

Stagecoach Meadows Homeowners Association

Amended and Restated Rules &
Regulations and Responsible
Governance Policies of Stagecoach
Meadows Homeowners Association

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**STAGECOACH MEADOWS HOMEOWNERS ASSOCIATION (SMHOA)
AMENDED RULES AND REGULATIONS AND RESPONSIBLE GOVERNANCE
POLICIES; Adopted _____, 2019**

These Rules and Regulations and Responsible Governance Policies are promulgated pursuant to authority provided in the Declaration of Covenants, Conditions and Restrictions for Stagecoach Meadows Homeowners Association ("Declaration") and Colorado law.

Definitions. Unless otherwise specifically defined, initially capitalized terms herein have the definition ascribed to the term in the Declaration of Covenants, Conditions, and Restrictions for Stagecoach Meadows Homeowners Association.

Rules and Regulations

Landscaping and Maintenance of Community Area. Landscaping may be installed by the Owner only on the part of each Lot where landscaping is permitted pursuant to the plat or other development approvals or limitations imposed on the Community Area by any governmental entity or by any Water Court Decree. The size of any landscaped area requiring irrigation shall not exceed 1000 square feet, shall be in conformance with the approved Augmentation Plan for the Community Area, and shall be approved by the DRC. The DRC may restrict or prohibit irrigation of Lots or Common Area in order to comply with any Water Court Decree, Augmentation Plan, or State Engineer requirements applicable to water use within the Community Area.

No property within the Community Area shall be permitted to fall into disrepair, and all property within the Community Area, including any fences, Improvements and landscaping thereon, shall be kept and maintained in a clean, attractive, and sightly condition and in good repair. Further, Owners agree to remove dead or dying landscape materials, taking into account weather conditions affecting the planting of replacement materials, which in the opinion of the DRC, with Board approval, is unsightly or causes undue danger of fire.

Maintenance, repair, and upkeep of each Lot shall be the responsibility of the Owner of the Lot. Maintenance, repair, and upkeep of Association Properties shall be the responsibility of the Association.

Weeds. Each Lot shall be kept free from noxious weeds and Owners agree to comply with the Grand County Noxious Weed Management Plan (CRS-35-5.5-105), which SMOA adopts as part of these Rules and Regulations. Owners are encouraged to contact the Grand County Department of Natural Resources for advice on eradication of such weeds.

Fences. All fences require DRC approval. No fences shall be constructed along or adjacent to the boundary or lot line of any Lot without the prior approval of the DRC. Security fences and fences for screening purposes must also be approved by the DRC. Pet Enclosures adjacent to the primary residence within which pets maybe maintained must also be approved by the DRC. Pet enclosures will not exceed 60" in height, and 400 square feet in area. Fences must be split rail design and blend in with the residence. Any such area shall be regularly cleaned and maintained in a sanitary and odor free condition.

Each Owner of a Lot shall be responsible for maintaining, repairing and replacing, in a reasonably attractive manner, any fence located on such Owner's Lot. If a fence, or portion thereof, is located on a lot line separating a Lot from an adjoining public right-of-way, street, open space area, Association Properties or other property which is not an adjoining Lot, then the Owner of such Lot shall be responsible for maintaining, repairing and replacing, such fence or portion thereof. The Association shall maintain any fence located on Association Properties, public rights-of-way.

Outbuildings: Are allowed only upon approval from the DRC. In making a determination to approve or deny an outbuilding, the DRC shall assess the impacts to neighboring lots as to size, location and design consistent with the dwelling. If allowed, all outbuildings shall be constructed of the same exterior siding and roofing materials of the dwelling. All structures on any Lot shall be properly maintained.

Garages & Temporary Structures. Garages shall be attached to or part of the main dwelling. The DRC may permit a detached garage if it finds same to be reasonably required by Lot conditions.

Restrictions on Garbage and Trash. No refuse, garbage, trash, lumber, grass, shrub, or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot except within an approved enclosed structure or appropriately screened from view and shall be disposed of at a landfill outside of the Community Area. Trash shall be stored in bear-proof containers while stored on a Lot prior to pick up and/or disposal at a landfill outside the Community Area.

Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that not more than two (2) domesticated dogs, cats or other outdoor household pets (which must be restrained while unattended on a Lot or kept under sight and under voice control) and indoor pets such as domesticated birds or fish, will be permitted on a Lot. No horses may be kept on a Lot. No animals may be bred, boarded or cared for on a commercial basis within the Community Area. No animal of any kind shall be permitted on a Lot which, in the opinion of the Board of Directors, causes an unreasonable amount of noise or odor or is a nuisance. All animals shall be controlled by their Owner and shall not be allowed off the Owner's Lot except when properly leashed and/or the Owner or guardian is physically present and within sight and voice control of the animal. Each Owner of an animal kept on a Lot shall be financially responsible and liable for any damage caused by said animal to any Association Properties, to Lots owned by any other Persons, injuries to any Persons, other pets or otherwise. Animal waste on your lot, open space, and along the roadways when you walk your dog, shall be picked up and disposed of properly, and landscaping damaged by pets shall be replaced as soon as the landscaping is visually unattractive, dead or dying.

No Temporary Structures. No shack, storage shed, playhouse, temporary structure, trailers or temporary building shall be placed upon any property within the Community Area except with the prior written consent of the DRC obtained in each instance, subject to such conditions or restrictions as may be required by the DRC.

Restriction on Antennae, Satellite Dishes, and Transmitters. No exterior radio antenna, television antenna, satellite dish or other antenna larger than 18" in diameter or 36"x22" if an oval shall be erected or maintained in the Community Area without the prior approval of the DRC.

Restrictions on Signs and Advertising. No sign, poster, billboard, advertising device, or display of any kind shall be erected or maintained anywhere within the Community Area so as to be evident to public view, except standard real-estate for sale signs. Approved signs shall comply with the applicable requirements of the Grand County Zoning Regulations. The Association and Owners further agree to abide by the restrictions outlined in C.R.S. 38-33.3-106.5 pertaining to patriotic and political expression, including those provisions related to the display of American and Service flags and political signs.

Drones. The use of drones or similar unmanned aerial devices or vehicles is limited to Member use on their personal lot(s) and the airspace directly above their lot(s). Members and their guests must comply with FAA regulations and any applicable local/state laws and must not violate the nuisance rules as defined in Sections 3.4 & 3.5 of the Covenants. Drones and unmanned device use are prohibited on all other parts of the Community Area and the airspace directly above, including Open Space and roads. The Board may approve exceptions for a specific delivery area or other uses.

Storage. No building materials, construction equipment, commercial vehicles, or equipment shall be stored or parked on any Lot or street, except temporarily during continuous construction of an Improvement or maintenance on a Lot, or those vehicles stipulated in CCIOA 38-33.3-106.5. Owners may park on their Lot, personal vehicles designated by the manufacturer as one ton or less displaying a company logo or advertising.

Vehicle Repairs. No maintenance, servicing, repair, dismantling, or repainting of any type of vehicle, boat, trailer, machine, or device may be carried on in excess of 5 days, except within a garage that is part of a residential structure or an approved enclosed structure which screens the sight and sound of the activity from the street and from other Lots. No such repairs shall be performed in exchange for compensation.

Storage of Materials on Lots. No Lot shall be used as storage of explosives, gasoline, or other volatile and/or incendiary materials or devices. Gasoline or fuel for Owner's lawn mower, snow blower, and the like may be maintained on an incidental basis on the Lot in an amount not to exceed twenty-five (25) gallons.

Parking within Community Area. Motor-homes, recreational vehicles, boats, snowmobiles, trailers, detached campers or camper shells, junked vehicles, disabled vehicles, or other similar vehicles, shall be parked and/or stored inside a garage or approved structure, or screened from view, and shall be prohibited from parking on streets or on portions of Lots outside of driveways. All vehicles parked on Lots need to be in the driveway or designated parking areas identified during the construction and/or Improvement application process, approved by the DRC. Vehicle parking on streets is allowed for no more than 24 continuous hours, or as limited in this section or in "Storage" above, unless preapproved by the Board.

Motorized Vehicles. No Motorized vehicles may be driven on the open space areas (Tracts A-F, H-N) unless specifically approved by the Board. ATVs, snowmobiles and other off-road vehicles or unlicensed vehicles shall not be driven within the Community Area, including the roads, except to plow driveways, or temporarily during continuous construction of an Improvement or maintenance on a Lot.

Live Tree Removal. No live trees growing on the Property shall be felled, nor shall any natural area be cleared, or landscaping performed which changes the character of the land on any Lot without the prior written approval of the DRC.

