

Responsible Governance Policies The Homeowners Association of The Coryell Ranch

I. Accounting Records

The Homeowners Association of The Coryell Ranch (“Association”) shall maintain accurate and complete accounting records in accordance with generally accepted accounting principles.

II. Collection of Unpaid Assessments

The following policy supplements Article 9 of the Declaration of Covenants, Conditions and Restrictions for Coryell Ranch (“Declaration”).

All homeowners are obligated to pay Assessments as established by the Board of Directors (“Board”) in accordance with Article 9 of the Declaration.

Assessments Defined. “Assessment” means a Regular Assessment, Special Assessment, or Reimbursement Assessment.

Regular Assessment Defined. “Regular Assessment” means a charge against each owner and the owner’s lot or condominium unit for purposes of covering the annual costs of operating and administering the Association and all other common expenses.

Due Date. Regular Assessments shall be due and payable on the first day of each calendar quarter.

Notice/Invoice. The Board shall mail to each owner at least ten (10) days prior to the due date a written notice/invoice of the amount of the next quarterly Regular Assessment that is due from each owner.

Delinquent Assessments. Any Assessment is deemed delinquent if not paid within ten (10) days of the due date.

Interest. Any Assessment deemed delinquent shall bear interest from and after the due date at the rate of interest set by the Board in accordance with section 9.17 of the Declaration.

Late Fee. Any Assessment deemed delinquent shall also incur a late fee of \$25.00.

Statement of Unpaid Assessments. Upon written request, the Association shall furnish a Statement of Unpaid Assessments in accordance with section 9.23 of the Declaration.

Collection. In addition to the remedies provided for in sections 9.17, 9.20, 9.21, and 9.22 in the Declaration, delinquent Assessments may be referred to an attorney and/or collection agency for collection. The delinquent owner will be liable for all collection costs, including attorney's fees.

III. Board Member Conflicts of Interest

Conflict of Interest. If any contract, decision, or other action taken by or on behalf of the Board of Directors would financially benefit any member of the Board of Directors or any person who is a parent, grandparent, spouse, child or sibling of a member of the Board of Directors or a parent or spouse of any of those persons, that member of the Board of Directors shall declare a conflict of interest for that issue.

Duty to Disclose. The Director has a duty to disclose the existence of any actual or potential conflict of interest and all material facts relating to the actual or potential conflict in an open meeting prior to any discussion or action on that issue. After making such disclosure, the Director may participate in the discussion but shall not vote on that issue.

IV. Conduct of Meetings

A. Meetings of Members. This section supplements the Bylaws.

Open Meetings. Notwithstanding any provision in the Declaration, Bylaws, or other documents to the contrary, all meetings (regular and special) of the Association and Board of Directors are open to every owner of the Association, or to any person designated by a owner in writing as the owner's representative. Before the Board votes on an issue under discussion, owners or their designated representatives shall be permitted to speak regarding that issue.

Time Restrictions on Speakers. The Board may place the reasonable time restriction of five (5) minutes on those persons speaking during the meeting but shall permit an owner or an owner's designated representative to speak before the Board takes formal action on an item under discussion.

Secret Ballot. Votes for board members at annual meetings shall be taken by secret ballot. Ballots must be counted by a neutral third party or by a unit owner present at the meeting who is not a candidate who was chosen from a pool of such owners. Results of the vote must be announced without reference to any identifying information. [C.R.S. 38-33.3-310(1)(b)(I)]. At the discretion of the Board or upon the request of twenty percent (20%) of the owners present at the meeting or represented by proxy, a vote on any matter affecting the Association on which all other owners are entitled to vote shall be by a secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be owners who are selected or appointed at an open meeting, in fair manner, by the chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates.

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Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each Member entitled to vote, addressed to the Member's mailing address. Such notice shall specify the place, day and hour of the meeting and the items on the agenda. In the case of a special meeting, the purpose of the meeting shall be specified. For the purpose of issuing such notices, the Board may establish a record date for determination of membership in accordance with the laws of Colorado. The Association shall, when feasible, use electronic means of giving notice of meetings. If electronic means are available, the association shall send e-mail meeting notices to unit owners who request it and provide the association with their e-mail.

Waiver of Notice. Written waiver of notice signed by a Member or attendance at a meeting by a Member shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in the notice.

