

**RESPONSIBLE GOVERNANCE POLICIES
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc., a Colorado nonprofit corporation (the "**Association**") is required to adopt policies, procedures, and rules and regulations concerning certain specified topics according to COLO. REV. STAT. §§ 38-33.3-124 and -209.5(1)(b), which are known as the "responsible governance policies." Accordingly, the Association has individually adopted the following responsible governance policies, which shall replace all previous responsible governance policies:

POLICY CONCERNING COLLECTION OF UNPAID ASSESSMENTS

POLICY CONCERNING HANDLING CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS

POLICY CONCERNING CONDUCT OF MEETINGS

POLICY CONCERNING ENFORCEMENT OF COVENANTS AND RULES (INCLUDING NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES)

POLICY CONCERNING INSPECTION AND COPYING OF ASSOCIATION RECORDS BY UNIT OWNERS

POLICY CONCERNING INVESTMENT OF RESERVE FUNDS

POLICY CONCERNING PROCEDURES FOR ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES

POLICY CONCERNING PROCEDURES FOR ADDRESSING DISPUTES ARISING WITHIN THE ASSOCIATION AND OWNERS

**POLICY CONCERNING COLLECTION OF UNPAID ASSESSMENTS
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning collection of unpaid assessments pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(I).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations (the "**Collection Policy**"):

1. Use of Terms.
 - 1.1. Capitalized terms not otherwise defined in the Collection Policy have the same meaning as in the Association's recorded declaration.
 - 1.2. The term "**Assessment**" refers to all fees, charges, late charges, attorney fees, fines, and interest imposed by the Association. Except as noted in the Collection Policy, all Assessments are treated the same.
 - 1.3. The term "**Regular Assessment**" refers to the periodic payments due from each Owner to the Association and is commonly known as "dues."
 - 1.4. The term "**Special Assessment**" refers to irregular payments due from each Owner to the Association from time to time.
 - 1.5. The term "**Member in Good Standing**" refers to an Owner who is current in the payment of dues, or other Assessments, charges, and fees.
2. Mandatory Nature of and Effect of Policy. The Association is required to follow the Collection Policy. Notwithstanding the foregoing, the Association's failure to comply with the Collection Policy shall in no event limit an Owner's liability for unpaid Assessments, which are at all times each Owner's responsibility. The Collection Policy shall supersede any provision of the bylaws or rules and regulations to the contrary. It replaces all previous collection policies that may have been adopted by the Association. The imposition of fines is governed by a separate fine policy; however, once fines are imposed, they are subject to enforcement under the Collection Policy.
3. Due Date and When Past Due and Delinquent.
 - 3.1. Each Regular Assessment must be paid to the Association on an annual basis on or before the last day of January.
 - 3.2. Each Special Assessment must be paid to the Association at a date to be fixed by the Association's executive board at the time of imposing the Special Assessment.

- 3.3. Delinquent: All other Assessments must be paid by a date fixed by the executive board at the time they are imposed.
- 3.4. All Assessments will be considered past due and delinquent if not paid by the Owner on the due date (*i.e.* there is no grace period).
- 3.5. If an owner fails to pay any Regular Assessment when due, the Association may accelerate and call due the entire balance of Regular Assessments for the remainder of the fiscal year and require the Owner to pay them immediately. The Association may later elect to decelerate the account in its discretion.
4. Late Fees. The Association is entitled to impose late fees of \$100 per month for any payment that is past due and delinquent.
5. Interest. The Association is entitled to impose interest of 18% per annum or the highest amount of interest permitted by law, if less, on unpaid Assessments in addition to late fees.
6. Returned-Check Charges. Any Owner whose check, draft, or order for the payment of money upon any bank, depository, person, firm, or corporation is not paid upon its presentment is liable to the Association as provided in COLO. REV. STAT. § 13-21-109 (the bad check statute). For purposes of the bad check statute, the bad check charge will be at least \$20.00. Nothing herein shall prevent the Association from referring the matter to the appropriate authority for criminal prosecution.
7. Collection Process.
 - 7.1. Billing and Notice Policy. The Association will endeavor to send each Owner an annual statement. Sending statements is a courtesy only and does not affect an Owner's liability for unpaid Assessments, which are at all times the Owner's responsibility. No excuses. Statements will generally be sent to the Owner's last known address or, at the Association's election, to the electronic mail address of the Owner on file with the Association. Owners are responsible for making sure the Association has current billing information, including a mailing address and/or electronic mail address. **The risk of non-delivery of notices is at all times on each Owner.** Owners may request that notices only be sent to a designated electronic mail address, otherwise, notices may be sent by regular mail and/or certified mail as determined by the Association.
 - 7.2. Payments. Payments may be made to PO Box 24419, Silverthorne CO 80497, or in such other place or manner as the Association may direct from time to time. If the Association shall have a managing agent, payment may not be delivered directly to the Association's managing agent at its offices and, to the extent that the Association accepts a payment delivered directly to the Association's managing agent, the payment will be deemed paid

