

## COTTONWOOD BLUFFS HOA

### POLICY # 0001: ADOPTION AND AMENDMENT OF POLICIES

Adopted July 21, 2016

The following procedures have been adopted by the Cottonwood Bluffs HOA ("Association") pursuant to the provisions of C.R.S. §38-33.3-209.5, C.R.S. §38-33.3-123, §38-33.3-315, §38-33.3-316, the Association Documents, and The Act, at a regular meeting of the Board of Directors.

**Purpose:** To adopt a Policy setting forth procedures for the adoption and amendment of policies, procedures, and rules.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy governing adoption and amendment of policies, procedures and rules:

1. **Authority.** Pursuant to the Association Documents and C.R.S. §38-33.3-302, the authority to create, adopt, enforce, amend and repeal policies, procedures and rules lies with the Board.
2. **Solicitation of Information from Members.** Prior to adopting any Policy, the Board has the right but not the obligation to solicit information regarding the proposed Policy from the Members. The Board may gather information by distributing draft policies, forming a committee, conducting an informational meeting or any other method determined by the Board to be appropriate considering all of the relevant circumstances.
3. **Adoption.** When the Board, in the exercise of its discretion, determines that a Policy should be adopted, amended or repealed, as appropriate, it shall do so either at a meeting of the Board or by written consent in lieu of a meeting, or by any other method authorized by the Association Documents and or pursuant to statute.
4. **Notice.** The Board shall then give notice of the adoption, amendment, or repeal of the Policy in writing by first class mail, postage prepaid, to each Member of the Association at the address for notices to Members as provided for in the Association Documents and shall publish the Policy by any reasonable means available, including but not limited to posting the Policy on its website, cottonwoodbluffshoa.com, by e-mail, mail, newsletter, if any, or personal delivery. The Policy, along with all other Policies of the Association, shall be available for inspection and copying in accordance with the Association's Policy regarding inspection and copying of Association records.

5. **Enforcement.** Any Owner's failure to receive the Policy shall not be a defense to any attempt by the Association to enforce the Policy or to levy fines, expenses, or attorneys' fees as a result of a violation of the Policy.

6. **Definitions.** As used in the Association Policies, capitalized terms shall have the same meanings as defined in the Declaration.

7. **Conflicts.** The Policies adopted by the Association are supplemental to the Association Documents and The Act. In the event of a conflict between the provisions of any Policy and the Declaration, the Declaration and The Act shall control.

8. **Severability.** The provisions of the Association Policies shall be independent and severable. The invalidity of any one or more of the provisions of any Association Policy by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which shall remain in full force and effect.

#### **PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0001 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William O. O'Connor  
President

By: Sheryl Vaghen  
Secretary

## COTTONWOOD BLUFFS HOA

### POLICY #0002: INSPECTION AND COPYING OF ASSOCIATION RECORDS; RECORD RETENTION POLICY

Adopted July 21, 2016

The following procedures have been adopted by the Cottonwood Bluffs HOA, ("Association") pursuant to the provisions of C.R.S. §38-33.3-209.5, C.R.S. §38-33.3-209.4, §38-33.3-317, the Association Documents, and The Act, at a regular meeting of the Board.

**Purpose:** The Act establishes the obligation of the Association to keep adequate records and give all Members the right to examine and copy the financial and other records of the Association for a proper purpose. This Policy has been adopted to: establish uniform procedures for the inspection and copying of Association records by Association Members; to establish the type of records kept by the Association or its agent and where they are stored, including the availability of records on a website; and to establish the cost of copying Association records. This Policy also facilitates delivery or transmission of written statements to permitted persons or organizations describing the amount of unpaid Assessments currently levied against any Lot.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy governing the inspection and copying of Association records:

1. **Association Record Retention.** The Association shall maintain permanent records in accordance with C.R.S. §38-33.3-317, including minutes of all meetings of Members and the Board, a record of all actions taken by the Members or Board by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Board in place of the Board on behalf of the Association, and a record of all waivers of notices of meetings of Members and of the Board or any committee of the Board. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

2. **Records to be Maintained at Association's Principal Office.** A copy of each of the following records shall be kept at its principal office, all as they may be amended from time to time:

(a) **List of Owners.** A record of Lot Owners in a form that permits preparation of a list of the names and addresses of all Owners;

(b) **Articles of Incorporation.** The Association's Articles of Incorporation or other organizational documents;

(c) **Declaration.** The Association's Declaration;



- (d) **Covenants.** The Association's Covenants and Restrictions;
- (e) **Bylaws.** The Association's Bylaws;
- (f) **Policies and Resolutions.** Resolutions and Policies adopted by its Board relating to the characteristics, qualifications, rights, limitations, and obligations of Members.
- (g) **Minutes.** The minutes of all Member meetings, and records of all action taken by Members without a meeting, for the past three years;
- (h) **Written Communications.** All written communications, including e-mail, within the past three years to Members generally as Owners;
- (i) **Directors and Officers.** A list of the names and business or home addresses of its current Directors and Officers;
- (j) **Annual Report.** The Association's most recent annual report, if any;
- (k) **Financial Audits and Reviews.** All financial audits or reviews of the Association conducted during the immediately preceding three years;

3. **Records to be Reasonably Available for Inspection and Copying.** All financial and other records of the Association shall be made reasonably available for examination and or copying by any Owner and or such Owner's authorized agents.

