iv. A statement as to whether or not the owner may enter into a payment plan and the terms of such plan; and
  - v. A statement indicating that the owner has a period of thirty (30) days in which to address the situation prior to the Association turning the account over to an attorney or collection

agency, filing a lawsuit against the owner, filing and foreclosure of a lien against the unit owner's property, or other remedies available under Colorado law.

f) Payments are applied on delinquent accounts in the following manner:

First to the oldest assessment outstanding, then to late fees and interest, then to current assessments due.

g) The remedies available to the Association to collect delinquent accounts are as follows:

- i. Pursuant to Section 7.7(c) of the Covenants, the Association may record a statement of lien against the Owner's unit in the Garfield County real property records for the delinquent amount, late payment fees, interest and cost of collection. The Association's failure to record any such statement of lien or any error or omission in the content of such statement of lien shall not defeat such lien of the Association nor affect its priority.
- ii. If the assessment remains delinquent, the Association may file a lawsuit against the Owner or institute a foreclosure action against the Owner's Unit to collect all amounts due to the Association. The cost of any lawsuit and/or foreclosure action shall include the costs of collection, including attorney's fees.
- iii. The Association may also suspend the Owner's voting rights in the Association.

h) The Association shall not foreclose on any Association lien prior to the delinquency becoming the equivalent of six (6) months common expense assessments past due based on a periodic budget adopted by the Association. The Board of Directors shall individually consider and vote for or against the foreclosure with each Board member's vote being recorded.

## 2. Policy Regarding Board of Directors Conflicts of Interest.

- a) **Definitions.** As used in this section, "conflicting interest transaction" means: a contract, transaction, or other financial relationship between the Association and a director serving on the board (a "Director"), or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is director or officer or has a financial interest. For purposes of this section, a "party related to a director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director, officer, or has a financial interest.
- b) **Loans.** No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.
- c) **Not Void.** No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a member or by or in the right of Association, solely because the conflicting interest transaction involves a Director or a party related to a Director or an entity in which a Director is a director or officer or has a financial interests or solely because the Director is present at or participates in the meeting of the Association's Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Director's vote is counted for such purpose if:

- i. 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 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; or
  - ii. 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 members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or
  - iii. The conflicting interest transaction is fair to the Association.
3. **Policy Regarding Conduct of Meetings.** This policy is not intended to take the place of or invalidate provisions contained in the Bylaws or the Colorado Revised Nonprofit Corporation Act, rather it is intended to incorporate provisions of Senate Bill 100 into the Association's procedures for meetings of the Owners and the Board.
- a) Owner Meetings.
- i. Meetings. A meeting of the Owners shall be called at least once per year and in accordance with the provisions of the Colorado Common Interest Ownership Act ("CCIOA") and the Governing Documents, as applicable.
  - ii. Calling a Meeting. A meeting of the Owners may be called by a majority of the Board or those Owners having not less than 10% of the total votes of all Owners.
  - iii. Notice of Meeting. Notice of the meeting shall be in accordance with the Bylaws.
  - iv. Posting of Notice. In addition to providing notice of a meeting of the Owners, the Association shall cause a notice of the Owner's meeting to be posted in a conspicuous place within the property to the extent feasible or practical. The Association may also post the notice electronically on a web site or transmit the notice via e-mail to those Owners who so request.
  - v. Order of Business. All meetings of the Owners shall proceed on issues generally set forth in the notice of the meeting unless a majority of the Owners at the meeting vote to amend the order of business. All meetings of the Owners shall be conducted in accordance with Roberts Rules of Parliamentary Authority. At the commencement of each meeting, the secretary shall state how notice of the meeting was given and include such evidence of notice in the minutes of the meeting.
  - vi. Open Meetings. All meetings of the Owners shall be open to attendance by all Owners or their duly appointed representatives.
  - vii. Meeting Discussions. Each Owner, or a duly appointed representative of an Owner, may speak at the appropriate time during the deliberations at an Owner meeting based on the reasonable time restrictions imposed by the Board.