when actually deposited into the Association's account by the managing agent even if there is a delay that causes additional charges to accrue on the account.

- 7.3. Notice of Delinquency. Before the Association turns over a delinquent account to a collection agency or refers it to an attorney for legal action, the Association, or its managing agent, will send the Owner at least one "**Notice of Delinquency**" in substantially the form attached as **Exhibit A**. The Association may send an Owner any number of Notices of Delinquency before proceeding with more formal collection action without prejudice to its collection rights. Payments will be applied on each account as provided in the Notice of Delinquency and the Association's acceptance of less than the full amount owed shall never constitute accord and satisfaction or affect the Association's rights with respect to collection of the balance except as expressly acknowledged by the Association in writing.
- 7.4. Referral to Collection Agency or Attorney. If an Owner has not paid the full amount owed on a delinquent account within thirty (30) calendar days after the mailing of a Notice of Delinquency, the Association may turn over the account to a collection agency or refer it to an attorney for legal action. A delinquent Owner is liable for all collection and legal costs, including attorney's fees, with or without suit, and including the costs of appeal. It shall be reasonable for the attorney to charge up to \$275 per hour for collection and/or customary flat rates. The minimum charge for attorney fees for any referral to the Association's attorney is \$300. The collection agency or attorney may pursue collection of the account using any means permitted by law, including through appointment of a receiver.
- 7.5. Forbearance Agreement Permitted. The Association may, in its discretion, forebear enforcement of the Collection Policy, including entering into forbearance agreements with delinquent Owners, if it determines this to be in the best interest of the Association. No agreement is enforceable unless reduced to a writing signed by the Association and the Owner.
- 7.6. Suspension of Voting Rights. An Owner who is not in Good Standing based on the nonpayment of dues or other Assessments shall have voting rights suspended unless otherwise determined by the Association in its discretion. The attendance of an Owner whose voting rights have been suspended may be counted toward the quorum at any meeting.
- 7.6.1 Design Review Committee Requirement Regarding Member of Good Standing Status: The Design Review Committee (DRC) of the Association will not act on any request by an Owner for approval for any project, including new construction, remodel, outdoor landscaping, and any other approval required by the DRC under its Guidelines, if the Owner is not a Member in Good Standing of the Association or its Sub-associations.

- 7.7. Effect of Bankruptcy. If any Owner files bankruptcy, the Owner will not be personally responsible for Assessments accruing before the Owner filed bankruptcy, but will remain responsible for all Assessments accruing after the Owner filed bankruptcy. A bankruptcy filing shall not affect the Association's right to claim a lien for the entire amount of unpaid Assessments against a unit. The Association may immediately turn the matter over to its attorney upon receipt of notice that an Owner filed bankruptcy.
- 7.8. Lien for Assessments and Filing of Actions against Owners. The Association has a lien on each unit for the full amount of any Assessment that is due and remains unpaid. The Association is not required to record a special notice of its lien in the public records, but it may choose to do so and the delinquent Owner will then be responsible for a \$50 lien filing fee in addition to any other charges on the account. The lien can be foreclosed to satisfy the debt in like manner as a mortgage on real estate subject to the following restrictions:
- 7.8.1. The balance of the Assessments must equal or exceed six months' of Regular Assessments based on a periodic budget adopted by the Association before commencement of any foreclosure; and
- 7.8.2. The Association's executive board must formally resolve, by a recorded vote, to authorize the filing of any type of legal action against an owner on an individual basis. The Association's executive board may not delegate its duty to act under this provision (such as to the managing agent or Association attorney). For purposes of this provision, a "recorded vote" is one in which the individual votes of the members of the Association's executive board voting for the resolution or consent, or the fact that the vote was unanimous, are reflected in the records of the Association. Evidence of the recorded vote will be filed in the action. The members of the Association's executive board may vote concerning such resolution or consent by any means and are not required to personally sign any document to record their vote.
8. Assignment of Collection Rights. The Association may assign its collection rights to any person and that person will then have all rights and responsibilities of the Association with respect to the assigned rights. When the Association assigns its collection rights, the assignee shall receive the right to collect the Assessments as of a specified date together with all collection expenses, including attorney fees, relating to those Assessments. Assessments accruing after the date of any such assignment will be paid to the Association in the normal course and the Association will retain all collection rights with respect to them such that an Owner may be delinquent with regard to paying Assessments to the assignee and current with regard to paying Assessments to the Association. Once the Association assigns its collection rights, the Owner must deal directly with the assignee with respect to the Assessments assigned. The Association may, but shall not be required to, enter into "standby" agreements whereby it agrees not to take enforcement