(a) **Reasonably Available.** The term "reasonably available" means available during normal business hours, upon notice of five business days, or at the next regularly scheduled meeting if such meeting occurs within thirty days after the request, to the extent that the request is made in good faith and for a proper purpose, the request describes with reasonable particularity the records sought and the purpose of the request, and the records are relevant to the purpose of the request.

(b) **Electronic Availability.** The Association's website, when operational, will contain many of the Association's available records, including links directly to the records, and information on how to request the record. The Association's email address is cottonwoodbluffshoa@gmail.com. Members are encouraged to use email and to check the website, if operational, for immediate access to frequently requested records and documents. Records are not yet available for access by Members on the web site.

(c) **Limitations - Membership Lists.** A membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to a Member's interest as



a Member without the consent of the Board. Without the consent of the Board, a membership list or any part thereof may not be used to solicit money or property unless such money or property will be used solely to solicit the votes of the Member in an election to be held by the Association, and may not be used for any commercial purpose or sold to or purchased by any person.

(d) **Additional Limitations.** At the discretion of the Board, certain records may only be inspected in the presence of a Board member or employee of the Board. No records may be removed from the office without the express written consent of the Board. Further, if a Member requests to inspect records, the Association may photocopy and provide the requested records to the Member in lieu of the Member's inspection of the records if the Member consents.

4. **Fees.** The Association may charge a fee, which may be collected in advance but which shall not exceed the Association's actual cost per page, for copies of Association records.

5. **Limited Availability of Certain Records.** Consistent with individual Member's right to privacy, attorney-client confidentiality and other considerations, the following records will not be made available without the express written consent of the Board:

(a) **Personnel.** Confidential personnel records;

(b) **Litigation.** Confidential litigation files and matters covering consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or are privileged or confidential between attorney and client;

(c) **Misconduct.** Files dealing with investigative proceedings concerning possible or actual criminal misconduct;

(d) **Privacy.** Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;

(e) **Work in Progress.** Inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board.

6. **Criteria for Limitation.** In determining whether records may be inspected, the Association shall consider, among other things:

(a) **Good Faith.** Whether the request is made in good faith and for a proper purpose;

(b) **Relevant Purpose.** Whether the records requested are relevant to the purpose of the request;

(c) **No Improper Purpose.** Whether disclosure is for an illegal or improper purpose, or would violate a constitutional, statutory provision or public policy;

(d) **Legal Limitations.** Whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information, as set forth above;

7. **Abuse of Rights.** The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorney's fees, for abuse of these rights.

#### **PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0002 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William Isaacson  
President

By: Sheryl Vaghen  
Secretary



## COTTONWOOD BLUFFS HOA

### POLICY # 0003: BOARD MEMBER CONFLICT OF INTEREST POLICY

Adopted July 21, 2016

The following procedures have been adopted by the Cottonwood Bluffs HOA, ("Association") pursuant to C.R.S. §38-33.3-209.5, and in accordance with C.R.S. §38-33.3-310.5, 7-128-501, the Association Documents, and The Act at a regular meeting of the Board of Directors.

**Purpose:** The Association desires to ensure that the Board and all individuals appointed to committees of the Board maintain a high standard of ethical conduct in the performance of the Association's operations and adhere to the standards and requirements of The Act. By adopting a Policy governing the handling of conflicts of interest of Board members, the Board hopes that the Members will be able to have confidence in and respect for the Association's leadership.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy to govern the handling of conflicts of interest of Board members:

1. **Conflicting Interest Transaction.** A "conflicting interest transaction" is a contract, transaction, or other financial relationship between the Association and a Director of the Association, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest. A "party related to a Director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director, officer, or has a financial interest.

2. **Loans Not Allowed.** No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

3. **Determination of Quorum.** Common or interested Directors 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.

4. **Conduct Regarding Conflicting Interest Transactions.** No conflicting interest transaction shall be void or cause to be voided or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the conflicting interest transaction involves: 1) a Director of the Association or 2) a party related to a Director or 3) an entity in which a Director of the Association is a director or officer or has a financial interest. The Director with the conflicting

interest may be present at and participate in the meeting of the Association's Board or of a committee of the Board addressing the conflicting interest transaction.

5. **Actions of the Association.** The Association may authorize, approve, or ratify the conflicting interest transaction if:

(a) **Board Approval.** The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board 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 Directors, even though the disinterested Directors are less than a quorum;

(b) **Member Approval.** The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon;

(c) **Fair to Association.** The conflicting interest transaction is fair as to the Association.

