



Policy and Procedure Manual for Homeowners Associations

Property of Colorado Management and Realty Inc
(Revised 06-09)

This policy supersedes any previously adopted policy as of May 31, 2009

ADOPTION OR AMENDMENT OF POLICIES, PROCEDURES AND RULES

The Board of Directors from time to time in accordance with Associations governing documents, may in any open meeting Amend, Adopt or Delete, the Rules and Regulations, Policies and Procedures of the Association with a majority vote from the Board. Should the Board make changes to the above, it shall give all members via regular mail, a copy within 30 days after adopting the change. Any part of governing documents that do not comply with CCIOA or Federal State and Local law shall not be enforceable.

ASSOCIATION ENFORCEMENT AND COMPLAINT PROCEDURE

Fines Policy

The fine schedule is attached to the Rules and Regulations specifying the fine structure. Each Rule is subject to a separate fine and violation.

Enforcement Policy

Enforcement of the governing documents is the responsibility of the Board of Directors. From time to time, the Board or its agents may do property inspections to determine if violations of the governing documents have occurred.

Additionally, any member of the Homeowners Association may file a written complaint detailing time, date and nature of the alleged violation to the Property Management Company, which then will take the necessary steps to investigate the complaint and if warranted, issue a violation notice.

HOA Violation Procedures

1. A violation form (which can be found at www.cmrdenver.com) must be completed, and should reference the section of the governing documents being allegedly violated and be sent to Colorado Management for investigation. The violation form can be sent to CMR anonymously for a WARNING letter to be sent out to the offending owner, but if a fine is to be imposed, the form can not be sent anonymously.
2. CMR will review the violation form and verify that the alleged violation is in compliance with any governing documents of the HOA
3. CMR will send out the notice of violation as follows:

1st Offense: “Notice of Violation Warning” will be sent to property owner for compliance within 10 business days. On the 10th business day, if CMR has not received an appeal or response from the offending owner/resident, CMR will follow up with the person who submitted the complaint to see if violation persists. If violation persists, the 2nd offense will be automatically imposed.

2nd Offense: Fine notice will be sent indicating the amount of the fine and the right to appeal (amount will be according to the HOA fining schedule). The fine will be imposed after the appeal procedure has lapsed.

Additional fines will be imposed only if additional complaint forms are submitted to the management company.

3rd Offense: If the same violation occurs within the next 12 months a second fine notice will be sent indicating the amount of the fine and the right to appeal (amount will be according to the HOA fining schedule) a fine will be imposed after the appeal procedure has lapsed..

4th and on going offenses: If the same violation occurs within the next 12 months a third fine (amount will be according to the HOA fining schedule) will be imposed after the appeal procedure has lapsed.

If the violation has not been corrected after the 4th notice the cumulative of the third fine will be imposed for every occurrence and further action will be taken at the discretion of The Board for failure to comply.

Appeals/ Hearings:

An appeal/hearing request must be submitted in writing to CMR, within 10 business days from the date of the notice of violation letter. An owner (or resident, by written consent of owner) shall have the right to appeal any notice of violation and/or fine by appearing for the hearing, at which time the owner may present evidence or explanation why the property owner has not violated the governing documents or why special circumstances exist. If a hearing is requested within the 10 days no further action or additional notices for the same violation, or fine shall be assessed until the hearing process is complete. CMR will notify the owner of the date, time and location of the hearing.

Board Decision Final

If the property owners fail to appear, the Board may assess the fine to the property owner's account. If the property owner appears, or appeals by writing, the Board will hold a hearing to gather the facts of the alleged violation. Within 30 days after the hearing a determination as to the validity of the alleged violation will be rendered by the Board, and notify the property owner in writing of its decision. The Board reserves the right to waive or reduce the fine at their discretion. Any fines levied by the Board will be due and payable immediately. Failure to pay will be treated in accordance with the governing documents.

ATTORNEY FEES POLICY

Attorney Fees

The Association will require owners to reimburse for collection costs, reasonable attorney fees and any other costs incurred by its attempts to collect sums owed to the Association, enforcement of governing documents and Rules and Regulations for the Association. In the event the unit owners prevail, the Association shall not charge any of the above costs to the owner.