action with respect to new Assessments until an assignee completes enforcement with respect to assigned Assessments. Enforcement of new Assessments and assigned Assessments may also take place concurrently and the Association and the assignee may assert concurrent enforcement rights in a single enforcement action coordinated by them subject to an agreement concerning the final disposition of proceeds. The arrangements between the Association and any assignee will not affect an Owner's rights or obligations with respect to unpaid Assessments and are therefore not subject to challenge by Owners.

9. Effect of Prior Decisions and Business Judgment Rule. The Association is not bound to decisions with respect to one set of facts and circumstances when it comes to its decisions with regard to another set of facts and circumstances concerning the enforcement of the Collection Policy. The Association's actions are governed by the business judgment rule, which holds that good faith acts of the directors of the Association that are within the powers of the Association and exercise of honest business judgment are valid.

Certification:

The foregoing policy was adopted effective June 11, 2015.

/s George I. Resseguie, Jr., Board President

By:

The
Klug Law Firm, LLC

**EXHIBIT A TO POLICY CONCERNING COLLECTON OF UNPAID ASSESSMENTS
THIS FORM IS SUBJECT TO CHANGE**

[Date]

[Name of Owner]
[Address]

NOTICE OF DELINQUENCY

PLEASE TAKE NOTICE:

As an Owner of a unit in Eagles Nest, you are obligated to pay assessments to the Eagles Nest Property Homeowners Association, Inc. Our records show that your account is delinquent. Pursuant to the Association's Collection Policy and applicable law, you are hereby given Notice of Delinquency as follows:

**CERTAIN DISCLOSURES AND NOTIFICATIONS HAVE BEEN PLACED ON THE
LAST PAGE OF THIS NOTICE.**

Total amount due:

[INSERT AMOUNT DUE]

**Whether the opportunity to enter
into a payment plan exists:**

Yes, there is an opportunity for you to enter into a payment plan pursuant to the Collection Policy and applicable law. If you wish to discuss your options, please contact the, [INSERT NAME], by sending an email to [INSERT E-MAIL ADDRESS], referencing your name, unit number, mailing address, and phone number, and the fact that you would like information about a payment plan and your proposed payment plan. [INSERT NAME] will then review the account and contact you with information about payment plan options.

No, there is not an opportunity for you to enter into a payment plan because:

To our knowledge, you do not occupy the unit and you acquired the property as the result of a default of a security interest encumbering the unit

or foreclosure of the Association's lien;
or

You previously entered into a payment plan with the Association.

The name and contact information for the individual you may contact to request a copy of your ledger in order to verify the amount of the debt:

[INSERT NAME AND CONTACT INFORMATION]

ACTION IS REQUIRED TO CURE THE DELINQUENCY AND FAILURE TO DO SO WITHIN THIRTY (30) CALENDAR DAYS MAY RESULT IN YOUR DELINQUENT ACCOUNT BEING TURNED OVER TO A COLLECTION AGENCY, A LAWSUIT BEING FILED AGAINST YOU, THE FILING AND FORECLOSURE OF A LIEN AGAINST YOUR PROPERTY, OR OTHER REMEDIES AVAILABLE UNDER COLORADO LAW.