viii. Proxy Voting. An Owner may vote by proxy in accordance with the Bylaws.

ix. Adjourning a Meeting. Owners present may adjourn the meeting from time to time without notice other than announcement at the meeting, for a total period or periods not to exceed thirty (30) days after the date set for the original meeting. The location of the reconvened meeting shall be announced at the meeting prior to adjournment.

b) Board of Director Meetings.

i. Meetings. A meeting of the Board shall be called in accordance with the provisions of the Colorado Common Interest Ownership Act ("CCIOA") and the Governing Documents, as applicable.

ii. Meeting Agenda. Meetings of the Board shall proceed on issues as generally set forth in the agenda distributed for each meeting. The agenda will be made reasonably available to Owners and/or their duly appointed representatives at any time prior to the meeting of the Board.

iii. Owner's Right to Attend and Participate in Board Meetings. Unless the Board is in an executive session pursuant to C.R.S. Section 38-33.3-308, all meetings of the Board are open to attendance by all Owners or their duly appointed representatives. Unless a majority of Board votes to allow the Owners to participate in a deliberation or discussion of the Board, the Owners may not participate in a meeting of the Board.

iv. Owner's Right to Speak at Board Meetings. Notwithstanding the foregoing provision, unless a majority of the Board votes otherwise, the Owners shall be given an opportunity to speak on any issue presented on the agenda for the Board meeting at the beginning of the meeting. Reasonable time restrictions on an Owner's right to speak may be imposed by the Board.

4. Policy Regarding Enforcement of Covenants, Rule and Regulations, and Bylaws.

a) Enforcement and Right of Action. Any complaint that alleges a violation of the Governing Documents shall be made in writing, and shall contain all information set forth in the approved Complaint Form. The Complaint Form will be made available upon Owner request. Owner shall be notified of the complaint and alleged violation by the Association, by delivery by mail. Such notification shall also include the fine imposed for such violation. Should Owner wish to be heard by the Board regarding the alleged violation, Owner may request a hearing within seven (7) business days after delivery of the Complaint Form by delivering such request to the Association's Management Company. A hearing shall be conducted not later than thirty (30) days) after receipt of the request for a hearing. The determination of the Board after the hearing shall be final and binding on the Owner and the Association. If the Owner, or the Owner's tenant, is found to have violated the Governing Documents, the following fines shall be imposed:

First Violation:	\$25.00
Second Violation:	\$50.00
Third Violation:	\$100.00
Further Violation:	at discretion of the Board

- b) Continuing Violations. A fine for a continuing violation will accumulate at a per day rate until the violation has been eliminated and the Association has received notice of cessation of the violation. Owner shall be responsible for damages and legal expenses and costs resulting from the violation(s). Such fines shall be paid within thirty (30) days following notice to the Owner.
- c) Attorney's Fees and Fines. The Provisions of this Resolution shall not limit, or be a condition precedent to, the Association's right to enforce the Governing Documents by any means available to the Association, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages. The Association shall be entitled to reimbursement of all attorney's fees and costs incurred by the Association in connection with any enforcement action, including and proceeding under the Governing Documents.
- d) Business Judement Rule. The decision of the Board to pursue enforcement action in any particular case shall be left to the Board's discretion, subject to the duty to exercise its business judgment, and not to be arbitrary or capricious in taking enforcement action.
- e) No Waiver. Failure by the Board to enforce any covenant, restriction, rule or regulation, or any other provision of any of the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter or preclude the Association from enforcing any other covenant, restriction, rule or regulation or provision of the Governing Documents.
- f) Owner's Rights to Enforcement. Action taken by the Association in accordance with this policy, or a decision to not take action, shall not affect an Owner's right to bring his own enforcement action.

