

**RESPONSIBLE GOVERNANCE POLICIES AND OTHER RULES
OF THE
ROOSEVELT RIDGE HOMEOWNERS ASSOCIATION, A COLORADO NONPROFIT
CORPORATION (adopted as of 11/30/2018 pursuant to the requirements of
the Colorado Common Interest Ownership Act)**

The Roosevelt Ridge Homeowners Association, a Colorado nonprofit corporation (the "Association") adopts the following as the responsible governance policies of the Association. The Rules are adopted in accordance with the requirements of and as authorized by the by Colorado Common Interest Ownership Act (the "Act"), C.R.S. 38-33.3-101 *et seq.*, the Declaration of Covenants, Conditions and Restrictions for Roosevelt Ridge, which was recorded on August 30, 2005 at Reception No.127233 in the property records of Gilpin County, Colorado and all amendments thereto (collectively, "Declaration"), the Articles of Incorporation of the Association (the "Articles") and the Bylaws of the Association (the "Bylaws"). These responsible governance policies shall be deemed to supplement the Declaration, the Articles and Bylaws. To the extent these Rules are inconsistent with the Declaration, Articles or Bylaws, those documents shall control, as applicable, except where otherwise required by the Act. As used in these Rules the terms "Board," "Owner," "Member," and "Lot" and other words or terms which are defined in the Declaration shall have the same meaning as they have in the Declaration.

I. RESPONSIBLE GOVERNANCE POLICIES

1. COLLECTION OF UNPAID ASSESSMENTS.

Assessments are as defined in the Declaration. Common Assessments are assessed annually and are collected quarterly on a quarterly schedule fixed by the Board. The deadline for the payment of Special Assessments shall be fixed as authorized by the Declaration. Any Assessment that has not been paid within fifteen (15) days following the applicable due date shall be considered past due and delinquent and the Owner responsible for paying the Assessment shall be deemed in default. Section 5.19 of the Declaration addresses interest on unpaid assessments. A charge of \$50.00 may be imposed by the Association on an Owner in the event an Owner's check or other payment to the Association is returned unpaid after deposit by the Association or is otherwise unpaid by the Owner's bank because of insufficient funds or any other reason attributable to the conduct or neglect of the Owner or Owner's bank.

1.1. **Notice of Default.** After a default has occurred and before the Association turns over the delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, the Board shall provide written notice of default, which shall be sent by via prepaid first-class U.S. Mail and by certified mail, return receipt requested, to the Owner at the address of the subject Lot or such other address of record of the Owner. The Notice will be deemed to be effective five (5) days from the date of such mailing, irrespective of whether or when the letter is claimed, receipted for or otherwise delivered or received.

The Notice shall specify the following:

- (i) total amount due, with an accounting of how the total was determined;
- (ii) due dates and principal amounts of the past due assessment(s);
- (iii) late fees;
- (iv) default interest as of a specified date and the per diem thereafter;
- (v) unless the Owner does not occupy the Lot and had acquired the Property as a result of a default of a security interest encumbering the Lot or foreclosure of the Association's lien or the Owner has previously entered into a payment plan with the Association (or a holder or assignee of the Association's debt), the Owner's opportunity to enter into a payment plan and who the Owner shall contact regarding entering into the possible payment plan;
- (vi) the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt;
- (vii) that action is required to cure the delinquency and that failure to do so within thirty (30) days of the effective date of the Notice (the Notice will be deemed to be effective five (5) days from the date of such mailing) may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or any other remedies available under Colorado law, including, but not limited to, turning the account over to an attorney; and
- (viii) that the Owner will become liable for costs and attorneys fees of enforcement.

The Notice shall demand payment in full within thirty (30) days of the effective date of such notice. If the Assessment default is not cured and paid in full, including late fees and default interest, within such thirty day period, the Association may (i) record a lien against the subject Lot and (ii) pursue any other remedy available under the Declaration or Colorado law, including, but not limited, to filing suit against the Owner and filing and/or foreclosing the assessment lien and sale of the subject property. The Owner is liable for all Court costs, attorneys' fees or other costs of collection, which together with all unpaid assessments are secured by the lien shall be a debt of the Owner and an encumbrance against the subject Lot.

If the Association fails to follow the procedures set forth in this Section 1.1, it shall not be construed to be a waiver or release of any Owner's responsibility to pay delinquent Assessments or the Association's right to collect the Assessments in accordance with Colorado law in accordance with the Association's governing documents or Colorado law.

The Association may vary from the requirements set forth in this Section 1.1 if the Board in its sole discretion that variance is reasonable under the circumstances.