The method by which payments may be applied on your delinquent account:

Payments received on your account will be applied first to the oldest assessments imposed on the account.

The legal remedies available to the Association or its assignee to collect on your delinquent account pursuant to the governing documents and Colorado law:

The legal remedies may include the following, which may be exercised concurrently: obtaining a money judgment against you personally and then enforcing the judgment as provided by law; foreclosing the Association's lien encumbering your unit; obtaining a receiver for your unit; suspending your voting rights in the Association; accelerating and calling due your account; turning over your account to a collection agency; referring your account to an attorney for legal action; imposing late charges, interest, collection costs and attorney fees on your account; reporting information about your account to a credit agency; and all other remedies provided by law.

Payment may be made in the following manner(s): [INSERT DETAILS]

Fair Debt Collection Practices Acts Notice

1. The amount of the debt you owe is \$*[amount of debt]*.
2. The name of the creditor to whom you owe the debt: Eagles Nest Property Homeowners Association (ENPHA).
3. Unless you dispute the validity of the debt or any portion thereof within 30 days after receipt of this notice, we shall assume that you agree the debt to be valid.
4. If you notify us in writing within this 30-day period that you dispute this debt or any portion thereof, we will obtain verification of the debt or judgment, if one exists, and will mail you a copy.
5. Upon your written request within the 30-day period we will provide you with the name and address of the original creditor (ENPHA), if different from the current creditor.
6. If you notify us in writing to cease contacting you by telephone at your place of employment, no further contact shall be made.
7. If you refuse to pay the debt or you wish for us to cease further communication and you so advise us in writing, we shall not communicate further with you except:
 - a. To advise you we intend to invoke specified remedies permitted by law or that we may invoke specified remedies which we ordinarily invoke;
 - b. To advise you our efforts are being terminated.
8. This is an attempt to collect a debt, and any information obtained will be used for that purpose.

**POLICY CONCERNING HANDLING OF CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning handling of conflicts of interest involving board members pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(II).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations:

1. Definitions.

- 1.1. A "**conflict of interest**" arises when there is a contract, transaction, or other financial relationship between the Association and a director or officer, or between the Association and a party related to a director or officer, or between the Association, or a director or officer of the Association, and an entity in which a director or officer of the Association is a director or officer or has a financial interest in such entity. An example of a conflict of interest would be the Association hiring a director's or officer's company or the hiring of a director or officer to provide services.
- 1.2. A "**party related to a director or officer**" means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or officer or a party related to a director or officer has a beneficial interest, or an entity in which a party related to a director or officer is a director, officer, or has a financial interest.

2. Requirements in Event of Conflict of Interest.

- 2.1. In the event a director perceives a conflict of interest, he or she shall bring the matter promptly to the attention of the Association's executive board. The director or officer that may have the conflict of interest shall then disclose all material facts as to the director's or officer's relationship or interest and reasons why or why not the transaction would be fair to the Association, and the conflict shall be noted in the minutes of the meeting.
- 2.2. A majority of the disinterested directors may then in good faith decide whether or not to authorize, approve, or ratify the transaction giving rise to the conflict of interest by affirmative vote, even though the disinterested directors are less than a quorum.
- 2.3. An interested director may be counted in determining the presence of a quorum at a meeting of the executive board which authorizes, approves, or ratifies a transaction giving rise to a conflict of interest.
- 2.4. An interested director or officer may address the executive board on the matter in the same manner as any other Owner.

- 2.5. Should more than one director or officer have a potential conflict of interest on the same or a related matter, the matter shall be determined by a vote of the Owners.
3. Requirement for Periodic Review. This policy shall be reviewed by the executive board at least once in every two year period as required by law.

CERTIFICATION:

The foregoing policy was adopted effective June 11, 2015.