5. Policy Regarding Inspection and Copying of Association Records by Unit Owners. The Association shall permanently retain the following records as required by Colorado law: (1) Detailed records of receipts and expenditures affecting the operation and administration of the Association; (2) Minutes of all meetings of its Unit Owners and executive board, record of all actions taken by the Unit Owners or executive board without a meeting, and a record of all actions taken by any committee of the executive boards; (3) Written deliberations and the votes cast by executive board members that are directly related to an action taken by the board pursuant to section 7-128-202, C.R.S., or the Association's bylaws; (4) The names of Unit Owners in a form that permits preparation of a list of the names of all Unit Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Unit Owner is entitled to vote; except that this paragraph (4) does not apply to a Unit, or the Owner thereof, if the Unit is a time-share Unit, as defined in section 38-33-110(7); (5) A record of each Owner's name, address and number of votes each Owners is entitled to vote.

Further, the Association shall keep a copy of each of the following records (1) Its current declaration, covenants, bylaws, articles of incorporation, if it is a corporation, or the corresponding organizational documents if it is another form of entity, rules and regulations, responsible governance policies adopted pursuant to Section 38-33-3-209.5, and other policies adopted by the executive board; (2) Financial statements as described in section 7-136-106, C.R.S., for the past three years and tax returns of the Association for the past ten years, to the extent available; (3) A list of the names and physical mailing addresses of its current executive board members and officers; (4) Its most recent annual report delivered to the secretary of state, if any; (5) Financial records sufficiently detailed to enable the Association to comply with

section 38-33.3-316(8) concerning statements of unpaid assessments; (6) The Association's most recent reserve study, if any; (7) Current written contracts to which the Association is party; (8) Records of Executive Board or committee actions to approve or deny any requests for design or architectural approval from Unit Owners; (9) Ballots, proxies, and other records related to voting by Unit Owners for one year after the election, action or vote to which they relate; (10) Resolutions adopted by its board of directors relating to the characteristics, qualifications, rights limitations, and obligations of members or any class or category of members; and (11) all written communications within the past three years to all Unit Owners generally as Unit Owners.

Subject to subsections (1) and (2), all records maintained by the Association must be available for examination and copying by a Unit Owner or the Unit Owner's authorized agent. The Association may require Unit Owners to submit a written request, describing with reasonable particularity the records sought, at least ten (10) days prior to inspection or production of the documents, and may limit examination and copying times to normal business hours or the next regularly scheduled executive board meeting if the meeting occurs within thirty days after the request. Notwithstanding any provision of the declaration, bylaws, articles, or rules and regulations of the Association to the contrary, the Association may not condition the production of records upon the statement of a proper purpose.

- (1) Records maintained by the Association may be withheld from inspection and copying to the extent that they are or concern: (a) Personnel, salary, or medical records relating to specific individuals; (b) Contracts, leases, bids or records related to other similar commercial transactions to purchase or provide goods or services that are currently in or under negotiation; (c) pending, potential, or threatened litigation, mediation, or arbitration; (d) Pending or potential matters involving federal, state, or local administrative or other formal proceedings before a government tribunal for enforcement of the declaration, bylaws, or rules; (e) communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine; (f) disclosure of information in violation of law; (g) records of an executive session of an executive board, including records that may give rise to an executive session under section 38-33.3-308; (h) individual units other than those of the requesting Owner, or; (i) persona identification and account information of members, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers.
- (2) The Association may impose a reasonable charge, which may be collected in advance and may cover the costs of labor and material, for copies of Association records. the charge may not exceed the estimated cost of production and reproduction of the records.
- (3) A right to copy records under this section includes the right to receive copies by photocopying or other means, including the receipt of copies through an electronic transmission if available, upon request by the Unit Owner.
- (4) An Association is not obligated to compile or synthesize information.
- (5) Association records and the information contained within those records shall not be used for commercial purposes.

6. **Policy Regarding Investment of Reserve Funds.** The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions that the Association is responsible for and for such other funding as the Board may determine.