1.2 **Payment Plans; Default**

For purposes of this section 1.2, “assessments” includes common and special assessments and any associated fees, charges, late charges, attorney fees, fines, and interest. In accordance with C.R.S. § 38-33.3-316.3, as amended from time to time, in collecting past-due assessments and other delinquent payments, the Association shall make a good-faith effort to coordinate with the Owner to set up a payment plan. If an Owner is interested in entering into a payment plan, the Owner must notify the Board in writing. The Association shall not be required to set up a payment plan with an Owner if: (a) the Owner does not occupy the Lot and had acquired the Property as a result of a default of a security interest encumbering the Lot or foreclosure of the Association’s lien or (b) the Owner has previously entered into a payment plan with the Association (or a holder or assignee of the Association’s debt). A negotiated payment plan shall permit the Owner to pay off the deficiency in equal installments over a period of at least six months.

An Owner’s failure to remit payment of an agreed-upon installment or to remain current with common assessments as they come due during the term of the negotiated payment plan constitutes a failure to comply with the terms of the payment plan and a default. In the event of a default, the Association (or a holder or assignee of the Association’s debt) may pursue legal action against the Owner.

2. **HANDLING OF BOARD MEMBER CONFLICTS OF INTEREST.**

The Act provides that board member conflicts of interest are defined and governed by the Colorado Revised Nonprofit Corporation Act (the “Nonprofit Act”) at C.R.S. §7-128-501 and §38-33.3-310.5, as amended from time to time.

For purposes of this section 2, the circumstances under which a “conflict of interest” exists are:

1. A contract, transaction, or other financial relationship between the Association and member of the association's executive board or any person designated as an officer of the Association;
2. A contract, transaction, or other financial relationship between the Association and any person to whom the board delegates responsibilities, including, without limitation, a managing agent, attorney, or accountant employed by the Board;
3. A contract, transaction, or other financial relationship between the Association and a party related to a director. 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;

4. A contract, transaction, or other financial relationship between the Association and an entity in which a director of the Association is a director or officer or has a financial interest.

No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a member or by or in the right of the Association, solely because a conflict of interest exists or solely because the director is present at or participates in the meeting of the nonprofit corporation's board of directors or of the committee of the board of directors that authorizes, approves, or ratifies the conflicting interest transaction if:

1. The material facts as to the officer's and/or director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the board of directors or the committee, and the board of directors 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; or
2. The material facts as to the officer's and/or 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; or
3. The conflicting interest transaction is fair as to the Association.

The Association and the Board of Directors shall utilize and comply with C.R.S. § 7-128-501, as amended from time to time, to review and address any potential conflicts of interest relating to the officers and directors of the Association. In the event these statutory provisions are amended, the Board may modify or otherwise amend these conflict of interest provisions.

A director must disclose a conflict of interest during a board meeting in open session and cannot vote on the conflicting decision or contract. The conflicted director may participate in the discussion about a conflicting decision or contract unless a majority of the directors who are not conflicted determine such discussion would not be appropriate.

The Association's conflict of interest policies, procedures and rules and regulations shall be reviewed by the Board on an annual basis.

3. CONDUCT OF ASSOCIATION AND BOARD MEETINGS.

3.1. **NOTICE OF MEETINGS OF MEMBERS.** See Section 4.5 of the Bylaws. Notices of meetings shall comply with the applicable provisions of the Act and the Nonprofit Act. Notices shall be posted and provided electronically as provided in the Act. It is the preference of the Association to provide all notices electronically to the extent the notices can be given in compliance with the requirements of the Act and the Nonprofit Act. All Owners/Members are encouraged to provide current email addresses to the Association.

3.2. **OPEN BOARD AND ASSOCIATION MEETINGS.** All regular and special meetings of the Board and the Association will be open to attendance by all Owners and Owner's

representatives as required by the Act, except for portions in executive session, and who may participate in the meetings as allowed by the Declaration, Bylaws, the Rules of the Association and the Act.

3.3. AGENDAS. Owners desiring further information or copies of an agenda should contact an officer of the Association.

4. ENFORCEMENT OF COVENANTS AND RULES/FINES.

The Association and the Design Review Committee may enforce the Declaration, the Bylaws, the Roosevelt Ridge Design Guidelines, the Roosevelt Ridge Illustrative Plan, the Roosevelt Ridge Submittal Process and Construction Regulations, the Design Guidelines and the Rules, if any, of the Association as authorized by and in accordance with the Act, the Declaration, the Bylaws and the Rules. The Act and Declaration provide that the Board may enforce the Declaration and the Rules of the Association, recover costs of enforcement, including costs and attorneys' fees, and impose costs of compliance as assessments against an Owner who violates the Declaration or the Rules to recover costs incurred by the Association.

