

## **PINERIDGE TOWNHOMES PROPERTY OWNERS ASSOCIATION RESPONSIBLE GOVERNANCE POLICIES**

### Contents:

- I. COLLECTION OF UNPAID ASSESSMENTS
- II. BOARD MEMBER CONFLICT OF INTEREST
- III. CONDUCT OF MEMBERS' AND BOARD MEETINGS
- IV. ENFORCEMENT OF COVENANTS AND RULES, NOTICE AND HEARING PROCEDURES AND SCHEDULE OF FINES
- V. INSPECTION AND COPYING OF **PRTPOA** RECORDS
- VI. PROCEDURES FOR ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES
- VII. INVESTMENT OF RESERVE FUNDS
- VIII. DISPUTE RESOLUTION
- IX. RESERVE STUDIES
- X. FUNDING

Definitions: **"PRTPOA"** means: Pine Ridge Townhome Property Owners Association.

**"Board"** means: the Executive Board of **PRTPOA**.

**"Director"** means: a **Member** of the **PRTPOA** Executive Board

**"Member"** means: a member of the **PRTPOA** which is defined by its Articles of Incorporation as:

Any person or combination of persons owning an undivided fee simple interest in a Unit in the Pine Ridge Townhomes Project.

**"Manager"** means: a person or entity who is employed or contracted with by the **Board** to manage **PRTPOA** affairs or property.

**"Governing Documents"** means the Declaration of Conditions, Covenants Restrictions and Easement for Pine Ridge, a Colorado Common Interest Community, Filing No. 1, the Articles of Incorporation and By-Laws of **PRTPOA**, these Responsible Governance Policies and any Rules and Regulations duly adopted by the **Board**.

**I. COLLECTION OF UNPAID ASSESSMENTS**

See Resolution of Pine Ridge Townhomes Property Owners Association, Inc. Regarding Policy and Procedures for Collection of Unpaid Assessments adopted July 21, 2014

## II. BOARD MEMBER CONFLICT OF INTEREST

These definitions shall apply to this policy:

**“Conflicting Interest Transaction”** means:

A contract transaction or other financial relationship between the **PRTPOA** and a **Director** of **PRTPOA** or between **PRTPOA** and a **Related Person** or between **PRTPOA** and an entity in which a **Director** is a director or officer or has a financial interest.

**“Related Person”** means: A spouse, ancestor, descendant or sibling of a **Director**, the spouse or descendant of a sibling of a **Director**, 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.

1. If any proposed contract, decision or other action on behalf of the **Board** would financially benefit a **Director** or a **Related Person** to the **Director**, the **Director** may participate in the discussion of the proposed contract, decision or other action but may not vote on the issue.
2. Prior to any discussion of a proposal in which a **Director** or a **Related Person** to the **Director** has a financial interest or which proposal would otherwise be a **Conflicting Interest Transaction**, the **Director** shall declare a conflict of interest for the issue in an open meeting and announce all circumstances and details involved in the conflict.
3. In the event that a conflict of interest arises after a vote without the prior knowledge of the conflicted Board Member, that Board Member will notify the Board President in writing within five days after discovery of the conflict. The Board President will determine whether or not the issue warrants a special meeting or whether the situation can wait until the next regularly scheduled Board meeting. If the Board President has a conflict, the Vice President will preside.
4. 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** of **PRTPOA** or by or in right of **PRTPOA**, solely because the **Conflicting Interest Transaction** involves a **Director**

or solely because the **Director** is present at or participates in the meeting of the **Board** which authorizes, approves, or ratifies the **Conflicting Interest Transaction** if:

- a. The **Director** declared the conflict of interest at an open meeting prior to the discussion of the issue, disclosing the material facts as to the **Director's** relationship or interest and as to the **Conflicting Interest Transaction**; and
- b. The **Board**, in good faith, authorizes, approves or ratifies the **Conflicting Interest Transaction** by an affirmative vote of a majority of the disinterested **Directors**, even though the disinterested **Directors** total less than a quorum; or
- c. The **Conflicting Interest Transaction** is authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or
- d. The **Conflicting Interest Transaction** is fair to **PRTPOA**.

### III. CONDUCT OF MEMBERS' AND BOARD MEETINGS

#### 1. Member Meetings

##### a. Annual Meeting

- 1) The Annual Meeting shall be held on a business day or Saturday each year. The specific time and date shall be set by the **Board**.

##### b. Special Meetings

- 1) Special Meetings may be called by the President of the **Board** of **PRTPOA**, a majority of the **Board** or upon written request by **Members** having votes representing at least twenty percent (20%) of the total votes.