Attorney Client Privilege

Once the Board has resolved any matter for which they sought legal advice or that concerned litigation, including collection of past due assessments, the Board at its discretion may disclose such communication or opinion and disclose at an open meeting and make the opinion an open document to the Association Membership, or the Board, at its discretion, may preserve the attorney client privilege on the issue. The Board shall discuss in executive session prior to relinquishing the attorney client privilege.

CODE OF CONDUCT FOR BOARD MEMBERS

Board Members shall act in the best interests of the Association as a whole Board Members serve for the benefit of the entire community, and shall, at all times, strive to do what is best for the Association as a whole. Board Members shall not use their positions as such for private gain, for example:

- No Board Member shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value from a person who is seeking a contractual or other business or financial relationship with the Association.
- No Board Member shall seek preferential treatment by the Board, any of its committees, or any contractors or suppliers.
- No Board Member shall accept a gift or favor made with the intent of influencing a decision or action on any official matter
- No Board Member shall receive any compensation from the Association for serving on the Boards.
- No Board Member shall willingly misrepresent facts to advance a personal cause or influence the community to advance a personal cause.
- No Board Member shall use his/her position to enhance his/her financial status through the use of certain contractors or suppliers.

The above list of examples is offered for illustration purposes only, and is not intended to be exclusive.

Board Members shall comply with the governing documents and relevant law

Board Members shall use their best efforts at all times to make reasonable decisions that are consistent with the Declaration, Bylaws, and other governing documents of the Associations, and to be familiar with all such documents. Board Members shall likewise comply with and make decisions that are consistent with all applicable laws, including, but not limited to, refraining from discriminating against any person on the basis of race, color, religion, national origin, gender, family status, or mental or physical disability.

Board Members shall set high standards for themselves as Association Member

Board Members shall hold themselves to the highest standards as members of the Association, and shall in all ways comply with the provisions of the Association's governing documents.

Board Members shall work within the Association's framework and refrain from unilateral action

Board Members shall at all times work with the Association's framework and abide by the systems of management established by the Association's governing documents and shall act upon decisions duly made, and no Board Member shall act unilaterally or contrary to such decisions. Toward the Conduct is based on the provisions as set forth the Colorado Revised Statutes Sections 7-128-401 and 7-128-501.

Board Members shall behave professionally at Meetings

Board Members shall conduct themselves at all Meetings, including Board Meetings, annual Meetings of the members, and committee Meetings, in a professional and businesslike manner. Personal attacks against other Board Members, Association members, residents, officers, management, or guests are not consistent with the best interests or the community and will not be tolerated. Language at Meetings shall be kept professional. Though differences of opinion are inevitable, they must be expressed in a professional and businesslike manner.

Board Members shall maintain confidentiality when appropriate

Board Members shall at all time maintain the confidentiality of all legal, contractual, Personnel and management matters involving the Association. Board Members shall also maintain the confidentiality of the lives of other Board Members, Association members, residents and management staff.

Board Members shall disclose conflicts of interest

Board Members shall immediately disclose to the Board any perceived or potential conflict of interest regarding any aspect of the business operations of the Association.

Board Members shall refrain from defaming anyone in the community

Board Members shall not engage in defamation, by any means, of any other Board Member, Association member, resident, or management staff member. The Association shall deem any Board Member who engages in defamation to be

action outside the scope of his authority as a Board Member.

Board Members shall refrain from harassing Association member or Residents Board

Members shall not in any way harass, threaten, or otherwise attempt to intimidate any other Board Member, Association member, or resident. The Association shall deem any Board Member who harasses, threatens, or otherwise attempts to intimidate other Association members or residents to be acting outside the scope of his authority as a Board Member.

Board Members shall refrain from interfering with management staff and Contractors

No Board Members shall interfere with the duties of management staff or any contractor executing a contract in progress. All communications with contractors must go through one designated Board Member or management, or must otherwise be in accordance with Board policy.