6. **Records of Proceedings.** The minutes of meeting of the Board and all committees with Board delegated powers shall contain the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflicting interest transaction, the nature of the conflicting interest, any action taken as a result, and the Board's or committee's decision.

#### **PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0003 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William Isaacson  
President

By: Therese Vagstad  
Secretary



## COTTONWOOD BLUFFS HOA

### POLICY #0004: CONDUCT OF MEETINGS

Adopted July 21, 2016

The following procedures have been adopted by the Cottonwood Bluffs HOA, ("Association") pursuant to the provisions of C.R.S. §38-33.3-209.5, and in accordance with C.R.S. §38-33.3-308, the Association Documents, and The Act, at a regular meeting of the Board of Directors.

**Purpose:** To establish a uniform and systematic protocol for conducting meetings of the Association, including Members' meetings and Board meetings; to ensure equitable participation by Members while permitting the Board to conduct the business of the Association; and to memorialize the circumstances under which the Board may convene into executive session.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy governing the conduct of meetings of the Members and meetings of the Board:

1. **Open Meetings.** All meetings of the Association are open to every Member, or to any person designated by a Member in writing as the Member's representative, subject to the right of the Board to conduct executive sessions as provided in the Association Documents and The Act.
2. **Agenda.** Copies of the agenda will be available at the meeting. The agenda for all meetings shall follow the order of business specified by the Association's Documents. If no order is specified, then as in accordance with the order of business as determined by the Board of Directors.
3. **Sign-Up Sheets.** Members who desire to speak at a meeting are requested to notify the Association in advance or on the meeting sign-in sheet. Any Member wishing to comment at the ensuing meeting may add his/her name to the sign-in sheet and indicate the agenda items they desire to comment on. Members will be recognized for comment at the appropriate agenda item and in the order their names appear on the sign-in sheet. The President of the Board or acting chair shall, to the best of his/her ability, allocate a time of not more than five (5) minutes to each Member for comment so as to allow as many Members as possible to speak. All Members wishing to comment who have not placed their names on the sign-in sheet will be permitted to speak, at the discretion of the President or acting chair and if time permits.

4. **Meeting Management.** The Board may place reasonable time restrictions on persons speaking during the meeting. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Members or their designated representatives shall be permitted to speak regarding that issue, in addition to any other opportunities to speak. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue.

(a) **Additional Member Input.** At the end of the meeting, at the Board's discretion, Members who did not sign up to speak or were otherwise not recognized to speak may be given the opportunity to address items that were discussed at the meeting.

(b) **Extended Discussion.** If it becomes evident that discussion of a particular issue will exceed the time allocated on the agenda, the Board may continue the meeting to another date or schedule a special meeting or work session to further address the issue.

5. **Recording of Meetings.** Note taking at Association meetings is permitted. Recording by video or audio of any meeting is not permitted unless explicitly authorized by the Board.

6. **Member Conduct.** No Member is entitled to speak until recognized by the chair. There shall be no interruption of anyone who has been recognized by the chair, except by the chair. Specific time limits set for speakers shall be strictly observed. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the chair and not other individual participants. All comments are to be restricted to the agenda item being discussed. Members are expected to behave courteously.

7. **Curtailement of Member Conduct.** Should the President or acting chair determine that any Member has spoken for the allocated amount of time or longer, or determine that the Member is in violation of the provisions of this Policy, the President or acting chair shall have the authority to instruct that Member to yield the floor, terminate the discussion without prejudice and require that Member to comply with the President's or acting chair's instruction.

8. **Disruptive or Unruly Behavior.** If a Member unreasonably disrupts a meeting, refuses to stop speaking when requested, or is otherwise in violation of the provisions of the Association Documents, the President or acting chair may call a recess and attempt to speak directly to the Member, or adjourn the meeting to another time. The President may at any time call law enforcement or security to bring the situation under control. Any Member(s) found in violation of this Policy # 0004, Section 8, can be fined for disruptive and/or unruly behavior according to the Schedule of Fines in effect.




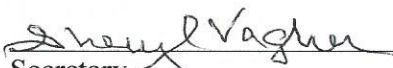
9. **Attorney-Client Privileged Communications.** Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose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

**PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0004 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By:   
President

By:   
Secretary

## COTTONWOOD BLUFFS HOA

### POLICY #0005: ENFORCEMENT OF COVENANTS AND RULES; NOTICE AND HEARING PROCEDURE

Adopted July 21, 2016

The following procedures have been adopted by the Cottonwood Bluffs HOA, ("Association") pursuant to the provisions of C.R.S. §38-33.3-209.5, C.R.S. §38-33.3-308, the Association Documents, and The Act, at a regular meeting of the Board of Directors.

