

**GOVERNANCE POLICIES**  
**In response to the requirements of CCIOA CRS 38-33.3-209.5**  
**Columbine Knolls South II Homeowners Association, Inc. (CKSII HOA)**

**TABLE OF CONTENTS**

**Introduction**

**1.0 Collection of unpaid assessments**  
**38-33.3-209.5 (1)(b)(I)**

- 1.1 Background
- 1.2 Voluntary Members
- 1.3 Assessments upon Lot Conveyances in Section 1
  - 1.3.1 Voluntary Member Seller to Permanent Member Purchaser
  - 1.3.2 Non-Member Seller to Permanent Member Purchaser
  - 1.3.3 Permanent Member Seller to Permanent Member Purchaser
- 1.4 Dues upon Lot Conveyances in Sections 2 and 3
- 1.5 Due Dates, Late Charges
  - 1.5.1 Due Dates
  - 1.5.2 Late Charges
  - 1.5.3 Liens
- 1.6 Return Check Charges
  - 1.6.1 Face amount plus charges
  - 1.6.2 Face amount times three
  - 1.6.3 Multiple Returned Checks
- 1.7 Attorney Fees
- 1.8 Application of Payments
- 1.9 Notices
- 1.10 Referral of Delinquent Accounts to Attorneys
- 1.11 Waivers

**2.0 Handling of conflicts of interest involving board members**  
**38-33.3-209.5 (1)(b)(II)**

- 2.1 Definitions
  - 2.1.1 Conflicting interest transaction
  - 2.1.2 Party related to a director
  - 2.1.3 Officer
- 2.2 Disclosure
- 2.3 Quorum, Participation and Voting
- 2.4 Approval of Transaction
- 2.5 Standard of Review

- 2.5.1 Conflicting Interest Disclosed
- 2.5.2 Conflicting Interest Authorized
- 2.5.3 Conflicting Interest is Fair
- 2.6 Loans
- 2.7 Periodic Review (HB 11-1124)

**3.0 Conduct of meetings**  
**38-33.3-209.5 (1)(b)(III)**

- 3.1 Annual Meetings/Special Member Meetings
  - 3.1.1 Notice of Meeting
  - 3.1.2 Sign In, Proxies
  - 3.1.3 Calling the Meeting to Order
  - 3.1.4 Rules for member participation
  - 3.1.5 Ballot Counting
- 3.2 Board Meetings
  - 3.2.1 Notice of Board Meetings
  - 3.2.2 Attendance
  - 3.2.3 Motions/Deliberations

**4.0 Enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines**  
**38-33.3-209.5 (1)(b)(IV)**

- 4.1 Background
- 4.2 Enforcement Procedure
  - 4.2.1 Complaint
  - 4.2.2 First Violation
  - 4.2.3 Repeat Violations
- 4.3 Fine Schedule for Permanent Member Lots
  - 4.3.1 Fines for Violations
  - 4.3.2 Fines Due and Payable
- 4.4 Legal Action
- 4.5 Failure to Enforce
- 4.6 Liens and Notices of Covenant Violation

**5.0 Inspection and copying of association records by members**  
**38-33.3-209.5 (1)(b)(V)**

- 5.1 Association Records
  - 5.1.1 Financial Records
  - 5.1.2 Meeting Minutes

- 5.1.3 Membership List
- 5.1.4 Legal Documents
- 5.1.5 Communications
- 5.1.6 Director Names and Addresses
- 5.1.7 Annual Report
- 5.2 Criteria for Inspection Request
  - 5.2.1 Proper Purpose
  - 5.2.2 Records Sought
  - 5.2.3 Request Form (Form 5.2)
- 5.3 Restrictions on Use of Membership List
  - 5.3.1 Solicitation
  - 5.3.2 Commercial Purpose
  - 5.3.3 Sale
  - 5.3.4 Illegal
- 5.4 Review of Records
  - 5.4.1 Appointment
  - 5.4.2 HOA Presence
  - 5.4.3 Pages to be Copied
  - 5.4.4 Record Removal
  - 5.4.5 Records Not Available
- 5.5 Remedies