Subject to the written approval of the DRC, trees may usually be removed on any Lot as follows:

Actual land to be occupied for buildings, plus a twenty (20) foot clearance strip adjacent to the perimeter thereof;

One (1) entrance driveway not more than thirty (30) feet in width, and an off-street parking area no larger than required to accommodate eight (8) parking spaces;

A recreational area not to exceed ten percent (10%) of the total area of the Lot;

Other trees which interfere with utility lines may be removed by authorization of the DRC.

An Owner may apply to the DRC for removal of trees to allow sunlight to reach the improvements, provided such tree removal does not make the improvements or planned improvements more visible to the residential building Lot of an adjacent Owner's Lot. However, such tree removal between Lots may be permitted by the DRC pursuant to a mutually executed written agreement between the adjoining property Owners.

Dead Tree Removal. All dead trees must be removed from Lots. In the event any trees or brush are felled or trimmed, the Owner shall be required to remove all portions of the tree or brush from the Lot, including the slash. The cutting of trees into firewood and the same stacked neatly on a Lot shall be deemed to meet the requirement of removal from the Lot. Stumps may be left if cut off to ground level; otherwise they shall be removed and disposed of.

In the event an Owner does not properly remove dead trees and/or clean up any residual debris after tree removal, the Association is hereby authorized to cause the clean up to be done at the Lot Owner's expense following notice and an opportunity to cure and, if not timely paid, the Board may collect such unpaid sums in the same manner as an annual, reimbursement or special assessment.

Owners are permitted to remove dead and/or diseased trees, brush or lifeless limbs without DRC approval subject to the removal requirements set forth above. Notwithstanding the limitations of tree removal as provided above, Owners shall comply with any wildfire mitigation requirements as referenced in Section 3.22 of the Covenants.

Open Space. The HOA must maintain and provide reasonable Member access to all Open Space areas. Any Member, or Member guest may use Open Space. Open Space is not available to the public except for Board of Director approved events.

Open Space is comprised of Tracts A-F & H-N and includes: Walking, Snowshoe and Cross-Country Ski Trails, Wetlands, Pond and Barn.

The Association shall not be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of any Open Space, including the trails, pond and barn, within or adjacent to these areas.

The rules and regulations associated to Open Space use are intended as a mechanism for maintaining and enhancing the overall aesthetics of Stagecoach Meadows, they do not create any duty to any person.

All Open Space is "use at your own risk" relieving the Association of liability.

When using any Open Space for an event where liquor is served, the Member must verify their insurance coverage includes host liquor liability protection. Members should provide verification of coverage in an amount not less than \$1,000,000 naming the association as an additional insured.

Motorized vehicles of any sort are not allowed on any Open Space area without the prior approval of the Board of Directors. No capturing, trapping or killing of wildlife on Open Space is allowed, except in the circumstance posing an imminent threat to the safety of persons. Any activities which materially disturb or destroy the vegetation, wildlife and wetlands are not allowed.

Pond usage: No Swimming, wading or body contact to the water is allowed per our reservoir agreement. Fishing is permitted but limited to catch and release only March through August. Fish can be kept September through February. Barbless hooks only during catch and release periods. Use pliers to crimp the barb down. No use of any motorized floating device is allowed. Children under the age of 14, must always be supervised, by a parent or guardian 18 years of age or over.

Barn usage: Any Member who wishes to store personal items in the Barn must have prior written approval from the Board of Directors. Any personal Member items stored in the Barn must be locked to avoid unauthorized use, and Member storing such items will be responsible for any / all liabilities including misuse, damage, injury, theft, etc. Members who wish to use the Pond / Barn area for an event must obtain prior approval from the Board of Directors, so Members can be advised the area is reserved to avoid conflicts between Members general use and a reserved event use. The Pond / Barn area use is allowed from sunrise to sunset due to proximity of Member lots.

Trails: Walking, Running, Snowshoe and Cross-Country skiing are allowed on the trails. No biking is allowed due to the damage which could result in the protected wetlands areas. Stay within the designated trail area since they boarder private Member lots in some areas.