**Purpose:** The Board of Directors has the duty to manage the Association and regulate the use of the common elements. The Association Documents establish rules and obligations of the Members. This Policy sets forth the procedure for enforcing the provisions of the Association Documents and The Act.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy to govern the enforcement of the Association's Documents, Rules, and Restrictive Covenants:

1. **Authority.** The Board has the power and duty to hear and make decisions regarding violations of the Association Documents and to impose fines or other sanctions against Members. The Board may determine appropriate enforcement action on a case by case basis, and take other actions as it may deem necessary to assure compliance with the Association Documents and to create a safe and harmonious living environment.

2. **Violations.** Either the Board, the Architectural Review Committee (ARC) or a Member(s) may bring an alleged violation of the Association Documents to the attention of the Association. Members must submit their concerns to the Association in writing, which shall state the specific provision(s) of the Association Documents alleged to have been violated and as many specifics as are available as to time, date, location and persons involved.

3. **Violations or Offenses that Constitute a Present Danger.** If, in its sole discretion, the Board deems that any violation or alleged violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, the Board may impose any appropriate sanction as necessary to abate the threat to health, safety or welfare of the community or individual, without conducting a hearing as provided in this Policy. Following any actions of the Association to abate a present danger, the matter shall be addressed as provided in this Policy.

4. **Notice and Right to Hearing.** If the Board determines that the allegations are sufficient to constitute a violation of the Association Documents and that action is warranted,



the Association shall send a notice to the Member alleged to have violated the Association Documents, by certified mail, return receipt requested, to the mailing address of the Respondent appearing on the records of the Association.

(a) **Notice and Demand for Abatement.** The notice and demand for abatement ("Notice and Demand for Abatement") shall advise the Member of the alleged violation, the action required of the Member to abate the violation, and a reasonable time period during which the violation may be abated without further sanction. The notice shall also advise the Member that if the violation is not abated within the allowed time or if any similar violation occurs, the Board may impose a sanction against the Member after notice and hearing. The Member is solely responsible for the actions and or inactions of their tenants, family members, and guests.

(b) **Continuing Violation.** At any time within 12 months of the date of the demand for abatement, if the violation continues past the time allowed for abatement or if the same or similar violation subsequently occurs, the Board shall mail the Respondent a written notice of a hearing (Notice of Hearing) to be held by the Board. The Notice of Hearing shall contain information regarding:

- i. the nature of the alleged violation, and
- ii. the time and place of the hearing, which shall not be less than ten days from the date of the Notice of Hearing, and
- iii. an invitation to attend the hearing and produce any statement, evidence, and witness on the Member's behalf, and
- iv. the proposed sanction to be imposed.

(c) **Statement of Potential Action by Association.** The Notice of Hearing shall contain the following statement: The Board may determine that the Member's failure to respond or appear at the hearing constitutes a no-contest plea to the alleged violation. If the Member fails to appear at the specified date and time or otherwise fails to respond to the Association, the Board may proceed with or without a hearing at its discretion to make its determination of the allegations based on all available relevant facts and circumstances and enforce the provisions of the Association's Documents as the Board deems necessary. The Member is solely responsible for the actions and or inactions of their tenants, Family members, and guests.

(d) **Satisfaction of Notice of Hearing.** Proof of notice shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is

entered in the record of the hearing by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the hearing.

5. **Hearing.** Each hearing shall be held at the scheduled time, place and date, unless the Member has failed to respond or appear at the hearing.

(a) **Conduct of Hearing.** The Board may grant continuance(s) for good cause. In conducting the hearing, the Board may exercise its discretion as to the specific manner in which a hearing shall be conducted, question witnesses and review evidence, and act as it may deem appropriate or desirable to permit the Board to reach a just decision. Neither the party bringing the matter to the attention of the Association or the Member must be in attendance at the hearing, but both are encouraged to attend. Any party may elect not to present evidence at the hearing. Action taken by the Board shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. Each hearing shall be open to attendance by all Members of the Association, except those portions of which may necessitate an executive session of the Board.

(b) **Opportunity to be Heard.** The hearing shall be conducted in a manner that affords the alleged violator a reasonable opportunity to be heard. If the respondent does not appear but a written response is filed, the Board shall render its decision based on the information contained in the allegation and the written response, considering all of the relevant facts and circumstances. If neither an appearance nor a written response is made, the Board need not conduct a hearing or make any further findings except that it may determine that the Member's failure to appear or respond constitutes a no-contest plea to the complaint, and impose appropriate sanctions or otherwise enforce the provisions of the Association Documents, or both.

6. **Decision.** If the Respondent does not appear but files a written response, the Board shall render its decision based on the information provided in the written response, taking into consideration all of the relevant facts and circumstances. If neither an appearance nor a written response is made, the Board need not conduct a hearing or make any further findings except that it may determine that the Respondent's failure to appear or respond constitutes a no-contest plea to the alleged violation, and impose appropriate sanctions or otherwise enforce the provisions of the Association Documents, or both. If an appearance is made, after all testimony and other evidence has been presented to the Board at a hearing, the Board shall render its decision(s), taking into consideration all of the relevant facts and circumstances. If the Board does not inform the Respondent of its decision at the time of the hearing, or if no hearing is held, the Board will provide a written decision to the Respondent's address of record via regular U.S. Mail within five (5) days after the hearing or meeting at which the determination is made.