**6.0 Investment of reserve funds**  
**38-33.3-209.5 (1)(b)(VI)**

- 6.1 Standard of Care
  - 6.1.1 Officers or Employees
  - 6.1.2 Non-Officers
  - 6.1.3 Committee
- 6.2 Investment Vehicles
- 6.3 Investment Goals
  - 6.3.1 Preservation of Principal
  - 6.3.2 Accessibility of Funds
  - 6.3.3 Interest Rate Volatility
  - 6.3.4 Rate of Return
  - 6.3.5 Investment Costs
- 6.4 Criteria
- 6.5 Review, Authorization and Records
  - 6.5.1 Review
  - 6.5.2 Approval and Amendments
  - 6.5.3 Approval Authorization
  - 6.5.4 Controller
  - 6.5.5 Account Maintenance
- 6.6 Insurance
- 6.7 Reserve Study and Funding Policy

- 6.7.1 Reserve Study
- 6.7.2 Reserve Funding

**7.0 Procedures for the adoption and amendment of policies, procedures, and rules**  
**38-33.3-209.5 (1)(b)(VII)**

- 7.1 Definitions
  - 7.1.1 Policy
  - 7.1.2 Rule
- 7.2 Adoption and Amendments

**8.0 Procedures for addressing disputes arising between the association and members**  
**38-33.3-209.5 (1)(b)(VII)**

- 8.1 Disputes between Association and Owners
- 8.2 Dispute Resolution

**9.0 Severability**

**10.0 Adoption Signatures and Effective Date**

- Form 4.2 Request for BOD Hearing
- Form 5.2 Inspection and Copying of HOA Records

End of Table of Contents

# GOVERNANCE POLICIES

## Introduction

The Columbine Knolls South II Homeowners Association includes both Permanent Members and Voluntary Members. All Owners are subject to the Protective Covenants that cover their Lots and are identified as follows: Section 1; Reception No. 2009002076, Section 2; Reception No. 84099340 and Section 3; Reception No. 84098383. Upon conveyance of Section 1 Lots, the Owners of such Lots become Permanent Members. Owners of Sections 2 and 3 Lots may become Voluntary Members.

The assessment collection policy and fining policy outlined below applies only to Permanent Membership Lots, except as specifically addressed for Voluntary Members or non-members.

### **1.0 Collection of unpaid assessments 38-33.3-209.5 (1)(b)(I)**

#### 1.1 Background

The Association has both Voluntary Members and Permanent Members. Outlined below are provisions that apply to Voluntary Members and separate provisions that apply to Permanent Members. For purposes of this policy, Voluntary Members pay “dues” and Permanent Members pay “assessments.” Dues are tied to the homeowner and assessments are tied to the property.

#### 1.2 Voluntary Members

Dues paid by voluntary members are non-refundable. Voluntary Members are eligible to pay dues without trash service or dues including trash service. The trash service is coordinated by the Association.

#### 1.3 Assessments upon Lot Conveyances in Section 1

##### 1.3.1 Voluntary Member Seller to Permanent Member Purchaser

Since Voluntary Member dues are non-refundable, the new Permanent Member must pay assessments pro-rated from the date the conveyance takes place. If the Voluntary Member paid for trash service, the new Permanent Member is not required to pay for trash service for the time period paid by the Seller.

##### 1.3.2 Non-Member Seller to Permanent Member Purchaser

The new Permanent Member must pay assessments pro-rated from the date the conveyance takes place.

### 1.3.3 Permanent Member Seller to Permanent Member Purchaser

The Permanent Member seller's assessments run with the property. Therefore, the new Permanent Member purchaser does not have to pay assessments for the balance of the year. The purchaser and seller may pro-rate assessments among themselves, but the Association shall not pro-rate assessments. If the seller has paid for trash service, the purchaser does not have to pay for trash service for the time period paid by the seller. If the seller has not paid for trash service, the purchaser has the option of purchasing trash service.

## 1.4 Dues upon Lot Conveyances in Sections 2 and 3

All Association memberships in Sections 2 and 3 are voluntary. Voluntary Member dues are non-refundable. Any purchaser in Sections 2 and 3 must pay dues to become a Voluntary Member of the Association. However, if the seller paid for trash service, the purchaser is not required to pay for trash service for the time period paid by the seller.

***The provisions outlined below (Sections 1.5 thru 1.11) regarding liens and collection procedures for assessments apply only to Permanent Members***

## 1.5 Due Dates, Late Charges

### 1.5.1 Due Dates

Annual assessments are due January 1 of each year. Invoices for any other assessment or fine are payable within 30 days of the date the notice is sent. Payments shall be deemed received and shall be posted on the date the payment is received in the Association's office or the Association's payment processor's office. Any installment not paid in full when due shall be considered past due and delinquent.