Violations of Code

Violations of the Code of Conduct shall be brought to an Advisory Hearing Board, comprised of other Board Members, as well as the Association attorney, manager, and/or accountant. Any Board Member who violates this Code of Conduct agrees that the Board may seek injunctive Relief against him/her, following a hearing before the Advisory Hearing Board, unless circumstances necessitate the issuance of injunctive relief prior to such hearing. The Board Member also agrees that the Board shall be relieved of posting bond as a condition to its injunctive remedy. Such Board Member must pay the attorney's fees incurred by the Board in any enforcement effort.

COLLECTION POLICY

Homeowner's Dues and Special Assessments

Homeowner dues and all other charges are due and payable on the first day of each month. If payment is not received prior to the Association Grace period, a late fee and or interest will be assessed as described by the governing documents or by the Rules and Regulations of the Association. Late notices will be sent approximately on the sixteenth of the month. Demand letters will be mailed by the management company if the homeowner's Association dues or assessments become 45 days delinquent. The property owner will be given 10 days to become current before attorney collection process begins. After 60 days, the Management Company may turn over all past due accounts to the Association attorney or collection agency to take whatever action they deem to collect the debt. All cost related to collect delinquent assessments shall be the responsibility of the delinquent homeowner. The Board at its discretion may enter into a payment agreement with the homeowners prior to expiration of the 60 days. All collections efforts by the Board, Management or Association attorney shall be discussed in executive session only.

Return Checks:

If a check is returned to the association for any reason a fee \$ 25.00 will be charged to the property owner's account. Additionally other fees allowed by the governing documents and all fees and cost incurred to collect the return item shall be the responsibility of the property owner. Should the Association receive 2 return items it may require the property owner to pay by certified funds.

Application for payments made to the Association

Regardless of inscriptions or notations on the check all payments received shall be applies as follows: any and all attorney fees, legal fees and costs; fines; late fees; return check charges or fees; past due assessments; past due special assessments; current assessments: current special assessments; and other fees. Checks containing a restrictive endorsement on the back will be returned to the owner and the amount tendered shall be considered unpaid.

DISCLOSURE POLICY:

Member Information

Within 90 days of the end of Association fiscal, year the following information shall be mailed to each member via regular US mail.

- Association's name
- Management Company and Representative for the Management Company
- Management Company principal address
- Telephone number fax number
- E-mail address and web site address
- The initial date of the recording of the Declaration and Reception Number or book and page where it is located.

The Association may, at its discretion, post by other means of media. The Association will bare the cost of disturbing the information. Those documents may also be copied at the Associations cost per page

EDUCATION:

Board Members Education

The Association encourages Board Member education. The Board may approve reimbursement for the educational class if that request is made prior to taking the class. Board Members must show proof of attendance for reimbursement. The Board will only reimburse for the class and educational materials.

Owner Education

The Board shall reserve a portion of the Annual Meeting for member education. Also, at its discretion, the Board may hold other educational classes during the year for its Membership. Any cost related to educational expense for members will be the responsible of the Association.

HOMEOWNERS CONFLICTS

If Disputes occur between the Association and Homeowner, the Board will make every effort to resolve those disputes with the Homeowner. The Board does reserve the right to consult their attorney for advice on any dispute. If the dispute cannot be resolved the Board may take what every action they deem necessary to enforce the governing documents, and protect the well being of the Association.

MEETING POLICY AND PROCURES

Notice of Meetings

Notice of meetings along with an agenda shall be distributed on a monthly basis on the back of the property owners monthly billing statement showing dates and times of scheduled meetings of the Association. If a property owner plans to attend it is recommended they RSVP and confirm the meeting they wish to attend. Meetings may be cancelled or rescheduled without notice. Meeting locations can also be obtained by calling CMR.

Board Executive Session

Executive or closed door sessions of the Board shall be conducted for personnel, legal issues and other subjects permitted by CCIOA. Board Members and other invitees of the Executive Session are bound not to disclose information discussed in the Executive or closed door session to any other person or persons. If action is warranted by the Board, the Board may take that specific action in a form of a motion, in open session, with great care of not disclosing the confidential discussion of the executive discussion. 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.

Executive Board Meeting

Homeowners are encouraged and welcome to attend all Board Meeting and Homeowner's comments are also encouraged. The President of the Association may at their discretion set a time limit on the comments from each property owner.