7. **Business Judgment Rule.** The decision of the Board to pursue enforcement in any particular case shall be left to the Board's discretion, subject to the duty to exercise its business



judgment, and shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing, the Board may determine that, under the circumstances of a particular case:

(a) **Association Position.** The Association's position is not strong enough to justify taking any further action or that the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law.

(b) **Extent of Violation.** Although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources.

(c) **Best Interests of the Association.** That it is not in the Association's best interests, based on hardship, expense or other reasonable criteria, to pursue the enforcement action.

8. **Enforcement, Attorney's Fees, and Fines/Sanctions.** The provisions of this Policy shall not limit or be a condition precedent to the Association's right to enforce the Association Documents by any means available to the Association, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages. The Association shall be entitled to reimbursement of all reasonable attorney's fees and costs incurred by the Association in connection with any enforcement action, including any proceeding under this Policy. Without limiting the Association's remedies under the Association Documents, the Association may assess fines and suspend membership privileges in accordance with this Policy. If the violation involves damage to Association property, the violator shall pay the costs of repair or replacement. The Board may revoke or suspend the violator's privileges for a period of time equal to the duration of the violation, except that any suspension of voting rights of a Member shall not exceed 60 days following any violation by such Member unless such violation is a continuing violation, in which case such suspension may continue for so long as such violation continues and for up to 60 days thereafter.

## 9. **Fines.**

(a) **Schedule of Fines.** Fines may be levied for violations of the Association Documents as follows:

### i. **Architectural Violations.**

**Each violation:** \$150.00 plus \$50.00 per day until plans have been submitted.



**ii. Parking and Vehicular Violations.**

Number of violations in a 12 month period Fine Amount

**First violation:** Warning

**Second violation:** \$50.00 fine

**Third violation:** \$100.00 fine

**iii. Pet / Animal Violations.**

Number of violations in a 12 month period Fine Amount

**First violation:** Warning

**Second violation:** \$50.00 fine

**Third violation:** \$100.00 fine

**iv. Debris / Clean-Up Violations.**

Number of violations in a 12 month period Fine Amount

**First violation:** Warning

**Second violation:** \$50.00 fine plus cost of cleanup.

**Third violation:** \$100.00 fine plus cost of cleanup.

**v. General Nuisance Violations.**

**Each violation:** \$500.00

**vi. Violations of any other provisions of the Declaration not specifically defined above.**

Number of violations in a 12 month period Fine Amount

**First violation:** Warning

**Second violation:** \$50.00 fine

**Third violation:** \$100.00 fine

(b) **Additional Fines.** A Member who accumulates 3 violations within a 12 month period will be deemed to be a habitual offender. Without limiting the Board's ability to fine or suspend membership privileges in accordance with these Policies and procedures, habitual offenders, continuing violations, or violations which have an indefinite commencement or termination date, shall all be subject to a fine of \$100 per month until the violation is corrected, and/or suspension of membership privileges as determined by the Board. Further, in the event of a determination by the Board of a willful, wanton or flagrant disregard for the provisions of the

Association Documents, or based on the severity of the violation, the Board may impose such additional fines as are deemed reasonable by the Board without regard to the schedule set forth above.

(c) **Owner Obligation.** The Member (Owner(s) of Record) of real estate subject to the Declaration shall have the primary obligation to pay fines imposed for their actions and actions of their tenants, Family members, and guests. Fines imposed pursuant to these enforcement policies and procedures shall become a Special Assessment imposed against the Member's (Owner(s) of Record) real estate and enforceable as provided in the Declaration.

**10. Miscellaneous.**

(a) **No Waiver.** Failure by the Association to enforce any provision of this Policy shall in no event be deemed to be a waiver of the right to do so thereafter.

(b) **Additional Remedies.** These enforcement provisions may be in addition to other specific provisions outlined in the Association Documents, and the Association is not required to follow these enforcement provisions before seeking such other remedies. The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control, as it deems appropriate.

**PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0005 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William Isaacson  
President

By: Sherry Vaughan  
Secretary



## COTTONWOOD BLUFFS HOA

### POLICY #0006: COLLECTION OF UNPAID ASSESSMENTS

Adopted July 21, 2016

The following Policy has been adopted by the Cottonwood Bluffs HOA ("Association") pursuant to C.R.S. §38-33.3-209.5, and in accordance with C.R.S. §38-33.3-123, §38-33.3-315, §38-33.3-316, the Association Documents and The Act, at a regular meeting of the Board of Directors.