### 1.5.2 Late Charges

No late charge shall be imposed for Assessments received on or before January 31. Late charges imposed for Assessments received on or after February 1 are as follows:

Paid in February	add \$20
Paid in March	add \$30
Paid in April	add \$40
Add \$10 per month thereafter.	

A late charge in the amount of \$10 per month shall be imposed for any fine or other charge not paid by the last day of the month that the invoice is sent; without further notice to the Member. Late charges are the personal obligation of the Member. Unpaid obligations may result in a notice of a lien filed on the Lot.

### 1.5.3 Liens

Assessments, fines, and late charges that are unpaid in a reasonable time may result in notice of a lien filed on the Lot.

## 1.6 Return Check Charges

If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Member is liable to the Association for one of the following amounts, at the option of the Association:

### 1.6.1 Face amount plus charges

An amount equal to the face amount of the check, draft, or money order plus a return check charge of \$20.00 or an amount equal to the actual charges incurred by the Association levied by the party returning the check, whichever is greater; or

### 1.6.2 Face amount times three

If notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.

### 1.6.3 Multiple Returned Checks

If two or more of a Member's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Member's future payments, for a period of one year, be made by certified check or money order.

## 1.7 Attorney Fees

The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Member pursuant to the terms of the Covenants and Colorado law. Attorney fees incurred by the Association shall be considered part of the assessments and shall be due and payable immediately when incurred, upon demand.

## 1.8 Application of Payments

All payments received on account of any Member or the Member's property, may be applied first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to a judgment; then to interest; then to late charges; then to return check charges; then to fines and other amounts levied pursuant to the Covenants; then to delinquent assessments; then to current assessments not reduced to judgment; and finally to amounts reduced to judgment.

### 1.9 Notices

The Association may, but shall not be obligated to, send collection notices for delinquent assessments prior to turning a delinquent account to a collection agency or the Association's attorney.

### 1.10 Referral of Delinquent Accounts to Attorneys

Upon referral of a delinquent account to the Association's attorneys, the attorneys shall take appropriate action to collect the accounts referred. The Association's attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors or other person designated by the Board, believed to be in the best interest of the Association, including, but not limited to filing notice of a lien against the delinquent Member's property to provide record notice of the Association's claim against the property and filing suit against the delinquent Member for a money judgment.

### 1.11 Waivers

The Board may modify the procedures contained herein, as the Board shall determine appropriate under particular circumstances. Any such accommodation shall be documented in the Association's files with the conditions of relief. Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Collection Policy.

## **2.0 Handling of conflicts of interest involving board members 38-33.3-209.5 (1)(b)(II)**

### 2.1 Definitions

#### 2.1.1 Conflicting interest transaction

means a contract, transaction or other financial relationship between: (a) the Association and a member of the Board of Directors, or (b) between the Association and a party related to a member of the Board of Directors, or (c) between the Association and an entity in which a member of the Board of Directors of the Association is a director or officer.

#### 2.1.2 Party related to a director

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 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.

### 2.1.3 Officer

for purposes of this policy only, means any person designated as an officer of the Association and any person to whom the Board delegates responsibilities, including, without limitation, a managing agent, attorney, or accountant employed by the Board.

## 2.2 Disclosure

The director shall disclose the conflicting interest in the proposed transaction in an open meeting prior to the discussion and vote. Such disclosure shall be reflected in the minutes of the meeting or other written form.

## 2.3 Quorum, Participation and Voting

The interested director shall count for the purpose of establishing a quorum of the Board for the matter in which there is a conflict. The director shall not take part in the discussion and shall leave the room during the discussion and the vote on the matter. Notwithstanding the foregoing, a majority of the disinterested Board members may ask the interested Board member to remain during any portion of the discussion and/or vote, provided that the director does not vote.

## 2.4 Approval of Transaction

The contract, Board decision or other Board action must be approved by a majority of the disinterested Board members who are voting. No contract, Board decision or other Board action in which a Board member who has a conflict of interest shall be approved unless it is commercially reasonable to and/or in the best interests of the Association.