Quorum. The presence at the meeting of Members entitled to cast, or of Members holding proxies and entitled to cast, twenty percent (20%) of the votes of Members shall constitute a quorum for any action. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote shall have to adjourn the meeting, from time to time, without notice other than announcement at the meeting until a quorum shall be present or be represented.

Proxies. At all meetings of Members, each Member may vote in person or by proxy as provided in the Bylaws. A proxy shall not be valid if obtained through fraud or misrepresentation. If a lot or unit has multiple owners and more than one of the multiple owners are present to vote, the votes allocated to that lot or unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the multiple owners casts the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the lot or unit.

Right to Revoke. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of signature on it or about the signatory's authority to sign for the owner. The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this section are not liable in damages for the consequences of the acceptance or rejection.

B. Meetings of Directors

Meeting Notices. The Association shall, when feasible, use electronic means of giving notice of meetings of the Board of Directors. If electronic means are available, the association must e-mail meeting notices to unit owners who request it and provide the association with their e-mail. The board shall allow a unit owner to speak before the board takes formal action on an item under consideration in addition to any other opportunities to speak. However, the board

may place reasonable time restrictions on persons speaking. The board will provide for a reasonable number of persons to speak on each side of an issue.

Regular Meetings. Regular meetings of the Board of Directors shall be held from time to time, as the Board of Directors, by vote, may determine with written notice to the general membership and at such place and hour as may be fixed, from time to time, by resolution of the Board.

Meetings by Telephone. The Directors may hold special meetings via a telephone conference call, and any action taken by the Board at such a telephone conference call meeting shall have the same force and effect as such action taken at a meeting at which a quorum of the Board was physically present. Any actions taken will be included in the minutes of the next meeting.

Executive/Closed Door Meetings. The Board may hold an executive or closed door session and may restrict attendance to Board members and such other persons requested by the Board. The matters to be discussed at such an executive session shall include only matters enumerated below:

- (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) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (f) review of or discussion relating to any written or oral communication from legal counsel.

Attorney-Client Privilege. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate matter, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

V. Enforcement of Covenants and Rules

The following policy supplements section 8.17 of the Declaration.

Complaints. The Board will investigate all violations of covenants and rules that are reported to the Board in writing or by phone within thirty (30) days. Complaints that, in the

opinion of the Board, lack sufficient information or detail may be deemed to not warrant further investigation.

Notification of Owners. If the investigation shows the reported violation to be accurate, the Board shall give written notice of the violation to the owner by mail, setting forth the nature of the violation or breach and the specific action or actions which shall be taken by the owner to remedy such violation or breach. The notice shall give the owner fifteen (15) days to cure the violation, submit a plan to remedy the violation, or request a hearing with the Board. Alternatively, the owner may request an appeals hearing with the Board at the next regularly scheduled Board meeting to appeal the notice of the violation. The Board's decision on the appeal is final.

Fines. If the owner does not cure the violation, submit a plan to remedy the violation, request an appeals hearing, or if the Board determines that a violation or breach exists after a hearing, the Board may levy a fine of \$50 per occurrence per day against the property owner who has violated or breached the covenant or rule. Once fines have started, owners must request a hearing with the Board in writing for the fines to cease. If the violation or breach is not cured within thirty (30) days after the initial fine is assessed, the Board may take legal action against the owner.

Collection Provisions. All fines, costs and expenses, including attorney's fees, necessary to enforce this policy shall be an Assessment against the owner's property and subject to all lien and collection powers of the Association.

Unresolved Violations. After the expiration of sixty (60) days following notice of a violation in which no hearing is requested or alternatively after an appeals meeting, the Board may:

- (a) suspend the rights or privileges of the owner relating to use of any common area and/or common elements within the Association and suspend the voting rights of the owner;
- (b) pursue all rights of action available at law or in equity including, but not limited to, the remedy of injunctive relief and obtaining a monetary judgment for all costs, expenses, including attorney's fees, and damages;
- (c) reserve the right to waive or increase fines or penalties based on the severity of the violation and circumstances;
- (d) enter at all reasonable times upon any lot or unit to which a violation, breach, or other condition to be remedied exists, and take the actions specified in the notice to the owner to abate, extinguish, remove or repair such violation, breach or other condition which may exist. Such entry or action, or both, shall not be deemed to be a trespass or wrongful act. All costs and expenses, including attorney's fees, incurred by the Association or on its behalf in enforcing such violation, shall be a binding personal obligation of such owner enforceable at law, as well as a lien, on such owner's lot or unit.