**Purpose:** All Members are obligated by the Declaration to pay all dues and Assessments in a timely manner, and failure to do so jeopardizes the Association's ability to meet its financial obligations. Failure of Members to pay Assessments in a timely manner is also costly to the Association and unfair to other Members. Accordingly, the Association, acting through the Board must take steps to ensure timely payment of Assessments so that it may operate in a fiscally responsible manner. The purpose of this Policy is to establish a uniform and systematic procedure for collecting Assessments and other charges of the Association, thus ensuring the financial well-being of the Association; and to adopt a zero tolerance waiver policy with regard to the application of applicable late fees and interest.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy governing the collection of Assessments and other charges of the Association:

**1. Due Dates.**

(a) **Annual HOA Assessment.** The annual Home Owner Association (HOA) Assessment as determined by the Association shall be due and payable annually January 31<sup>st</sup>. Annual HOA Assessments not paid to the Association by the eleventh (11) day of the month following the due date, shall be considered past due and delinquent.

(b) **Other Amounts Due to the Association.** Other Assessments, charges, and payments due to the Association shall be due and payable on the first (1st) day of the month and shall be considered past due and delinquent on the eleventh (11<sup>th</sup>) day following the due date.

(c) **Transfer of Ownership.** In the event that the ownership of a Lot is transferred on a day other than the first day of the year, the annual installment of the HOA Assessment and any other Assessments, charges and payments due and payable to the Association for the year of closing shall be prorated to the date of closing. Unless otherwise allowed by the

Association in writing, and if not sooner paid by the seller and/or buyer, all Assessments, charges, and payments due and payable to the Association shall be paid at closing.

**2. Late Charges and Interest Charges.** The Association shall be entitled to impose a late charge equal to the greater of \$50.00 or twenty percent (20%) of the delinquent balance on each past due and delinquent installment. If any Assessment is not paid within thirty (30) days after its due date, the amount due shall bear interest at a rate of twenty-one percent (21%) per annum from the due date until paid. All late charges and interest charges shall be due and payable immediately, without notice, in the manner provided for payment of Assessments.

**3. Return Check Charges.** A fee in an amount that equals what the bank charges the HOA for returned checks or other instrument shall be assessed against a Member in the event any check or other instrument attributable to or payable for the benefit of such Member is not honored by the bank or is returned by the bank for any reason whatsoever, including, but not limited to, insufficient funds. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of a Member's checks are returned unpaid by the bank within any twelve month period, 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.

**4. Attorney Fees on Delinquent Accounts.** The Association shall be entitled to recover its collection costs and reasonable attorney fees and costs incurred in the collection of Assessments or other charges due the Association from a delinquent Member, without the necessity of commencing a legal proceeding.

**5. Application of Payments made to the Association.** The Association reserves the right to apply all payments received on account of any Member first to payment of any and all attorney fees and costs, then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such Member, and any remaining amounts shall be applied to the Assessments due with respect to such Member.

**6. Collection Procedure; Lien.**

**(a) First Notice.** The original written communication to the Member regarding the annual HOA Assessment or *any* other Assessment, charge or payment owed to the Association, however accomplished by the Association, constitutes the first notice to the Member of an amount due to the Association.

**(b) Statutory Lien.** The Association has a statutory lien on a Lot for any Assessment levied against the Lot and other fines and charges allowable under The Act as



Assessments imposed against the Member. The recorded Declaration constitutes record notice and perfection of the lien, no further recordation of any claim of lien for Assessments is required for the statutory lien. The amount of the lien includes the amount of any Assessment and all allowed charges from the time they become due. If an Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid acceleration of installment obligations. The Association's lien has priority over other liens as provided by The Act.

(c) **Notice of Delinquency.** After an installment of the annual HOA Assessment or any other Assessment, charge or payment owed to the Association becomes thirty (30) days past due, the Association shall cause a notice of delinquency to be sent to the Member who is delinquent in payment. The notice of delinquency is the second notice to the Member of the amount due to the Association, shall include any applicable fees, late charges and interest, and offer a six (6) month payment plan and/or an opportunity for the Member to meet with the Board of Directors of the Association. Failure of the Member to respond within thirty (30) days is grounds for the Association to pursue its remedies at law.

(d) **Foreclosure and Other Remedies.** The Association's lien may be foreclosed in a like manner as a mortgage on real estate, or as provided by The Act, and the Association has the right to pursue other available remedies, including suits to recover sums. The Association has the right to accept a deed in lieu of foreclosure.

(f) **Attorney Fees.** The Association shall be entitled to costs and reasonable attorney fees incurred by the Association in a judgment or decree in any action or suit brought by the Association in accordance with The Act.

7. **Referral of Delinquent Accounts to Attorneys.** The Association may, but shall not be required to refer delinquent accounts to its attorney for collection. After consultation with the Board, the attorney shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent Member's property.

8. **Referral of Delinquent Accounts to Collection Agencies.** The Association may, but shall not be required to assign delinquent accounts to one or more collection agencies for collection.