## 2.5 Standard of Review

Notwithstanding anything to the contrary herein or in the Association's conflict of interest policy and in accordance with the Colorado Revised Nonprofit Corporations Act, no conflicting interest transaction shall be set aside solely because an interested director is present at, participates in or votes at a Board or committee meeting that authorizes, approves or ratifies the conflicting interest transaction if:

### 2.5.1 Conflicting Interest Disclosed

the material facts as to the director's relationship or interest as to the conflicting interest transaction are disclosed or known to the Board of Directors 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 director, even though the disinterested directors may be less than a quorum; or

### 2.5.2 Conflicting Interest Authorized

the material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or known to the members entitled to vote on the transaction, if any, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote; or

2.5.3 Conflicting Interest is Fair  
the conflicting interest transaction is fair to the Association.

## 2.6 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 of the loan.

## 2.7 Periodic Review (HR 11-1124)

The Board of Directors shall provide for the periodic review of the Association's Conflict of Interest policies, procedures, and rules and regulations.

## **3.0 Conduct of meetings 38-33.3-209.5 (1)(b)(III)**

### 3.1 Annual Meetings/Special Member Meetings

#### 3.1.1 Notice of Meeting

Notice of membership meeting shall be as set forth in the Amended and Restated By-laws of the Columbine Knolls South II Homeowners' Association.

#### 3.1.2 Sign In, Proxies

Each member will sign in prior to the meeting for himself/herself and for any proxies he/she holds. Proxies will be handled as set forth in the Amended and Restated By-laws of the Columbine Knolls South II Homeowners' Association.

#### 3.1.3 Calling the Meeting to Order

The President of the Board of Directors, or other person directed by the Board, will call the meeting to order and conduct the meeting. The meeting shall proceed in the order set forth in the agenda.

#### 3.1.4 Rules for member participation

3.1.4.1 Each member who wishes to speak will be given a reasonable time to speak, provided the chair may impose reasonable time limits to facilitate member participation. Members may not speak a second time until everyone who wishes to speak has been given an opportunity to speak once. Members may not speak more than twice on any one topic, subject to the chair's discretion.

3.1.4.2 Members must maintain decorum and refrain from addressing the membership or Board until recognized by the chair. Upon being recognized, the member must state his/her name and address.

3.1.4.3 Members may not interrupt anyone who validly has the floor, or otherwise disrupt the meeting. Members may not engage in personal attacks on Board members, other Association members, or staff. All comments and questions are to be delivered in a businesslike manner and comments shall be confined to matters germane to the agenda item being discussed. No member may use abusive, rude, threatening, vulgar or crude language. To facilitate free and open discussion members shall not audio or video record meetings.

3.1.4.4 Members must obey all orders made by the meeting chair, including an order to step down. Any member who refuses to follow the above rules will be asked to leave the meeting.

3.1.4.5 Any motions must be seconded prior to discussion and voting. Because the nature of a motion and vote may be outside the members' authority, the Board reserves the right to determine whether a motion will be considered binding on the Association or a recommendation for proceeding.

### 3.1.5 Ballot Counting

Ballots shall be counted by a neutral third party or by a committee of volunteers who shall be members selected or appointed at an open meeting by the President of the Board or other person presiding during that portion of the meeting. The committee of volunteers shall not be Board members and, in case of a contested election for a Board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without identifying information of members participating in such vote.

## 3.2 Board Meetings

### 3.2.1 Notice of Board Meetings

Notice of regular Board meetings shall be given to directors as set forth in the Amended and Restated By-laws of the Columbine Knolls South II Homeowners' Association.

### 3.2.2 Attendance

All Board meetings shall be open to attendance by voluntary and permanent members of the Association, provided that the Board may go into executive session for any purpose allowed by law. Members may be excluded from executive session. Prior to going into executive session, the chair of the meeting shall announce the purpose for the executive session.

### 3.2.3 Motions/Deliberations

Any director may make a motion. All motions shall be recorded in the minutes. If any director requests his/her vote in favor or against or his/her abstention be recorded in the minutes, the minutes shall so reflect. After a motion by a director on an item to be voted on by the Board and after Board discussion on the motion, but prior to a vote on the motion, if requested by a Member, there shall be a Members' forum up to five minutes. The chair shall request a show of hands of Members who desire to speak in favor of the motion and Members who desire to speak in opposition to the motion and the Members may designate one person to represent each position. If the Members cannot agree on a spokesperson, the chair may select one person from those who desire to speak in favor of the motion and one person from those who desire to speak in opposition to the motion. The chair, in its discretion shall have the option to extend the Members' forum and/or permit additional Members to speak.