Responsible Governance Policies

Policy I – Fees & Collection

Fees:

- a) **Due Date.** Any and all assessments as determined by the Association and as allowed for in the Declaration, shall be due and payable upon receipt of invoice. Assessments or other charges not paid to the Association within thirty (30) days of invoice shall be considered delinquent.
- b) **Late Fees Imposed on Delinquent Members.** The Association shall impose a fifty-dollar (\$50) late fee on any delinquent balance due from a Member, against the Member. Said late fee may be waived at the discretion of the Board.
- c) **Return Check Charges.** The Association shall impose a twenty-dollar (\$20.00) fee against a Member for any returned checks payable to the Association. Said fee may be waived at the discretion of the Board.
- d) **Interest on Past-due Amounts.** Delinquent Assessments, fines or other charges shall accrue interest at the rate of twelve-percent (12%) per annum from the original date due.
- e) **Attorney Fees on Delinquent Accounts.** The Association shall be entitled to recover its reasonable attorney's fees and/or collection costs incurred in the process of collection from a delinquent Member, due and payable immediately when incurred, upon demand.

Collection:

If any Assessment or other charge remains unpaid 60 days after the Delinquent Date, the Association may cause, a collection or dunning letter, including late fees and interest, be sent to the delinquent Member.

In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Member whose account is delinquent at the time of such voting.

Liens

The Association may file a notice of Lien against the property of any delinquent Member.

Referral of Delinquent Accounts

The Association may, but is not required, to refer delinquent accounts to its attorney and/or a collection agency. Upon referral, the attorney or collection agency shall take all appropriate action to collect the accounts referred.

Before the Association turns over a delinquent account of a Member to a collection agency or refers it to an attorney for legal action, the Association will send the Member a notice of delinquency specifying:

- (i) the total amount due, with an accounting of how the total was determined;
- (ii) whether the opportunity to enter into a payment plan exists as provided in this collection policy, and instructions for contacting the Association to enter into a payment plan, if available;
- (iii) the name and contact information for the individual the Member may contact to request a copy of the Member's ledger to verify the amount of the debt, and;
- (iv) that action is required to cure the delinquency and that failure to do so within 30 days may result in the Member's delinquent account being turned over to a collection agency, a lawsuit being filed against the Member, the filing and foreclosure of a lien against the Member's property, or other remedies available under Colorado law.

Payment Plans

The Association will make a good faith effort to coordinate with the Member to set up a payment plan. A Member may enter into a payment plan to pay off a deficiency in equal installments over a minimum period of six months or such other period as authorized by the Board of Directors. If a Member fails to comply with the terms of the payment plan (fails to remit payment of an agreed-upon installment or fails to remain current with regular assessments as they come due during the payment plan term), the Association may pursue legal action. The Association is not obligated to negotiate a payment plan with (i) a Member who has previously entered into a payment plan pursuant to this policy, or (ii) a Member who does not occupy the Lot and acquired the Lot because of a default of a security interest encumber the Lot or a foreclosure of the Association's lien.

Foreclosure

The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or in other circumstances that may favor such action. If the Association forecloses on its lien, the Member will lose the Member's Lot, having the same effect as it a first mortgagee institutes a foreclosure action against the property (though the procedure is different).

The Association will not commence a foreclosure action unless the balance of the assessments and charges secured by its lien (which may include late fees, fines, and other charges) equals or exceeds six months of Common Assessments based on the Association's periodic budget. Prior to filing a foreclosure action, the Board will resolve by a recorded vote to authorize the filing of a foreclosure action against the particular Lot, on a specific basis.

Ongoing Evaluation

Nothing in this policy shall require the Board to take specific actions other than to notify Members of the adoption of these procedures. The Association retains the right to evaluate each delinquency on a case by case basis.

Policy II - Association's reserve funds.

The purpose of this policy is to institute proper guidelines for the ongoing management of the Association's investment of its reserve funds. Funding for replacement is planned and projected to be from the following sources; (a) cash on hand, to include the operating and reserve accounts, (b) any and all assessments against Members, (c) a loan obtained by the Association or any combination thereof.

Investment of Reserves: The Board of Directors, or its agents, shall invest reserve funds in either Capital or Common funds designed to generate revenue that will accrue to the Capital or Common Fund account balance pursuant to the following goals, criteria and policies, listed in order of importance;

1. Preservation and safety of principal; Promote and ensure the preservation of the Capital or Common Funds principal. Investments are limited to FDIC insured instruments or money market investments.
2. Liquidity and Accessibility; Maturity dates will be structured to ensure availability of assets for expected and unexpected expenditures.
3. Minimal Cost; Investment costs (redemption fees, commissions and other transaction costs) shall be minimized.
4. Diversity; Mitigate the effects of interest rate volatility upon Capital or Common Fund assets; and
5. Return; Capital or Common funds should be invested to see the highest level of return.

Policy III - Association Reserve Study.