9. **Waivers.** Nothing in this Resolution shall require the Association to take specific actions other than to notify Members of the adoption of this Policy. The Association has the option and right to continue to evaluate each delinquency on a case by case basis. Although a zero

tolerance waiver policy does exist and will be applied, the Association retains the authority to grant a waiver of any provision herein upon petition in writing by a Member showing an extreme personal hardship or other valid basis for a waiver. Such relief granted a Member shall be appropriately documented in the records of the Association, including the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association may determine appropriate under the circumstances.

**10. Delinquencies Constitute Covenant Violations.** Any delinquency in the payment of any Assessments shall constitute a violation of the covenants contained in the Declaration, and following notice and an opportunity to be heard, the Association shall be entitled to impose sanctions on the delinquent Owner consistent with the Association's Enforcement of Covenants and Rules: Notice and Hearing Policy.

**PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0006 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William L. Isaacson  
President

By: Sheryl Vaghen  
Secretary



## COTTONWOOD BLUFFS HOA

### POLICY #0007: INVESTMENT OF RESERVE FUNDS

Adopted July 21, 2016

The following reserve fund investment Policy has been adopted by the Cottonwood Bluffs HOA ("Association") pursuant to C.R.S. §38-33.3-209.5, C.R.S. §38-33.3-303, 7-128-401, the Association Documents, and The Act, at a regular meeting of the Board of Directors.

**Purpose:** This Policy defines investment objectives and procedures to protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process. This Policy also provides guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, savings institutions, and custodians. This Policy does not set forth: (1) the minimum reserve fund balance required of the Association; (2) any mandate for an annual reserve fund study; or (3) the tax consequences of the investment options contained herein.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy to govern the investment of the Association's reserve funds:

1. **Standards of Conduct.** With regard to the investment of reserve funds of the Association, the officers and Members of the Board shall be subject to the standards set forth in C.R.S. §7-128-401, except that, as used in that statute:

(a) **Corporation.** "Corporation" or "nonprofit corporation" means the Association.

(b) **Director.** "Director" means a Member of the Association's Board.

(c) **Officer.** "Officer" means any person designated as an officer of the Association and any person to whom the Board delegates responsibilities under this article, including, without limitation, a managing agent, attorney, or accountant employed by the Board.

2. **Safety of Funds.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.

(a) **Credit Risk.** The Association will minimize credit risk, the risk of loss due to the failure of the financial institution, by:

i. Limiting investments to the safest types of investments as provided for herein;

ii. Pre-qualifying the financial institutions, brokers/dealers, and advisors with which the Association does business; and

iii. Subject to the limitations herein, diversifying the investment portfolio so that potential losses on individual investments will be minimized.

(b) **Interest Rate Risk.** The Association will minimize the risk of the market value of investments in the portfolio due to changes in general interest rates by:

i. Structuring the investment portfolio so that investments mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell investments prior to maturity; and

ii. Investing all funds primarily in short- to intermediate-term investments, and approved money market mutual funds.

**3. Liquidity of Funds.** The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year. To ensure that adequate reserve funds are available to pay the Association's reserve expenditures, annual reserve fund investments shall reasonably match the planned reserve fund expenditures for the following fiscal year.

**4. Types of Investments.** The reserve fluid portfolio shall consist largely of Money Market Accounts and/or Certificates of Deposit.

**5. Yield.** Subject to the restrictions on the types of investments, the Association's portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, the Association, through the Board, will take into account the Association's investment risk, constraints, and cash flow needs.

**6. Delegation of Authority.** Responsibility for conducting investment activities for the Association resides with the Board. The President and the Secretary of the Board will be considered an authorized person to assist the Treasurer in performing transactions concerning investment management, cash management, or treasury functions upon prior approval of the Board of Directors. Persons authorized to transact investment business for the Association are limited to these three officers and only when prior approval for any investment transaction has been approved by a majority of the Board. The Secretary will provide a copy of this investment Policy to all of the Association's investment service providers. Association Members will receive a copy of this



investment Policy from the Secretary upon request. The Treasurer may engage the support services of outside professionals, subject to the availability of budgeted funds and prior approval from the Board. The Board shall provide a copy of this Policy to the newly elected Treasurer and Secretary at the assumption of office.

**7. Ineligible Investments and Transactions.** The Association shall not invest in the following asset class(es):

- (a) Individual stocks;
- (b) Equity mutual funds, domestic or foreign;
- (c) Mutual funds consisting of bonds or mortgages and or derivatives;
- (d) Options on equity, debt or commodities;
- (e) Floating rate securities or floating rate certificates of deposit; and
- (f) Investment in a single institution in excess of FDIC insurance limits.

**8. Selection of Banks.** Banks and savings institution shall be approved by written resolution by the Board to provide depository and other banking services for the Association. To be eligible for authorization, a bank must be domiciled in the United States and have physical facilities for doing business in the State of Colorado, a member of the FDIC and must meet the minimum credit criteria of credit analysis provided by commercially available bank rating services. Banks failing to meet the minimum criteria, or, in the judgment of the Treasurer or Board, no longer offering adequate safety to the Association funds, shall be unauthorized to provide depository and other banking services for the Association.