4.1. As provided in the Act, to levy reasonable fines for violations of the Declaration, Bylaws and Rules of the Association, including increased fines for multiple or ongoing violations. Schedule of Fines: The following fine schedule has been adopted for all covenant, policy, procedure, rule, regulation and guideline violations:

- A. First notification of violation -Notification Call and Letter are anticipated but not required. In the discretion of the Board, all or any singular remedy may be immediately pursued by the Association.
- B. Second notification of violation (of same covenant or rule) \$100-\$500
- C. Subsequent violations (of same covenant or rule) \$200 - \$750

4.2. Before the imposition of a fine, the Owner is entitled to a fair and impartial fact-finding process concerning whether the alleged violation occurred and whether the Owner is the one who should be held responsible for the violation. The Owner shall receive notice and an opportunity to be heard before an impartial decision maker. An "impartial decision maker" means a person or group of persons who have the authority to make a decision regarding the enforcement of the Association's covenants, conditions, and restrictions, and the other rules and regulations of the Association and do not have any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as the result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. The Board shall be presumed at all times to be an impartial decision maker unless specific facts and circumstances dictate otherwise, as determined by the Board.

4.3. Enforcement actions available to the Association are provided for in the Act, the Declaration, the Bylaws, the Rules and Procedures of the Design Review Committee and other Rules of the Association.

5. INSPECTION AND COPYING OF RECORDS.

On written request delivered at least five (5) days before the date on which an Owner wishes to inspect and copy any of the Association's records identified in these Rules is subject to the Association's right to impose and collect in advance a reasonable charge, not to exceed the estimated cost of production and reproduction of the records a Owner or the Owner's authorized agent is entitled to inspect and copy the records during regular business hours at the Association's office or the Board may limit examination and copying times to the next regularly scheduled Board meeting if the meeting occurs within thirty days after the request. The request must describe with reasonable particularity the records the Owner desires to inspect. The Association's obligation to allow records to be copied or examined and an Owner's right to copy and examine records are limited and governed by the Act (C.R.S. § 38-33.3.-317).

6. INVESTMENT OF RESERVE FUNDS.

With regard to the investment of reserve funds of the Association, the Board of Directors shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the director reasonably believes to be in the best interests of the Association in accordance with the Colorado Revised Nonprofit Corporation Act and CCIOA, including the requirements of §38-33.3-303, as they may be amended from time to time, and any of the Rules of the Association pertaining to financial management.

7. ADOPTION AND AMENDMENT OF ASSOCIATION RULES.

The Association Rules and these governance policies procedures and rules (collectively the "Association Rules") may be amended from time to time by the Board of Directors. At such time as the Board proposes adopting Association Rules, the Board shall provide written notice of the proposed Association Rules to all Owners. The notice will also be posted on the Association's website, if there is one. The notice shall include a copy of the text of the proposed Association Rules and the date of the Board of Directors meeting at which the Board proposes to adopt the Association Rules which date shall be not less than thirty (30) days following the date the notice of the proposed Association Rules is sent to the Owners. The notice will also request that the Owners review the proposed Association Rules and provide comments on them to the Board at or in advance of the Board meeting specified in the notice.

The records of the Association kept by the Secretary of the Association will contain a notebook containing all the currently adopted Association Rules and the Association Rules will also be posted on the Association's website, if there is one.

8. ALTERNATIVE DISPUTE RESOLUTION.

All disputes between the Association and Owners must be addressed in compliance with any alternative dispute resolution procedures adopted by the Association except for those disputes or claims that are specifically exempted from those procedures. The collection by the Association of Assessments or other monies owed to the Association is specifically exempted from the alternative dispute resolution procedures. Except for those disputes or claims that are specifically exempted from those procedures, disputes arising between the association and Owners shall be addressed in accordance with the following procedures: (a) the parties to the dispute shall attempt first to resolve the dispute by good faith neighborly negotiations; (b) if negotiation is not successful, then the parties will mediate the dispute on terms and procedures and before a mediator selected by the mutual agreement of the parties to the dispute with the cost of such service to be split equally between the Association and the Owner(s) involved; and, (c) if the mediation does not resolve the dispute or one party refuses to mediate by failing to respond to a mediation request for 30 days, then the parties may agree to arbitrate the dispute or to proceed to litigation.