The Association is not required to have a Reserve Study.

The Association has elected to establish the following guidelines;

1. The Board of Directors shall have a reserve study prepared for the private roads within the common areas, and this study shall be evaluated and updated every 5 years at a minimum;
2. The Board of Directors will determine if, and when any other reserve studies might be necessary, and the timing of any such study;
3. Reserve studies may be performed by an outside consultant or may be prepared internally;
4. Reserve studies are preferred to be based on a physical examination of the Community by the person preparing the study.
5. The Association will have the Road Fund evaluated at a minimum of every five (5) years.

Policy IV - Conflicting Interest Transaction.

1. Conflicting Interest Transaction.

A contract, transaction, or other financial relationship:

- a) between the Association and an Officer or Board Member; or
- b) between the Association and a party related to an Officer or Board Member; or
- c) between the Association and an entity in which an Officer or Board Member is also a director or officer or has a financial interest.

Reimbursement of an Officer or Director for expenses incurred in the pursuit of authorized Association business shall not be deemed a Conflicting Interest Transaction and shall be subject to normal Board approval procedures.

Officer. Any person designated as an officer of the Association and any person to whom the Board delegates responsibilities under CCIOA including a managing agent, attorney or accountant employed by the Board.

2. Dealing with a Conflicting Interest Transaction.

- a) 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 of the Association or by or in the right of the Association as a nonprofit corporation, solely because the conflicting interest transaction involves a Board Member or a party related to a Board Member or an entity in which a Board Member of the Association is a director or officer or has a financial interest or solely because the Board Member is present at or participates in the meeting of the Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Board Member's vote is counted for such purpose, provided;
- b) The material facts as to the Board Member's relationship or interest and, as to the conflicting interest transaction, must be disclosed by the Board Member at an open meeting prior to discussion and a vote, and/or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board Members, even though the disinterested Board Members are less than a quorum; or
- c) Common or interested Board Members may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

For purposes of this Policy, a party related to a Board Member shall mean a spouse or in-law, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board Member which a party related to a Board Member has a beneficial interest, or an entity in which a party related to the Board Member is a director, officer, or has a financial interest.

Loans Prohibited.

No loans shall be made by the Association to any Board Member or Officer. Any Board Member or Officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan and compound interest at the WSJ Current Prime Rate plus 300 basis points until the repayment thereof.

Violations.

Violation of these requirements shall entitle the Association, or any Member thereof to rescind a transaction with the Association and to refuse any payment due from the Association for such transaction. To the extent payment has been made by the Association, the Association or any Member thereof shall be entitled to seek recovery of such payment without regard to any value received by the Association.

POLICY V - Inspection of, obtaining & copying association records

Inspection of Association Books and Records by Members.

As referenced in the Bylaws, a Member or his/her authorized agent is entitled to inspect and copy, at the Members' expense, during regular business hours, at a reasonable location specified by the Association, any of the records or papers or electronic records of the Association (except as specifically limited or excluded by Section 3 below) if the Member gives the Association written demand at least ten (10) business days before the date on which the Member wishes to inspect and copy such records and, the records do not pertain to information which is outside the records allowed by the Colorado Common Interest Ownership Act.

1. **Limitations & Exclusions:** A membership list or any part thereof may not be obtained or used by any person for:
 - a. Any purpose unrelated to a Member's interest as a Member;
 - b. To solicit money or property unless such money or property will be used solely to solicit the votes of the Members in an election to be held by the Association;
 - c. Any commercial purpose; or
 - d. Sold to or purchased by any person.

2. **Exclusions:** The following records and documents may be kept confidential by the Association;
 - a. Attorney-Client Confidential Documents.
 - b. Disclosure of information in violation to law.
 - c. Personal identification and account information, telephone numbers, driver license numbers and social security numbers.
 - d. Personnel Confidential Documents.
 - e. Applicable Law, documents that are confidential under constitutional, statutory or judicially imposed requirement.
 - f. Individual Privacy, documents which the disclosure of which would constitute an unwarranted invasion of individual privacy are confidential.
 - g. Personal email addresses, unless the Member has provided written authorization allowing distribution to HOA Members.

3. **Copy and other Document Fees:** The Association may impose a reasonable charge, covering the costs for copies of any documents the Association provides to a Member. The cost of the copies may not exceed the actual cost for the copies as incurred by the Association.