##### c. Notice

- 1) Notice of the annual or special meeting shall be by written notice mailed not less than ten (10) days and not more than fifty (50) days before the meeting.
- 2) Notice of the Annual Meeting and any Special Meeting shall specify the place, day and hour of the meeting and shall include items or the agenda and a general description of any proposed amendment to the Declaration or By-Laws, budget changes, and/or any proposal to remove an officer or **Member** of the **Board**.
- 3) Notice shall be mailed, postage prepaid, to the **Members'** most current address as determined by Section 13.05 of the Declaration or to any other address designated by the **Member** to the Association.

##### d. Conduct of Meetings

All meetings shall be conducted upon parliamentary procedure following Robert's Rules of Order. Meetings shall be planned and conducted so as to consume not more than four hours. The **Board** may provide for informal discussion or focus groups following the meeting.

e. Quorum and Voting

- 1) The presence at a meeting, in person, or by proxy of members representing forty percent (40%) of the membership entitled to vote shall constitute a quorum.
- 2) Voting by proxy shall be governed by the By-Laws and C.R.S. §38-33-3-310.
- 3) Voting for positions on the **Board** shall be conducted by secret written ballot. Ballots shall be counted by a neutral third party selected by the **Board** or by a **Member** who is not a candidate, present at the meeting at which the vote is held and who is selected at random by two or more **Members**. The results of the vote shall be reported without reference to names, addresses or other identifying information.
- 4) Upon request by 20% of the **Members** a secret ballot shall be used for any other matter affecting **PRTPOA** upon which all **Members** are entitled to vote.

2. Board of Directors Meetings

a. Regular Meetings

The **Board** shall hold at least one regular annual meeting no later than one (1) week following the Annual **Members** Meeting.

b. Special Meetings

Special Meetings may be called by the President or by the Secretary upon written request of any two **Directors**.

c. Notice

Notice shall be not less than two (2) days' prior notice of the time and place thereof given to each **Director** by leaving such notice with him or her at at his or her residence or usual place of business, or by mailing it postage prepaid and addressed to a **Director** at his or her mailing address as it appears on the books of the Association, or by telephone call personally to such **Director**, or by email. Notice by mail shall only be used if the meeting is more than seven (7) days from the date of mailing. Notices need not

state the purpose of the meeting. No notice of any adjourned meeting of the directors shall be required.

d. Attendance

- 1) Any **Board** meeting is open to attendance by any **Member** or **Member's** designated representative. **Members** shall be given an opportunity to speak, upon which reasonable time restrictions may be placed, prior to any formal action taken by the **Board**. If several members wish to speak on the same side of the issue, the **Board** shall allow a reasonable number of people to speak on each side of the issue. **Members** shall not be allowed to otherwise participate in discussion or deliberation by the **Board** unless authorized by a majority vote of a quorum of the **Board**.
- 2) Any **Member** or **Member's** representative wishing to attend a **Board** meeting must do so in person unless the **Board** meeting is being held by telephone or video conferencing. If a **Member** wishes to attend a telephone or video meeting, it must notify the manager no later than four hours prior to the meeting.
- 3) Notice to Members of Special Board meetings shall be not less than twenty-four (24) hours and may be by email.

e. Closed Sessions

The **Board** or any committee of the **Board** may hold an executive or closed door session and may restrict attendance to **Board Members** and such other persons requested by the **Board** during a regular or specially announced meeting or a part thereof for any of, but limited to, the following matters:

- 1) Matters pertaining to employees of **PRTPOA** or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of **PRTPOA**;
- 2) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- 3) Investigative proceedings concerning possible or actual criminal misconduct;

- 4) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- 5) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy:
- 6) Review of or discussion relating to any written or oral communication from legal counsel.

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.



#### IV. ENFORCEMENT OF COVENANTS AND RULES, NOTICE AND HEARING PROCEDURES AND SCHEDULE OF FINES

The following definitions shall apply to this policy:

“**Violation**” shall mean a failure of a **Member**, or through its agents or representatives, to comply with any **Governing Document**, whether the **Violation** is by reason of action or omission. **Violation** shall also include non-compliance with any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property owned by a **Member** which is subject to assessment under the Declaration of Covenants.

1. **Members** are encouraged to informally request any other **Member** to cease or correct any other action or omission which appears to be a **Violation**.
2. Any **Member**, **Manager**, or the **Board** may initiate a formal review of an alleged **Violation**. A **Member** or **Manager** shall file with the **Board** a written statement which shall state in ordinary and concise language the acts or omissions which the author believes occurred and shall include as many specifics as are available as to time, date, location and persons involved, so that the complaint may be investigated and verified. Depending on the severity and immediacy of the alleged **Violation**, the **Board** may direct the **Manager** to attempt to obtain an informal resolution.