## **4.0 Enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines 38-33.3-209.5 (1)(b)(IV)**

### 4.1 Background

All Lots in the community, whether those of Voluntary Members, Permanent Members, or non-members are subject to the recorded covenants filed against their property which are in the chain of title to their property. However, only Permanent Member lots are subject to a fining procedure to induce compliance with the Covenants. Before any fines on Permanent Member lots may be imposed, the following enforcement procedure must be followed.

### 4.2 Enforcement Procedure

The Association has authority to impose fines against Permanent Members. To the extent that the Association has the authority to impose fines, the Board shall not impose fines unless and until the Association has sent or delivered written notice to the Member as provided below. [Note: Late fees are not fines.]

#### 4.2.1 Complaint

Any Owner within the community may send the Association a formal, written complaint via either electronic mail or regular mail of a covenant or rule violation, with as much information as is known. Complaints may also be initiated by the Association's manager or any member of the Board of Directors. Complaints that cannot be independently verified by a Board member or the Association's management agent must be in writing. The Board shall have no obligation to consider oral complaints or anonymous complaints. The Board shall have the authority to determine whether a written complaint is justified before continuing with the Notice and Hearing Procedure.

#### 4.2.2 First Violation

All Properties are monitored by a Management Company periodically for compliance. An Owner will be contacted when their property is perceived to be in violation. The first notification will be a **Courtesy Notice** to advise the Owner of the restriction which is in violation and provide a deadline for correction. If the violation is not corrected by that deadline then a **Notice of Alleged Violation** shall be sent. A **Notice of Alleged Violation** shall identify the violation; the controlling restriction; a deadline for correction; the cost of a fine if the violation is upheld and not corrected. To dispute a violation the owner shall submit a written request for a Hearing within 15 days of receipt of the **Notice of Alleged Violation**.

##### 4.2.2.1 Notice of Alleged Violation

A Notice of Alleged Violation of any provisions of the Covenants, Bylaws or Rules and Regulations shall be provided in writing to the applicable Owner as soon as reasonably practicable following the receipt of a complaint or discovery by the Board of such violation. The Board may also, at its option, provide a copy of such notice to any non-Owner violator. The notice shall describe the nature of the violation and the possible fine that may be imposed, the right to request a hearing before the Board to contest the violation or possible fine, and may further state that the Board may seek to protect its rights as they are specified in the governing legal documents.

##### 4.2.2.2 Legal Action

If the Homeowner fails to comply with the Notice of Alleged Violation by the deadline for compliance, the Board of Directors shall have the option to refer the case to the HOA lawyers.

##### 4.2.2.3 Request for Hearing

If a Member desires a hearing to challenge or contest any alleged violation and possible fine, or to discuss any mitigating circumstances, the Member must request such hearing, in writing, within 15 days of the date of the Notice of Alleged Violation (Form 4.2 attached). The request for hearing shall describe the grounds and basis for challenging the alleged violation or the mitigating circumstances. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived.

##### 4.2.2.4 Hearing

Any Member who requests a hearing as provided above shall be afforded a fair and impartial hearing before a hearing board comprised of individuals with 'impartial decision makers' (persons with authority to make a decision on a claimed covenant, rule or architectural violation and without a direct personal or financial interest in the outcome of the hearing). The

Board shall hear and decide cases set for hearing pursuant to the procedures set forth herein. The Board shall determine whether a violation exists and impose fines.

#### 4.2.3 Repeat Violations

Any repeat violation may be referred to the HOA lawyers for legal action without issuing a Courtesy Notice or a Notice of Alleged Violation.

### 4.3 Fine Schedule for Permanent Member Lots

The Board has authority to impose fines against Permanent Member Lots. To the extent that the Board has the authority to impose fines, the Board shall not impose fines unless and until the Board has sent or delivered written notice to the Member as provided above. [Note: Late fees are not fines.]

#### 4.3.1 Fines for Violations

Except as may be provided in individual rules, the following fines are guidelines for violation of the provisions of the Covenants, Bylaws and Rules and Regulations of the Association:

First violation:	Courtesy Notice, Notice of Alleged Violation (NoAV), Hearing (if requested), Levy \$25 fine 30 days after NoAV, Court Proceedings
Continuing violation or after Court decisions are set forth:	\$ 100.00 per week for each week the violation continues.
Second event of same violation:	\$ 25.00
Third event of same violation:	\$ 50.00
Fourth and subsequent events of same violation:	\$100.00 each event

#### 4.3.2 Fines Due and Payable

All fines shall be due and payable upon notice of the fine and will be late if not paid within 30 days of the date that the Permanent Member is notified of the imposition of the fine. All fines shall be considered an assessment and may be collected as set forth in Section 1.0 of this document. Fines shall be in addition to

all other remedies available to the Association pursuant to the terms of the Covenants and Colorado law.