If a Member requests copies of the Association documents or electronic records which are not in the possession of the Association, the Member is responsible for whatever fees and costs are imposed by the entity who has to produce the documents (CPA, Attorney, etc.) holding such records for copy and related costs, including but not limited to, labor, materials and postage.

If a Member requests a copy of an Association document which must be retrieved from archives, compiled, generated, certified or authenticated in any way, the Member is responsible for all fees and cost incurred in the retrieval, compilation, generation, certification or authentication and reproduction (copying) of the requested document(s), including but not limited to labor, materials and postage.

Policy VI - Board / Members Meetings

1. Meetings of the Members shall be held at such times and locations as may be provided in the Association's Declaration, Bylaws, Articles of Incorporation, Declaration or Rules and Regulations ("Association Documents") or by applicable Colorado statutes, but at least once annually.
2. Only Members in good standing are eligible to vote. For purposes of this policy, "good standing," shall mean all of the following: (i) ownership of a Lot (ii) no outstanding amounts due to the Association
3. Notice of Members meetings shall be distributed as may be provided in the Association Documents or by applicable Colorado statutes.
4. The Association's Board shall determine the agendas for Board meetings, subject to any requirements in the Association Documents, and distribute such agendas with notices of the meetings when required.
5. The President of the Association's Board or such other person as may be designated by the President, shall preside over all meetings.
6. Items of business which require a vote must be presented by Motion and such Motion seconded, prior to voting. Records must be maintained to reflect number in favor, number opposed, number abstaining. Motion passes or is not passed.
7. In the event multiple people are competing for Board positions, voting by Members to fill positions on the Board shall be by simple majority. Any other matter put before the assembly for a vote shall follow the rules outlined for voting in the Association Documents.

8. Unless otherwise provided by the Association Documents or by applicable Colorado statutes, the affirmative vote required for the election of Members of the Board shall be the candidates receiving the largest number of votes.
9. All regular and special meetings of the Board of Directors are open to attendance by all residential Members or their representatives. Board Meetings must provide for the following;
 - a) Any Member wishing to speak at the meeting will notify the Secretary, or other Board Officer, prior to the start of the meeting;
 - b) The board may place reasonable time restrictions on persons speaking during the meeting.
10. For each matter upon which the Board and/or Committee anticipates taking action, a motion must be made stating the proposed action, followed by discussion.
11. At the conclusion of discussion, but prior to vote on the motion, any Member may request to be heard on the matter discussed.
12. The Board may hold an executive session and restrict attendance to only Board Members and such other persons requested by the Board during a regular or special meeting for discussion of the following:
 - a) 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;
 - b) Consultation 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;
 - c) Investigative proceedings concerning possible or actual criminal misconduct;
 - d) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and
 - e) Review of or discussion relating to any written or oral communication from legal counsel.
13. Prior to holding an executive session, the President or other person designated to preside over the meeting, shall announce the general matter of discussion as stated above.
14. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.

Policy VII - Enforcement of the Declaration, Bylaws, Rules and Regulations

1. **Notice of Alleged Violation.** Notice of Alleged Violation of any provision of the Association Documents shall be provided to the applicable Member as soon as is reasonably practicable after the Board's receipt of such violation. The Board may also, at its option, provide a copy of such Notice to any Non-Member violator. The Notice shall describe the nature of the violation, the Member's right to request a hearing, and shall further state that the Board may seek to protect its rights as they are specified in the Association Documents.
2. **Service of Notices.** Service of all notices required or permitted to be given hereunder shall be made as follows:
 - a) If to a Member: By personal delivery to the Member; or by U.S. Mail, postage prepaid, addressed to the last registered address of the Member contained in the Association's records.
 - b) If to the Association: By personal delivery or U.S Mail, postage prepaid, addressed to the Association in care of its registered agent and office, as maintained with the Colorado Secretary of State, or such other address as the parties may be advised of in writing.

Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed shall be deemed received on the fifth day following the date of mailing.

Request for Hearing. If a Member requests a hearing to challenge or contest any alleged violation and possible fine, the Member must request such hearing, in writing, within sixty (60) days from the date of receipt of the Notice of Alleged Violation or other written notice addressed to the Member. The request for hearing shall describe the grounds and basis for challenging the decision and/or alleged violation. If a hearing is not requested within the sixty (60) day period, the Board shall determine if there was a violation, and if so, may assess a fine within the guidelines contained in this Policy and Procedure within sixty (60) days of the expiration of the sixty (60) day period.