3. Letter to **Member**

Should the **Board** determine that an alleged **Violation** has occurred, and informal resolution has not been successful, the **Manager** shall send a letter to the **Member** identifying the **Violation**. The letter shall require the alleged **Violation** cease within such period of time as the **Board** deems reasonable, based upon the nature of the alleged **Violation**. The letter shall be mailed to the last known address of the **Member**, via certified and regular mail or shall be personally delivered.

4. Notice of Hearing

Should the alleged **Violation** not be cured in the manner and by the date set forth in the letter to the **Member**, then a second letter shall be sent informing the **Member** that fines and costs per the Governance Policies shall be imposed unless within fourteen days of the date of the letter the

Member requests in writing a hearing before the **Board**. If the **Member** does not request a hearing; or if following hearing, it is determined that a violation has occurred, the **Board** has the authority to levy fines, charges, attorney's fees and other monies, and to take such other action as is authorized by the **Governing Documents** and Colorado law.

5. Constraints on the **Board**

It shall be incumbent upon each **Member** of the **Rules Committee/Board** to make a determination as to whether he or she is able to function in a disinterested fashion. If such **Member** is incapable of objective consideration in the case, he or she shall disclose such to the committee and remove himself or herself from the proceedings and have it so recorded in the minutes.

6. Hearing

The hearing will not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Decisions of the **Board** may be made "under advisement," i.e. at a later date and time. All decisions of the **Board** are effective three days after written notice is sent to the **Member** (via regular, first class mail.) The Notice shall include the decision of the **Board** as to whether or not a **Violation** has occurred and the amount of the fine according to the Fine Schedule.

7. Fine Schedule

Upon determination that a **Violation** exists, the **Board** shall impose a fine according to the following table:

Covenant or Rule	1 <sup>st</sup> Violation	2 <sup>nd</sup> Violation	3 <sup>rd</sup> and Subsequent Violation(s)
Short term rentals (Article 3, Par. 3.07 of Declarartions)	\$5,000 + \$500 per day after cure period	\$10,000+ \$500 per day after cure period	\$15,000+ \$500 per day after cure period
Listing a Unt for Rent/Lease less than 12 months	Warning	\$1,000	\$2,000
Nuisance	\$100	\$200	\$400
Storage (Article 12, Par. 12.01 of Declarations)	\$100 + \$25 per day after cure period	\$200 + \$25 per day after cure period	\$400 + \$25 per day after cure period
Pets	Warning	\$200	\$400
Parking (Article 12, Par 12.02 of Declarations)	\$100	\$200	\$400
Any other <b>Violation</b>	\$100	\$200	\$400

A second **Violation** shall be any new incident of the same **Violation** or shall be a continuing **Violation** that has not been removed or cured within thirty (30) days of the deadline for cure given to the **Owner** in the Letter to **Member** noticing the **Violation**. A third **Violation** shall be a third new incident of the same **Violation** or a continuing **Violation** that has not been cured or removed within sixty (60) days of the deadline for cure given to the **Owner** in the Letter to **Member** noticing the **Violation**.

1. Payment of Fines

Fines shall be due and payable within 15 days of Notice and thereafter shall bear interest at the rate of eighteen percent (18%) per annum. Unpaid fines shall be added to and become a part of the **Member's** assessment and shall be subject to the collection procedures set forth in Policy I, Collection of Unpaid Assessments.

2. Exterior Maintenance

If the **Violation** is a **Member's** failure to maintain its property or improvements in a manner reasonably satisfactory to the **Board** and commensurate with the standards of the community, upon a two-thirds vote of the **Board**, the **Board** shall have the right, on behalf of **PRTPOA**, through its agents and employees, to enter upon the property and repair, maintain and restore the property and the exterior of the buildings and any other improvements erected upon the property. The cost of such exterior maintenance shall be added to and become part of the assessment to which the lot is subject.

3. Immediate Action

If the nature of the **Violation** threatens immediate destruction, injury, or damage to any person, to another lot, or to **PRTPOA** property; or if the nature of the remedy of the **Violation** would be to deconstruct or remove a planned or in-construction permanent improvement, the **Board** may immediately seek injunctive relief from the Routt County District Court.