VI. Inspection and Copying of Records – Annual Disclosures

Association Records to be Kept. The Association shall post on the Association website and keep a copy of the following records at its principal office:

- (a) Articles of Incorporation;

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- (b) Bylaws;
- (c) Declaration;
- (d) resolutions adopted by the Board;
- (e) minutes of all Member and Director meetings for the past three (3) years;
- (f) all written communications within the past three (3) years to owners;
- (g) name and address of each owner;
- (h) name and address of each director and/or officer;
- (i) annual financial statements;
- (j) current insurance policies;
- (k) all financial audits and reviews conducted within the past three (3) years;
- (l) current annual budget;
- (m) a list, by lot or unit owner, of the Association's current and delinquent Assessments.

Inspection and Copying of Association Records. Owners are entitled to inspect and copy, at the owner's expense, any records listed above during regular business hours to the extent that:

- (a) the request is made in good faith and for a proper purpose;
- (b) the request describes with reasonable particularity the records sought and the purpose of the request; and
- (c) the records are relevant to the request.

The owner must make a written request to the Association Secretary at least five (5) days before the date on which the owner wishes to inspect and copy such records.

Annual Disclosures. Within 90 days after the end of each fiscal year thereafter, the Association shall make the following information available to its unit owners via website posting : 1) the date the fiscal year begins; 2) current operating budget; 3) a list, by unit type, of all special and regular assessments; 4) all annual financial statements, including amounts held in reserve; 5) results of any current financial audit or review; 6) a list of all association insurance policies that includes company names, policy limits, policy deductibles, additional named insureds, and expiration dates; 7) all bylaws, articles, and rules and regulations; 7) minutes from board and member meetings for fiscal year preceding annual disclosure; and 8) responsible governance policies adopted under C.R.S. 38-33.3-209.5. [38-33.3-209.4(2)] The website address shall initially be mailed to each owner within the 90 day period and updated when necessary.

VII. Investment of Reserve Funds

Reserve funds shall be invested in such amounts as may be determined and authorized by the Board. The Board may delegate its investment authority.

Standard of Conduct. Investment of reserve funds shall be done in good faith, within the best interests of the Association and with the care an ordinarily prudent person in a like position would exercise under similar circumstances

Authorized Investments. Authorized investments are U.S. Treasury Bills and Notes, Money Market Funds and Certificates of Deposits. Derivative securities and mortgage backed securities are not authorized investments.

Investment Objectives.

- (a) 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.
- (b) 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.
- (c) Minimal Costs: Investment costs should be minimized.
- (d) Professional Management: The Board may delegate its investment authority to professional managers.
- (e) Return: Funds should be invested to seek the highest level of return consistent with the preservation of principal.

VIII. Adoption and Amendment of Policies, Procedures and Rules

The following policy supplements section 8.16 of the Declaration.

Board Determination of Need for Rules. The Board may determine the need to adopt or amend certain rules, regulations, policies and/or procedures ("Rule") as it deems necessary, desirable or appropriate with respect to the interpretation and implementation of the governing documents of the Association, the operation of the Association, the use and enjoyment of common areas and/or common elements or for any other purpose.

Notice and Opportunity to Comment. The Board shall place the proposed Rule on its meeting agenda prior to the next open meeting. Written notice of the agenda and the proposed rule shall be mailed to the Members of the Association at least ten (10) days prior to the open meeting. The Board shall allow an opportunity for the Members to comment on the proposed Rule.

Adoption of Rule. Rules shall be effective only upon adoption by resolution at an open meeting of the Board following Board discussion and Member comment. The Board shall then provide written notice of the Rule adoption to its Members within fifteen (15) days after adoption.

Emergency. The Board may waive notice and opportunity to comment in the event the Board determines, in its sole discretion, an emergency Rule needs to be immediately adopted.

IX. Resolving Disputes Between Association and Owners

In the event of any dispute between the Association and an owner, for which a method, policy or procedure to address such dispute is not provided by the Declaration or Bylaws of the Association, the owner and Association shall first submit the matter to mediation. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved within sixty (60) calendar days of the date written notice requesting mediation is sent by one party to the other party.