#### 4.4 Legal Action

The Association, at any time, may pursue legal action against an Owner (whether Permanent Member, Voluntary Member or non-member of the Association) to enforce the provisions of the Covenants or Rules and Regulations without first following the preceding notice and hearing procedures, if the Board determines that such action is in the Association's best interests.

#### 4.5 Failure to Enforce

Failure of the Association to enforce the Covenants, Bylaws or Rules and Regulations will not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any of the above referenced governing documents for the Association.

#### 4.6 Liens and Notices of Covenant Violation

Assessments and fines that are unpaid within 30 days of the time they are levied may result in notice of a lien filed on the Lot. The Board may also issue and record with the Clerk and Recorder, a Notice of Violation. Upon notice of satisfactory compliance with the Association's governing documents, the Notice of Violation may be released by the Association issuing and recording a Release of Notice of Violation.

### **5.0 Inspection and copying of association records by Members 38-33.3-209.5 (1)(b)(V)**

#### 5.1 Association Records

The Association shall maintain, at a minimum, the following records:

##### 5.1.1 Financial Records

Financial records sufficiently detailed to enable the Association to provide statements of unpaid assessments in accordance with the Colorado Common Interest Ownership Act.

##### 5.1.2 Meeting Minutes

Minutes of membership meetings, minutes of Board meetings.

##### 5.1.3 Membership List

A record of members in a form that permits preparation of a list of names and addresses of all members, showing the number of votes each Member is entitled to vote ("Membership List"). See Section 5.3 below for restrictions on the use of the Membership List.

The Membership List shall include the name and address of each member.

#### 5.1.4 Legal Documents

The Articles of Incorporation, Sections 1, 2 and 3 Covenants, Bylaws, Rules and Regulations and Governance Policies.

#### 5.1.5 Communications

Written communications within the past three years to members generally as members.

#### 5.1.6 Director Names and Addresses

A list of the names and business or home addresses of its current directors and officers.

#### 5.1.7 Annual Report

The most recent annual report, if any.

### 5.2 Criteria for Inspection Request

Records shall be made reasonably available for inspection and copying by a Permanent or Voluntary Member. "Reasonably available" means available at the next scheduled HOA meeting, upon notice of 5 business days, and to the extent that:

#### 5.2.1 Proper Purpose

... the request is made in good faith and for a proper purpose. The records are relevant to the purpose of the request.

#### 5.2.2 Records Sought

... the request describes with reasonable particularity the records sought and the purpose of the request.

#### 5.2.3 Request Form

... all requests shall be submitted on Form 5.2 attached to this policy.

### 5.3 Restrictions on Use of Membership List

The Association's Membership List is not available to non-members. A Membership List may not be:

#### 5.3.1 Solicitation

... used to solicit money or property unless such money or property will be used solely to solicit votes of the members in an election held by the Association.

#### 5.3.2 Commercial Purpose

... used for any commercial purpose.

### 5.3.3 Sale

... sold to or purchased by any person.

### 5.3.4 Illegal

... used for any purpose prohibited by law.

Any Permanent or Voluntary Member requesting a Membership List shall be required to sign the agreement, Form 5.2, attached to this policy indicating that he/she will not use the list for the purposes stated above.

## 5.4 Review of Records

### 5.4.1 Appointment

Upon receipt of a request, the Association shall make an appointment with the member, at a time convenient to both parties, to conduct the inspection. All appointments for inspection will be limited to two hours. If additional time is needed, another appointment will be made within two weeks, at a time convenient to both parties.

### 5.4.2 HOA Presence

At the discretion of the Board of Directors or property manager, records will be inspected only in the presence of a Board member, Association agent or other person designated by the Board.

### 5.4.3 Pages to be Copied

During inspection, a Member may designate pages to be copied with a paperclip, post-it note, or other means provided by the Association. Copies will be made at a reasonable and mutually agreed upon cost, which charges shall include retrieval costs for off-site files. The Member shall be responsible for paying the total copying cost prior to receiving the copies.

### 5.4.4 Record Removal

Records may not be removed from the office in which they are inspected without the express written consent of the Board.