Board to Conduct Hearing. The Board shall hear and decide cases set for hearing pursuant to these Policy and Procedures.

Conflicts. If any Board Member is incapable of objective and disinterested consideration of the matter, the Board Member shall disclose such to the President of the Board prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and the Board Member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board Member(s) results in an even number of remaining Board Members eligible to hear a case, the Presiding Officer may appoint, but shall not be required to appoint, an officer or Association Member, in good standing, to serve as a voting Member of the hearing board. A Board Member's prior participation in the action causing the hearing shall not be grounds for disqualification.

Hearing. The Board shall inform the Member of the scheduled time, place and date of the hearing, within thirty (30) days of the request for hearing, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board by reading the Notice of Alleged Violation. Each party may make opening statements, may present evidence and testimony, may present witnesses, and may make closing statements. Neither the complaining parties nor the Member must be in attendance at the hearing. However, the decision of the Board at each hearing shall be based on the matters set forth in the Notice of Alleged Violation, Request for Hearing, and such evidence as may be presented at the hearing. All Members of the Association will be provided seven (7) days' notice of all hearings, and all hearings shall be open to attendance by all Members of the Association.

Decision. After all testimony and other evidence has been presented to the Board at a hearing, the Board shall render its written findings and decision, and impose a reasonable fine, if applicable, within twenty (20) days after the hearing. A decision, either a finding for or against the Member, shall be by a majority of the Members of the hearing board present at the hearing. If no majority is achieved, the Member shall be deemed to have prevailed. The Board may also issue and present for recording with the County Clerk and Recorder, a Notice of Finding of Violation. Upon satisfactory compliance with the Association Documents, the Notice of Finding of Violation may be released by the Association issuing and recording a Release of Notice of Finding of Violation.

Fine Schedule. Unless otherwise provided in the Rules and Regulations, any violation of the Association Documents will subject the Member to a reasonable fine imposed by the Association in accordance with the procedure in this Policy:

- i. Notice of Violation: Written warning letter or posting of notice.
- ii. Fines will range from \$25 to \$500 and shall be determined by the hearing board for each finding of a violation based on the type, severity, repetition and circumstances of each violation.
- iii. In the event of a continuing violation, a daily fine may be levied if; and only if; the Association performs a daily inspection to verify the violation is continuing.

Nothing herein shall relieve a party who does not request a hearing, or any Member who is dissatisfied with the decision of the Board following a hearing from following the Policy on Alternative Dispute Resolution set forth below before commencing any legal action. A Member who does not request a hearing or commence ADR within the sixty (6) day time limits for requesting a hearing set forth above shall waive the right to contest the disputed action through legal action or any other means.

Association Right to Cure: Owners in violation of any of these Rules and Regulations, after exhaustion or waiver of hearing and ADR right, will be notified in writing of the violation, and given a 45 day right to cure the violation. An Owner's failure to cure said violation shall be cause for the Association, in discretion of the Board, to enter on the Lot of the Owner and cure the violation or cause compliance with this provision and to levy and collect a Reimbursement Assessment for the costs and expenses of the Association in so doing; provided, however, that there shall be no entry into the interior of an Improvement intended for human occupancy without the consent of the Owner thereof unless a clear emergency exists. If the Board determines, in its sole discretion, that a violation of the Association Documents by an Owner presents a clear and present danger to other Owners or the Community as a whole, the Association may, after 48 hours-notice to the Owner in person, or by email or phone numbers provided to the Association by the Owner, in the Association's files, immediately enter the Lot and cure the violation and levy a Reimbursement Assessment for the costs and expenses of curing the violation, or seek emergency legal relief compelling the Owner in violation to cure the violation. Any Owner disputing the Associations' cure of the violation and a levy of a Reimbursement Assessment shall do so through the hearing and/or Alternative Dispute Resolution procedures set forth herein.

Policy VIII - Adopt, Amend, Repeal Rules and Regulations.

Subject to any requirements of the Declaration and this Policy, the Board of Directors of the Association may, from time-to-time, adopt certain Rules and Regulations and Responsible Governance Policies necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law. In order to encourage Member participation in the development of such policies and to ensure such policies are necessary and properly organized, the Association shall follow the guidelines below;

1. **Drafting Procedure.** The Board shall consider the following in drafting policy, rules and regulations
 - (a) Whether the Association Documents or Colorado law grants the Board the authority to adopt such policy, rule or regulation.
 - (b) The need for such policy, rule or regulation based upon the scope and importance of the issue and whether the Association Documents adequately address the issue.
 - (c) The immediate and long-term impact and implications of the policy, rule or regulation.