9. **RESERVE STUDIES.**

The Board of Directors may from time to time budget for and have a reserve study prepared for the Association, either by a third party consultant having experience and expertise in preparing reserve studies for common interest communities or by internally conducting a reserve study or as otherwise required by CCIOA, including the requirements of §38-33.3-303, as it may be amended from time to time,. The reserve study shall, among other things, determine the cost to the Association over time for maintaining, repairing, replacing and improving those portions of the common interest community that are the responsibility of the Association to maintain, repair, replace and improve and the amounts of the common expense assessments that may be allocated to reserves in order for the Association to be able to pay for such work. In the course of having such a reserve study prepared, the Board of Directors shall also determine a funding plan for the work recommended by the reserve study as may be approved by the Board of Directors. The funding plan shall also include the projected sources of funding for the work. Any reserve study made and approved by the Board of Directors shall reflect whether the reserve study is based on a physical analysis and financial analysis and, if so, shall reflect the nature of the physical analysis and financial analysis.

II. OTHER RULES OF ASSOCIATION

10. **RECORD KEEPING POLICIES AND REQUIREMENTS AND DISCLOSURES TO OWNERS.**

The Association shall maintain and keep records as required by the Act, C.R.S. § 38-33.3-317, the Colorado Nonprofit Corporation Act, the Declaration and the Bylaws. The Association shall make disclosures to the Owners of information regarding the Association as required by and in accordance with the Act, C.R.S. § 38-33.3-209.4.

11. INSURANCE CLAIM SUBMISSIONS.

The Declaration requires that the Association maintain certain insurance policies. Such insurance covers only the Common Areas and does not cover various personal property and other items and improvements within an Owner's Lot.

12. ARCHITECTURAL REVIEW POLICY AND PROCEDURES.

The Declaration provides that landscaping, painting, fences, buildings, structures and other improvements or changes proposed to be made by an Owner to the Owner's Lot or the Common Areas within the Community shall require the review and approval of the Design Review Committee. *See, in part, the Association's Declaration, the Roosevelt Ridge Design Guidelines, the Roosevelt Ridge Illustrative Plan, the Roosevelt Ridge Submittal Process and Construction Regulations, the Design Guidelines and the Rules, if any.*

13. NOTICE AND HEARING PROCEDURE.

13.1 Procedure. The Board shall not impose a fine or assessment, suspend voting rights, or infringe upon any other rights of an Owner or other occupant of a Lot for violations of Rules of the Association or of the Declaration or Bylaws unless and until the following procedures are followed.

(a) Demand for Abatement. Written demand to cease and desist from the alleged violation shall be personally served upon or mailed to the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period, not less than five (5) days, during which the violation may be abated without further sanction, if the violation is a continuing one. If the violation is not a continuing one, a statement that any additional similar violation could result in the imposition of a sanction after notice and hearing.

(b) Notice. If the violation continues past the time period allowed in the demand for abatement or if the same violation subsequently occurs, and the Board elects to pursue enforcement, the Board or its agent shall mail or serve the alleged violator with written notice of a hearing to be held by the Board. The notice shall contain:

- (i) the alleged violation;
- (ii) the date, time and place of a hearing to be conducted by the Board, which date shall not be less than ten (10) days from the giving of the notice;

(iii) an invitation to attend the hearing and produce any statement, evidence, and witness on behalf of the alleged violator; and

(iv) the sanction to be imposed if the alleged violator is found to have committed the violation.

(c) Hearing. The hearing held pursuant to the notice shall afford the Owner/alleged violator a reasonable opportunity to be heard by the Board. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the hearing. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the hearing.

Failure by the Owner to attend the hearing after due notice shall be considered a default and thereupon shall be subject to the impositions of the sanctions described in the notice.

13.2 Minutes. The minutes of the hearing shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The decision of the Board shall be final.

13.3 Nonpayment of Assessments. These procedures shall not be necessary in order to impose any sanction or penalty for nonpayment of Assessments.

13.4 A repeat violation is a violation committed by an Owner which is the same as the original violation committed by that Owner. A repeat violation is considered to be a continuing violation if committed within twelve months of the original violation, and thus an Owner committing a repeat violation is not entitled to the hearing procedures detailed above. The Association shall provide notice of the repeat violation to the Owner. If the repeat violation is not corrected in compliance within the timeframe specified in the Notice, then the Board may issue a fine in accordance with the fine schedule.

14. MISCELLANEOUS.

14.1 The provision of these policies shall be in addition to and in supplement of the terms and provisions of the Declaration and the laws of the state of Colorado.

14.2 The Board may deviate from the procedures set forth in these policies if in its sole discretion such deviation is reasonable under the circumstances.

14.3 These policies may be amended from time to time by the Board.

14.4 The Board may delegate its responsibilities under these policies to a property manager at its sole discretion.