### 5.4.5 Records Not Available

The following records will not be available for inspection without the express written consent of the Board:

5.4.5.1 Documents which are privileged or confidential between attorney and client or which concern pending or imminent court proceedings;

5.4.5.2 Documents related to investigative proceedings concerning possible or actual criminal misconduct;

5.4.5.3 Documents which, if disclosed, would constitute an unwarranted invasion of individual privacy, including, but not limited to, social security numbers, dates of birth, personal bank account information, and driver's license numbers;

5.4.5.4 Documents which the Association is prohibited from disclosing to a third party as a matter of law; and

5.4.5.5 Inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board.

## 5.5 Remedies

The Association may pursue any Member for damages or injunctive relief or both, including reasonable attorney fees, for abuse of inspection and copying rights, including use of any records for a purpose other than that stated in the Member's request.

## **6.0 Investment of reserve funds 38-33.3-209.5 (1)(b)(VI)**

A Reserve fund shall be maintained to provide adequate funds for anticipated and unanticipated future expenditures which are not classified as annual operating expenses. Funds shall be invested in an account, or accounts, which shall be separate from the annual operating account, in accordance with IRS regulations.

### 6.1 Standard of Care

Each director and officer shall perform their duties regarding investment of reserves in good faith, in a manner the director or officer reasonably believes to be in the best interests of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In the performance of their duties, a director or officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

#### 6.1.1 Officers or Employees

One or more officers or employees of the Association whom the director or officer reasonably believes to be reliable and competent in the matters presented;

#### 6.1.2 Non-Officers

Legal counsel, professional property manager, public accountant, or other persons as to matters which the director or officer reasonably believes to be within such person's professional or expert competence; or

### 6.1.3 Committee

A committee of the Association on which the director or officer does not serve if the director reasonably believes the committee merits confidence.

[Officer, for purposes of this policy only, means any person designated as an officer of the Association and any person to whom the Board delegates responsibilities, including, without limitation, a managing agent, attorney, or accountant employed by the Board.]

## 6.2 Investment Vehicles

Reserves may be invested in insured deposits and U.S. government obligations.

## 6.3 Investment Goals

The reserve funds shall be invested to achieve the following goals, in descending order of importance:

### 6.3.1 Preservation of Principal

Promote and ensure the preservation of principal;

### 6.3.2 Accessibility of Funds

Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;

### 6.3.3 Interest Rate Volatility

Mitigate the effects of interest rate volatility upon reserve assets;

### 6.3.4 Rate of Return

Seek the highest level of return that is consistent with preserving the principal and accumulated interest;

### 6.3.5 Investment Costs

Minimize investment costs.

## 6.4 Criteria

The Board may consider the following circumstances in investing reserve funds: general economic conditions; possible effect of inflation or deflation; expected tax consequences; role that each investment plays in the overall investment portfolio; and other resources of the Association.

## 6.5 Review, Authorization and Records

### 6.5.1 Review

The Board of Directors shall authorize and review investment strategies on an annual basis and shall be provided with periodic reporting.

#### 6.5.2 Approval and Amendments

All accounts, instruments and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the Board of Directors as appropriate, and shall be reviewed at least once per year.

#### 6.5.3 Approval Authorization

The President, Treasurer or the Association's controller (if authorized by the Board) shall be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals in paragraph VII(C) above; and to enter into agreements, contracts and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. All transactions initiated by the controller require the documented approval of the Treasurer. In the absence of the Treasurer, documented approval must be obtained from the President.

#### 6.5.4 Controller

The controller shall consult directly with the Treasurer on all investment matters. In the absence of the Treasurer, the controller shall consult with the President.

#### 6.5.5 Account Maintenance

The Association's controller or other person designated by the Board shall maintain monthly statements, including detailed accounting of current values, income and all transactions.

### 6.6 Insurance

The Association may carry fidelity insurance to protect against theft or dishonesty from anyone with access to the reserve funds to the extent such insurance is reasonably available.

### 6.7 Reserve Study and Funding Policy

#### 6.7.1 Reserve Study

The Association does not have and does not plan to have a reserve study since it maintains no real property in the Columbine Knolls South II community.

#### 6.7.2 Reserve Funding

Since the Association does not maintain real property, it does not fund reserves for this purpose. However, the Association funds reserves for covenant enforcement in accordance with the guidelines set forth in the Investment of Reserves Policy.

**7.0 Procedures for the adoption and amendment of policies, procedures, and rules**  
**38-33.3-209.5 (1)(b)(VII)**

7.1 Definitions

7.1.1 Policy

Governance Policies govern the activities of the Board of Directors in the operation of the Association.