**9. Reporting.** On an annual basis, an investment report shall be prepared and submitted by the Treasurer or an outside advisor, who will provide such report to the Board in a timely manner, listing the reserve fund investments held by the Association and the current market valuation of the investments. The report shall include a summary of investment earnings during the prior fiscal year. The Association Members shall have access to the list of Association reserve fund portfolio holdings.

**10. Policy Revisions.** The Board shall review Policy periodically and may amend the Policy as conditions warrant. The Treasurer may recommend amendments to this Policy as necessary.



**PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0007 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William B. Coakson  
President

By: Shawn D. Vaghen  
Secretary

## COTTONWOOD BLUFFS HOA

### POLICY #0008: DISPUTE RESOLUTION BETWEEN OWNERS AND ASSOCIATION

Adopted July 21, 2016

The following procedures have been adopted by the Cottonwood Bluffs HOA, ("Association") pursuant to the provisions of C.R.S. §38-33.3-209.5, the Association Documents and The Act, at a regular meeting of the Board of Directors.

**Purpose:** The purpose of this Policy is to adopt a standard procedure to be followed for alternative dispute resolution (ADR) when disputes arise between a Member and the Association.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy governing disputes between Members and the Association:

**1. Disputes Between Member and Association.** In the event of any dispute involving the Association and a Member, the Member is invited and encouraged to meet with the Board to resolve the dispute informally and without the need for litigation. If the Member requests to meet with the Board, the Board shall make a reasonable effort to comply with the Member's request.

**2. General Policy.** If the dispute cannot be resolved informally, it is the general policy of the Association to use an Alternative Dispute Resolution to resolve disputes which involve the Association and a Member. Alternative Dispute Resolution ("ADR") is defined as a procedure for settling a dispute by means other than litigation, such as mediation or binding or non-binding arbitration.

**3. Procedure.** Except for the Exempted Claims defined in this Policy, the Association and the Member shall attempt to resolve the dispute using ADR methodologies prior to filing suit in any court of competent jurisdiction.

**4. Exemptions.** The following claims shall be exempt from the provisions of this Policy:

(a) **Collection of Assessments.** Any action by the Association against a Member to collect Assessments or other sums due to the Association, including foreclosure proceedings; and



(b) **Enforcement Actions.** Any action by the Association to enforce any provisions of the Association's Declaration, Bylaws, Rules and Regulations, or Policies; and

(c) **Statute of Limitations.** Any claim of the Association which, if not pursued by the filing of a lawsuit, would be deemed barred due to the applicable statute of limitations.

**5. ADR Not Required.** Nothing in this Policy shall be construed to require any specific form of alternative dispute resolution, such as mediation or arbitration, or require the parties to meet. Neither the Association nor the Member waives any right to pursue whatever legal or other remedial actions available to either party.

**PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0008 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William Isaacson  
President

By: Shirley Vaghen  
Secretary

## COTTONWOOD BLUFFS HOA

### POLICY # 0009: RESERVE STUDY AND FUNDING POLICY

Adopted July 21, 2016

The following procedures have been adopted by the Cottonwood Bluffs HOA ("Association") pursuant to the provisions of C.R.S. §38-33.3-209.5(1)(b)(IX), the Association Documents, and The Act, at a regular meeting of the Board of Directors.

**Purpose:** To adopt a Policy setting forth procedures for a reserve study and funding policy.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following Policy governing a reserve study and funding policy:

1. The Association shall have prepared a reserve study for the portions of the Project maintained, repaired, replaced and improved by the Association at such time as the Board shall, in its sole business judgment, determine that this is necessary. Partial updates and changes may be made at the discretion of the Board. This study may be made by members of the Association or professionals, in the discretion of the Board.

2. The Association does or will have a funding plan for work recommended by any reserve study and the sources of funds to perform any work may include, among other things, current assessments, regular assessments, additional assessments, special assessments, a reserve fund into which deposits have been made, operating surpluses from previous years, borrowing or any other source of funding. Funding may be made through a pre-funded reserve fund or at the time of the necessary work. Funding sources may be changed at the discretion of the Board. Different work may be funded in different manners or in several different manners.

3. Any reserve study will be based upon both a physical and financial analysis.

#### PRESIDENT'S CERTIFICATION:

The undersigned, being the President of the Cottonwood Bluffs HOA, a Colorado nonprofit corporation, certifies that the foregoing Resolution # 0009 was introduced for first reading at a duly called and held meeting of the Board on June 20, 2016, and is hereby approved and adopted by the Board, at a duly called and held meeting of the Board on July 21, 2016, and in witness thereof, the undersigned has subscribed his/her name.

Cottonwood Bluffs HOA, a Colorado non-profit corporation

By: William Isaacson

President

By: Sherry Vaghen

Secretary