- a) Investment of Reserves. The Board of the Association shall invest funds held in the Reserve Fund account to general revenue that will accrue to the Reserve Funds account balance while minimizing risks and maximizing return rates.
- b) Limitation on Investments. Unless otherwise approved by the Board all investments will be FDIC (Federal Deposit Insurance Corporation) insured, and/or guaranteed by the United States Government.
- c) Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity date of fixed-income instruments within the portfolio utilizing a laddered investment approach.
- d) Independent Professional Investment Assistance. The Board may hire a qualified investment counselor to assist in formulating a specific investment strategy.
- e) Review and Control. The Board shall review the Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.
- f) Reserve Study. In order to determine funding of the Reserve Fund, The Board shall determine, with the assistance and advice of professionals, the life expectancy of those portions of the Property to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas.
- g) Good Faith. The Board shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Board reasonably believes to be in the best interest of the Association and in accordance with the Colorado Revised Nonprofit Corporation Act.

**7. Policy Regarding Adoption and Amendment of Policies, Procedures, and Rules.** The Board of Directors may adopt, amend, repeal, and enforce the Rules and Regulations and impose fines for violations thereof (after notice and an opportunity to be heard), as it deems desirable with respect to the interpretation and implementation of the Governing Documents.

- a) Board Determination of Need for Rules. The Board may determine from time to time the need for certain Rules as it deems necessary or desirable with respect to the interpretation and implementation of the Governing Documents, the operation of the Association, the use and enjoyment of Association properties or other properties within the community or for any other purpose.
- b) Notice of Proposed Rule. Once the Board has determined the necessity for the Rule, the Board shall in its discretion cause the Rule to be drafted and shall verify that the Rule is reasonable and to be uniformly applied. The Board shall cause notice of the Rule to be provided to the Owners.
- c) Owner Comment. The proposed adoption of a Rule shall be included in the agenda for the Board meeting prior to adoption by the Board and the Board shall provide an opportunity for members of the Association to comment on the Rule in accordance with Colorado law.

d) Adoption of the Rule. Following Board discussion of the Rule and Owner comment, the Board may adopt the Rule. Any such Rules shall be effective only upon adoption of the Board and fifteen (15) days after the Association has provided the notice of adoption of the policy to the Owners.

e) Emergency. The Board may waive the notice of the proposed Rule and opportunity for member comment in the event that the Board determines in its sole discretion that providing notice and an opportunity to comment is not practical due to the emergency nature of the Rule.

8. Policy Regarding Dispute Resolution. Because the, prompt, efficient, fair and non-belligerent resolution of any disputes is desirable, any controversy arising out of or relating to the Covenants, Rules and Regulations or Bylaws, or a breach thereof shall be resolved as set forth in this section.

a) Direct Communication. The parties to the disagreement shall set forth their respective positions in the dispute in correspondence. Each party shall respond within seven (7) days after receipt of a letter from the other until agreement is reached.

b) Mediation. If the dispute cannot be resolved through direct communication of the parties, either party may request appointment of a neutral and properly credentialed mediator. Both parties may participate in the mediation in good faith until the dispute is resolved for a period not to exceed thirty (30) days with the consent of all parties. The cost of mediation shall be divided equally among the parties.

c) Not Applicable to Association. This section is not applicable to the Association and the Association may have the right to enforce all Covenants, Rules and Regulations and Bylaws as more particularly described in those documents and shall not be required to mediate or arbitrate its claims in such enforcement actions.

9. Deviations and Amendment. The Board may deviate from the procedures set forth in this Resolution if, in its sole discretion, such deviation is reasonable under the circumstances. This Resolution may be amended from time to time by the Board.

The foregoing Resolution to Enact Responsible Governance Policies was adopted by the Board of Directors of the Association on the 1st day of January, 2014.

CASTLE PINE HOMEOWNERS ASSOCIATION, INC.

By: Jennie Marcotte  
President

Return to:

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