All Meetings and Agendas will follow the latest version of Roberts Rules of Order. The final Agenda will be strictly followed.

Membership Annual or Special Meetings

All Homeowners will get notice of Membership or Special Meeting as described in the governing documents for the Association. Homeowners are urged to attend these Meetings to protect their interests as Homeowners and the well being of the Association. Homeowner's comments are encouraged at Membership Annual or Special Meetings and will be allowed on each issue prior to a vote of the Membership. The President of the Association may at their discretion, set a time limit on the individual topics.

Association Members, that wish to have Membership business included on the Agenda, must submit them in writing to the Board President or CMR, 20 days prior to the meeting. If items added require a vote of the Membership, the revised Agenda will be re-mailed within 10 days of the meeting to the entire Membership. Order of Business, unless otherwise provide by the Association Documents the Agenda will be established as follows:

- Call the Meeting to Order
- Establish a Quorum
- Approve Minutes
- Financials Review
- Committee Reports
- Old Business
- New Business
- Announcements
- Adjournments

The Board at its discretion may alter the order of business for any meeting

All Meetings and Agendas will follow the latest version of Roberts Rules of Order.

If desired by one or more members, issues will be voted on by secret written ballot. Ballots must be counted by a neutral 3rd party, which will be randomly selected by the President of the Association or a non candidate. Ballots will remain secret and will not identify the voter by name, address other identifying codes. The secret ballots will be placed in sealed container with the Presidents or other Board member signature across the seal. Should the seal need to be broken, at least three members of the Association must witness the seal being broken. After the contents of the container have been examined the vote will be placed back into the container and the three witnesses will sign across the reseal.

Written proxies may be used. The use of Proxies must be done on the Board approved proxy forms and must comply with the governing documents of the Association.

WRITTEN MAIL-IN BALLOT PROCEDURE

Written mail-in ballots may be used in lieu of a membership meeting unless prohibited by the associations governing documents. If mail in ballots are selected to be used to determine an issue, the procedure will comply with the Colorado Non-Profit act and CCIOA. The Following procedure shall be used:

The Association will mail to each Member at the last known address of the Member the following information:

1. General letter explaining the issue to be decided.
2. A ballot that has been prepared by the Association which is randomly numbered the number of ballots that need to be returned to achieve quorum, the number or percentage of positive votes to approve the ballot issue, and the ballot question with the appropriate spaces to vote in favor or against. In addition the ballot will also state the date the ballot must be returned by and the date the ballots will be opened.
3. A return envelope will be provided and must be used to return the ballot, Ballots' not enclosed in the original envelope shall be void. On the back of this envelope the Member of the association must sign to certify they are the property owner and have cast only the voted they are entitled to cast.

Procedure to count mail in ballots:

1. Each envelope will be inspected for the Owners certification on the back of the envelope. Envelopes that do not have the proper certification shall not be opened nor counted.
2. All Valid envelopes will be opened and the ballots removed without opening the ballot and placed as a group. The envelopes also will be grouped. A count of the envelopes and ballots will be conducted to assure equal number of ballots and envelopes, after confirmation the envelopes will be placed in the voting control envelope. Each ballot will then be opened, and counted. The results will be noted on the outside of the voting control envelope and the ballots placed in the voting control envelope.
3. The Envelope will then be sealed and the person sealing the envelope will sign across the seal.

ACCEPTENACE OR REJECTION OF VOTING INSTRUMENTS

The Association Board of Directors have the right to reject a vote, consent, written ballot, waiver, proxy appointment or validity of the signatory's authority to sign for the unit owners when the authenticity is in question. The Association and its officers or agent who accepts or rejects any of the above must be done in good faith

and is not liable from any damage that may result for the acceptance or rejections of these instruments. Unless a court decides otherwise, any action taken on the acceptance or rejection of any of the above will be deemed valid.

REQUIRED PERSONAL CONDUCT

Required Personal Conduct

At all Meetings, when speaking you, must be recognized by the President or the Chair. No person in attendance shall interrupt anyone who has the floor. All discussion and comments must, be relevant to the Agenda items. All people in attendance, at any meeting, will behave with common courtesy and civility. All people shall refrain from personal attacks/abuse as in, but not limited to, profanity, rude and threatening language. Members will have the opportunity to speak once on an issue before permission is given to speak to the same issues twice. All people present will obey the President or the Chair of the meeting, including but not limited to, stepping down. Failure to comply will result in the person being removed from the meeting.