2. **Adoption Procedure.** The Board, or a Committee appointed by the Board will draft the policy, rule or regulation. The policy, rule or regulation will be reviewed by the Members for a period of not less than ten (10) business days. After the review period, the board shall hold a meeting to vote on the policy.

Adoption of Rules and Regulations shall require obtaining fifty-one percent (51%) approval of the total allocated voting rights referenced in Exhibit D, attached to the Declaration, by the Members.

Pursuant to authority provided in the Declaration and Colorado law, the Board of Directors may, in its sole discretion, adopt and amend Responsible Governance Policies, only as may be required to legally comply with changes to the Act, or Colorado Statutes. All other changes to the Governance Policies will follow the adoption procedures as specified in the section above.

Upon approval by the Members and/or the Board of Directors, amended, new, and/or repealed Responsible Governance Policies and Rules & Regulations shall be in full force and effect and subject to enforcement by the Association immediately following publication to Members.

Policy IX – Alternative Dispute Resolution

1. **Alternative Dispute Resolution Procedures.** Alternative methods of dispute resolution to avoid litigation encouraged by the Association include negotiation and mediation. The Association encourages Members or residents with disputes to resolve such disputes without court proceedings. The Association will take reasonable steps to facilitate negotiation or mediation between Members and/or residents but will have no responsibility for any costs incurred by the parties to the dispute resolution process. For any step in the dispute resolution process, the parties are not waiving their right to employ legal counsel at their own expense to assist them.

- (a) Required dispute resolution procedure. Prior to filing a lawsuit against the Association, the Board, or any officer, director, or managing agent of the Association, a Member must request and attend a hearing with the Board of Directors. Any such request will be in writing and will be either personally delivered, or sent Certified, Return Receipt Mail to any Member of the Board of Directors or the Association's property manager. The Member, in such request and at the hearing, must make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and will give the Board a reasonable opportunity to address the Member's grievance. Upon receiving a request for a hearing, the Board will give notice of the date, time and place of the hearing to the person requesting the hearing. The Board will schedule this hearing for a date not less than 30 days from the date of receipt of the request. If the dispute cannot be resolved, the parties may utilize the discretionary mediation procedure set forth below but will not be required to do so.

(b) Discretionary dispute resolution procedures. The procedures set forth below may be used in disputes between Members and residents. At its discretion, the Board of Directors may utilize the procedures set forth below to resolve disputes with Members prior to filing litigation.

(i) Negotiation. A request for dispute resolution by negotiation may be initiated by a Member or the Association. Any such request will be in writing stating the nature and details of the dispute and will be personally delivered to the other party. If both parties agree to negotiate, a meeting will be held between the parties to begin a good faith attempt to negotiate a resolution not less than 30 days of receipt of such request, unless otherwise extended by written agreement. Through negotiation, the parties will communicate directly with each other in an effort to reach an agreement that serves the interests of both parties. Should the dispute pertain to property issues, each party will be granted the right to inspect the alleged defects or problems at a time convenient to everyone involved.

(ii) Mediation. If the dispute is not resolved by negotiation, any party may request in writing that the issue be submitted to mediation. If the parties agree to mediate the dispute prior to seeking other remedies, they will participate in good faith in the mediation. The role of the mediator is to facilitate further negotiation. The mediator does not have power to decide how to resolve the dispute but will assist the parties in making that decision using accepted mediation techniques. Mediators will be selected under the auspices of an independent mediation service designated by the Association, the Colorado Chapter of the Community Association Institute, or such other independent agency providing mediation services upon which the Parties may mutually agree. The mediator selected shall notify the Parties that mediation has been requested and arrange mediation between the Parties. Any cost of mediation will be shared equally among the parties unless they and the mediator agree otherwise.

The drafting and adoption of these additional rules and regulations, are compliant with Policy VIII – Adopt, Amend, Repeal Rules and Regulations. Upon approval by the Members of not less than 51% voting in favor, these amendments and additional Rules and Regulations shall be in full force and effect and subject to enforcement by the Association.

Approved for adoption by the undersigned this _____, day of October 2019.

Signature:

Board of Directors, President – Chris Koerner

Signature:

Board of Directors, Vice-President – Ron Wawrzynek

Signature:

Board of Directors, Secretary/Treasurer – Dawn Schoen