7.1.2 Rule

Rules govern the use of property within the community and the behavior of residents and/or their guests while in the community.

7.2 Adoption and Amendments

The Board of Directors shall have the authority to adopt and amend Governance Policies to the extent they do not conflict with the Covenants, Articles of Incorporation, and Bylaws of the Association. Governance Policies shall be adopted at an open Board meeting and documented in the minutes.

**8.0 Procedures for addressing disputes arising between the association and members**  
**38-33.3-209.5 (1)(b)(VII)**

8.1 Disputes between Association and Owners Regarding Collection and Covenant and Rule Enforcement Matters

Disputes between the Association and Lot Owners regarding assessment collection matters and covenant and rule enforcement matters are addressed in Section 4.0.

8.2 Dispute Resolution

Prior to filing a lawsuit against the Association, the Board, or any officer, director, or property manager of the Association, a Lot Owner or Occupant must request and attend a hearing with the Board of Directors. Any such request shall be in writing and shall be personally delivered to any member of the Board of Directors or the property manager of the Association. The Owner or Occupant shall, in such request and at the hearing, make a good faith effort to explain the grievance to the Board and to resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's or Occupant's grievance before filing suit. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the person requesting the hearing. The Board shall schedule this hearing for a date not less than ten or more than 21 days from the date of receipt of the request.

## **9.0 Severability**

Invalidation of any one of these Governance Policies by judgment or court order or otherwise shall in no way affect the application of such provision to other circumstances or affect any other provision(s), which shall remain in full force and effect.

**10.0 Adoption Signatures and Effective Date**

IN WITNESS WHEREOF, the undersigned certify these Governance Policies were adopted by resolution of the Board of Directors of the Association on this 14 day of June, 2011.

COLUMBINE KNOLLS SOUTH II HOMEOWNERS ASSOCIATION, a Colorado nonprofit corporation,

Signed: Stephanie Haberkorn

Printed Name: Stephanie Haberkorn  
CKSII HOA President

ATTEST (Witness):

Signed: Deborah J. Opperman

Printed Name: Deborah J. Opperman

Title: Vice President

**FORM 4.2**  
**REQUEST FOR BOARD OF DIRECTORS HEARING**  
**COLUMBINE KNOLLS SOUTH II HOMEOWNERS ASSOCIATION**  
**For Paragraph 4.0 [38-33.3-209.5 (1)(b)(IV)] or**  
**8.0 [38-33.3-209.5 (1)(b)(VIII)]**

Printed Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Date of HOA letter to Owner (which describes the violation): \_\_\_\_\_

Reasons for Hearing, extenuating circumstances, etc.:

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**FORM 5.2**  
**AGREEMENT REGARDING INSPECTION AND COPYING OF RECORDS**  
**OF COLUMBINE KNOLLS SOUTH II HOMEOWNERS ASSOCIATION**  
**For Paragraph 5.0 [38-33.3-209.5 (1)(b)(V)]**

I have requested to inspect and/or obtain copies of the following records for Columbine Knolls South II Homeowners Association (Be as specific as possible): \_\_\_\_\_

\_\_\_\_\_

The records shall be used for the following purpose(s) only: \_\_\_\_\_

\_\_\_\_\_

I understand that under the terms of the Colorado Revised Nonprofit Corporation Act, Columbine Knolls South II Homeowners Association records may not be obtained or used for any purpose unrelated to my interest(s) as a Member. I further understand and agree that without limiting the generality of the foregoing, Columbine Knolls South II Homeowners Association records may not be:

- (1) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Members in an election held by the Columbine Knolls South II Homeowners Association;
- (2) used for any commercial purpose;
- (3) sold to, otherwise distributed to, or purchased by any person;
- (4) any other purpose prohibited by law; or
- (5) any purpose not related to the reason specified in this Agreement.

In the event any document requested is used for an improper purpose or purpose other than that stated above, I will be responsible for any and all damages, penalties and costs incurred by the Columbine Knolls South II Homeowners Association, including attorney fees resulting from such improper use. I will additionally be subject to any and all enforcement procedures available to the Columbine Knolls South II Homeowners Association through its governing documents and Colorado law.

Understood and agreed to by:

\_\_\_\_\_  
Signature of Member

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No. \_\_\_\_\_

\_\_\_\_\_  
Signature of Member

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No. \_\_\_\_\_