RECORDS

Many Association Records are open to the members of the Association and all members have a right to inspect the Association records. Many of these records are kept on the Associations web page for review.

The Association Records include, but are not limited to:

- Meeting Minutes for the Year
- All actions
- All committees
- All waivers
- Annual Report
- Policy and Procedures
- Financials
- On-going Contracts
- Board Members Listing
- Rules and Regulations
- Governing Documents
- Current Owners

Association Records NOT available for inspection or copying:

- Attorney Client Privileged documents' and records, unless the Board votes to remove such privilege

- Documents that would invade individual privacy, such as social security numbers, dates birth date bank account information, ect.
- Current or ongoing contract negotiations that are currently being negotiated and that could have a negative impact if disclosed prior to approval.
- Employee Issues and or disciplinary actions taken for current employees and contractors.
- Documents that would be confidential under statutory or judicial requirements.

Procedure to request Records:

Owners must make the request using the form; “Request Regarding Homeowners Association Information” and must agree to the terms of the policy adopted by the Association. **This request must be made in good faith and for a proper and legitimate purpose in regards to Association business only. A description with reasonable detail of what records are requested and why, must also be stated. Requested documents must be relevant to the unit owners stated purpose for the request, and shall not be used by any owner for any unrelated purpose other then the owner’s interest as an association member.** The form must be signed and returned in writing to the management company to inspect the documents. Failure to agree and sign the form shall be valid grounds for denying the request. The documents will be made available in 5 Business days or at the earliest mutually acceptable date with the owner and the Management Company during regular business hours.

During the examination the Association reserves the right to have a Board Members or its agent observe as the records are reviewed. The Association is under no obligation to create records that do not exist or compile records in any particular order. During the examination no records will be removed, altered, destroyed or marked on.

The Owner requesting records will be responsible for all actual cost incurred for searching, retrieving and copying of those records that were requested by the owner. A minimum fee will be charged as listed on the fee schedule on the web site On view at the Management Company’s office are general financial statements and general Association records. These documents are compiled in a Binder, for any member of the Association to come in and view without an appointment and at no charge. Information will be distributed within 90 days of the fiscal year to inform the Membership of location and the availability of the above records. Those documents may also be copied at the Associations cost per page.

Audit/Review

It shall be the determination of the Board whether or not an audit or review will be performed for the Association. The Association will conduct an audit if it's annual revenue or expenditures exceeds \$250,000, Or owners of at least 1/3 of Association units request it. The Association must make available the audit or review available upon request of the unit owners no later than 30 days after its completion. Those documents may also be copied at the Associations cost per page cost.

MEMBERS CONTACT INFORMATION

It shall be the Associations members responsibility to inform the association through its management company of any changes to the members personal information in writing. The member must use the Change of address form available either at the management office or associations web site.

RESERVE ACCOUNT POLICY

The Association will hold in a separate account from the operation account any reserves that the Association has accumulated. The reserve account must be placed in an FDIC account or guaranteed investment with at least a AAA rating,that the Board approves.

The principal represents the reserve funds for the maintenance, repair, and replacement of those items for which the Association is responsible and that must be periodically maintained, repaired or replaced. Reserve funds are to be invested in a manner that assures maximum safety and appropriate liquidity and secondarily, maximizes yield within such constraints.

Investment Eligibility Guidelines:

Certificate of deposit, Money Market deposit accounts, Money Market Funds, U.S. Treasuries bills, and Bank savings accounts.

Reserve Study:

In Order to determine funding of the reserve account, the Board of Directors may determine, with the assistance and advice of professionals, the life expectancy of those portions of the community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those areas. The Board will periodically review the reserve study and make adjustments as necessary in order to keep the reserve study current.

Policy and Procedure Manual

The Undersigned hereby certifies that the forgoing resolutions was adopted by the Board of Directors of the Association at a duly called and held meeting of the

Association on _____20_____.

_____ Association Inc.

By: _____

Title _____