4. Arbitration

In the event a **Member** disputes the **Board's** enforcement of the **Governing Documents** of **PRTPOA**, the matter shall be submitted to

binding arbitration. The **Members** and **Board** shall mutually select an arbitrator, the **Board** shall choose one arbitrator and such arbitrator shall choose one additional arbitrator, and the decision of the majority of all the arbitrators shall be final and conclusive of the question involved. All costs associated with the arbitration process will be split by **PRTPOA** and the **Members**.

5. Joint and Several Liability

Each **Member** of the lot upon which the **Violation** occurs shall be jointly and severally liable for any fine imposed pursuant to the enforcement of the **Governing Documents**, including but not limited to, all attorneys fees, expert witness fees and costs incurred by **PRTPOA** resulting from or in any way related to the **Violation** or the collection of fines.

6. Attorney's Fees and Costs

In the event the **Rules Committee** and/or **Board** determines a **Violation** has occurred, the non-complying **Member(s)** shall be responsible to pay all attorney fees and costs and fees incurred by **PRTPOA** arising from the **Violation**.

7. Remedy

Each remedy set forth in these Policies shall be in addition to all other remedies, whether available at law or in equity, and all such remedies, whether or not cumulative.

## **V. INSPECTION AND COPYING OF PRTPOA RECORDS**

1. Any **Member** may request to inspect and copy **PRTPOA** records on the following conditions:
  - a. The request must state with reasonable particularity the records requested;
  - b. Not less than ten days' notice is given; however records may be made available at the next regularly scheduled meeting if such meeting is scheduled within thirty days of request.
2. Copies shall be charged to the requesting **Member** at the actual cost to **PRTPOA**, including administrative time and may be collected in advance.
3. Requests for copies shall be made to the **Manager**. Records shall be available for inspection only by appointment with the **Manager**.
4. No membership lists or any part thereof shall be obtained or used for any purpose unrelated to a **Member's** interest as an owner without consent of the **Board**.
5. The following **PRTPOA** records shall be posted regularly on the **PRTPOA** website, or if more shall be available at the Manager's Office during business hours:
  - Declaration of Covenants;
  - By-Laws;
  - Responsible Governance Policies;
  - Most recent Minutes of Members and Board Meetings;
  - Most recent Approved Budget;
  - Rules and Regulations;
  - List of name and home or business address of current Directors; and officers.
6. Hard copies of the following **PRTPOA** records shall be maintained as permanent records and kept at the Manager's Office.
  - Detailed records of receipts and expenditures affecting the operation and administration of the association.

- Records of claims for construction defects and amounts received pursuant to settlement of those claims;
- Minutes of all meetings of Members and the Board;
- A record of all actions taken by the Members or Board without a meeting;
- A record of all actions taken by any committee of the Board;
- Written communications among, and the votes cast by, Board members that are:
  - a. directly related to an action taken by the Board without a meeting pursuant to the Colorado Revised Nonprofit Corporation Act; or
  - b. directly related to an action taken by the Board without a meeting pursuant to the bylaws.
- The names of Members in a form that permits preparation of a list of the names of all Members and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Member is entitled to vote; except that this does not apply to a unit, or the Member thereof, if the unit is a time-share unit;
- Declaration;
- Covenants;
- Bylaws;
- Rules and regulation, Responsible Governance Policies and any other policies adopted by the Board;
- Financial statements for the past three years;
- Tax returns for the past seven years, to the extent available;
- A list of the names, electronic mail addresses, and physical mailing addresses of the Association's current Board member and officers;
- The Association's most recent annual report;
- Financial records sufficiently detailed to enable the Association to provide a written statement setting forth the amount of unpaid assessments currently levied against a requesting Member's unit;
- The Association's most recent reserve study, if any;
- Current written contracts to which the Association is a party and contracts for work performed from the Association within the immediately preceding two years;
- Records of Board or committee actions to approve or deny any requests for design or architectural approval from Members;
- Ballots, proxies, and other records related to voting by Members for one year after the election, action, or vote to which they relate;

- Resolutions adopted by its Board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;
- All written communications within the past three years to Members generally as Members; and
- Records the associations is required to make available within 90 days after the end of each fiscal year as set forth in CCIOA. See C.R.S. 38-33.3-209.4(2). \*

\* 38-33.3-109.4(2) states: The association shall make the following information available to unit owners upon reasonable notice in accordance with subsection (3) of this section:

- a. The date on which its fiscal years commences;
- b. Its operating budget for the current fiscal year;
- c. A list, by unit type, of the association's current assessments, including both regular and special assessments;
- d. Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- e. The results of its most recent available financial audit or review;
- f. A list of all association insurance policies, including, but not limited to, property, general liability, association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;
- g. All the association's bylaws, articles, and rules and regulations;
- h. The minutes of the executive board and member meetings for the fiscal year immediately preceding the current annual disclosure; and
- i. The association's responsible governance policies adopted under section 38-33.3-209.5.

7. **PRTPOA** may withhold the following records from inspection and copying to the extent they are a concern:



- a. Architectural drawings, plans, and designs, unless releases upon the written consent of the legal owner of the drawings, plans, or designs.
  - b. Contracts, leases, bids, or records related to transaction to purchase or provide goods or services that are currently in or under negotiation.
  - c. Communications with legal counsel that are otherwise protected by the attorney client privilege or the attorney work product doctrine.
  - d. Disclosure of information in violation of the law.
  - e. Records of an executive session of a **Board**.
  - f. Individual units other than those of the requesting **Member**.
8. **PRTPOA** shall withhold the following records from inspection and copying:
- a. Personnel, salary, or medical records relating to specific individual.
  - b. Personal identification and account information of **Owners** including:
    - 1) Bank account information
    - 2) Telephone numbers
    - 3) Electronic mail address
    - 4) Driver's license numbers
    - 5) Social security numbers

## **VI. PROCEDURES FOR ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES**

1. The **Board** may adopt or amend policies, procedures and rules to govern or manage **PRTPOA** or **PRTPOA** property at a special or regular meeting in open session.
2. Prior to formal action, the **Board** shall give notice of the proposed policy(ies), procedure(s) or rule(s) not less than thirty (30) days prior to action.
3. Any **Member** may submit a comment orally or in writing regarding the proposal before or at the meeting at which the action is taken.
4. Once a policy, procedure or rule has been adopted or amended, it shall be posted on the **PRTPOA** website within twenty (20) days of the action mailed first class, postage prepaid, to each **Member** at its registered address.

## **VII. INVESTMENT OF RESERVE FUNDS**

1. The Annual budget shall address any reserve fund assessments.
2. The **Association** shall account for reserve fund assessments separately from operating assessments in its general ledger and financial statements.
3. Reserve funds shall only be invested in accounts or investment products (e.g. certificates of deposit) that are insured by FDIC approved by the **Board**.
4. 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 Executive **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.

## VIII. DISPUTE RESOLUTION

**Members** are encouraged to use mediation and arbitration as methods of conflict resolution, whether the conflict is between **Members** or with the **Board**.

The **Board** shall endeavor to mediate an issue with a **Member** prior to seeking court action whenever, in the **Board's** discretion, it is reason and not unduly prejudicial to the **Board** to do so. In those instances, the **Board** shall pay up to two hours of the mediator's fee in order to encourage alternate dispute resolution.

## IX. RESERVE STUDIES AND FUNDING

1. The **Board** may commission a reserve study to be provided by a professional such as an engineering firm or internally, utilizing information provided by the **Manager** and the Association's contractors and vendors.
2. The Executive **Board** may commission an updated reserve study from the providers noted in the paragraph above.
3. Action to obtain reserve studies and to update such reserve studies is to be determined by the **Board** acting in the best interest of the **Association** in accordance with the Colorado Common Interest Ownership Act (CCIOA) and the Colorado Revised Non-profit Corporation Act.
4. To the extent feasible, funding for such reserve studies should be incorporated into the **Association's** annual fiscal budget.

## **X. INSURANCE DEDUCTIBLE**

1. In the event of loss or damage to a Lot and/or limited common elements that are covered by the insurance maintained by PRTPOA pursuant to Section 9.01 of the **Declaration of Pine Ridge Townhomes Property Owners Association**, any deductible shall be payable by the Lot Owner(s) of the Lot(s) incurring the loss or damage, or in the event of loss or damage to limited common elements, the Lot Owner(s) of the Lot(s) to which the limited common elements are appurtenant. In the event of more than one Lot and/or appurtenant limited common (elements?) incurring loss or damage in the same incident to which the deductible is applicable, the deductible shall be shared amongst the Lots in a ratio wherein the denominator is equal to the total insurance proceeds paid for repair, restoration or replacement of the Lot (and/or limited common elements) or portions thereof; and the numerator is equal to the proceeds paid for repair, restoration or replacement of a specific Lot (and/or appurtenant limited common elements).
2. The Board may require equal contribution to the deductible from affected Lot Owners to allow work to proceed, subject to later allocation.
3. If the total costs incurred due to the loss or damage do not exceed the deductible, each Lot Owner shall be solely liable for the costs of repair, restoration or replacement of its LOT and/or appurtenant limited common elements.