/s George I. Resseguie Jr., Board President

By:

The
Klug Law Firm, LLC

**POLICY CONCERNING CONDUCT OF MEETINGS
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning conduct of meetings pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(II).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations:

1. Rules of Order. Meetings will be conducted substantially in accordance with the bylaws of the Association. The person presiding over any meeting may reasonably determine how to conduct the business at hand, which may be relatively informal or in accordance with the current edition of Robert's Rules of Order. No action taken by the Association or its executive board will be subject to challenge for failure to comply with formalities.
2. Executive Board Meetings.
 - 2.1. The executive board shall make agendas for meetings of the board, and agendas for meetings of committees of the board that are authorized to take final action on the board's behalf, reasonably available for examination in advance by all Owners and/or their representatives. If there is no formal agenda, Owners and/or their representatives are nonetheless entitled to a general description of the purpose of the meeting and the subject matter that will be discussed.
 - 2.2. Executive board meetings may be conducted by conference call, in which case the executive board shall arrange means for Owners to listen and be heard upon request.
 - 2.3. All meetings of the Association's executive board shall be open to all Owners and/or their representatives, and all votes shall be conducted during an open meeting except where permitted by law to be conducted in executive session.
 - 2.4. At an appropriate time determined by the person presiding over the meeting, but before the board votes on an issue under discussion, the board shall permit Owners or their designated representatives to speak regarding the issue. The board may place reasonable time restrictions on persons speaking during the meeting. 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.
 - 2.5. The executive board or any committee of the board may conduct an executive session and restrict attendance to executive board members and any others designated by the executive board or by the committee for any of the following reasons:

- 2.5.1. To consult 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;
- 2.5.2. To discuss matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
- 2.5.3. Investigative proceedings concerning possible or actual criminal misconduct;
- 2.5.4. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; or
- 2.5.5. Review of or discussion relating to any written or oral communication from legal counsel.
- 2.6. Before the executive board or any committee of the board convenes in executive session, the chair of the body shall announce the general matter of discussion as one of the above reasons.
- 2.7. The executive board shall not adopt any change to the Associations' articles of incorporation or bylaws during an executive session. An articles of incorporation or bylaw change may be validly adopted only during a regular or special meeting or after the executive board goes back into regular session following an executive session.
- 2.8. The minutes of all meetings at which an executive session was held must indicate that an executive session was held and the general subject matter of the executive session. While in Executive Session, the board will not vote on any issue under discussion.

3. Meeting Notices.

- 3.1. Unless otherwise required by law or the bylaws, regular meetings of the executive board may be held without notice of the date, time, place, or purpose of the meeting.
- 3.2. Unless the bylaws provide for a longer or shorter period, special meetings of the executive board shall be preceded by at least two days' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting unless otherwise required by law or the bylaws.
- 3.3. Unless specified here, agendas of meetings will not be physically posted at any location.
- 3.4. If the Association maintains a website, then agendas of meetings may be posted on such website. If the Association does not maintain a website, then agendas of meetings will not be posted on-line.

- 3.5. The Association will provide notices and agendas of meetings by electronic mail to all Owners who so request and who furnish the Association with their electronic mail address.
- 3.6. Electronic notice of a special meeting of the Owners must be given as soon as possible but at least twenty-four hours before the meeting. Electronic notice shall be in addition to any other notice required by the bylaws or applicable law.
- 3.7. The executive board shall give at least thirty days' advance notice of any change in the manner or means by which meeting information will be provided.
- 3.8. Nothing herein shall prevent the Association or the executive board from taking action without meeting or by written ballot as permitted by law or the bylaws. No notice is required for action without meeting except as required by law or the bylaws.

CERTIFICATION:

The foregoing policy was adopted effective June 11, 2015.

/s George I. Resseguie, Jr., Board President

By:

The
Klug Law Firm, LLC

**POLICY CONCERNING ENFORCEMENT OF COVENANTS AND RULES (INCLUDING NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES)
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning enforcement of covenants and rules (including notice and hearing procedures and the schedule of fines) pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(IV).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations:

1. Review of Suspected Violations. The Association's executive board will review all suspected violations of the governing documents coming to its attention and take appropriate action in its discretion. Before imposing a fine for any violation of the governing documents, the Association will provide notification and the opportunity for a hearing as described below. Nothing herein shall prevent the Association from taking enforcement action other than imposing a fine in any manner provided by law or in equity and at any time.
2. Persons Not Entitled to Participate in Proceedings as a Director. The following shall not be entitled to participate in any proceedings to review suspected violations: (a) the Owner suspected of the violation; and (b) any other Owner having a direct financial interest in the outcome. An Owner shall not be deemed to have a direct personal or financial interest in the outcome if the Owner will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. Owners that are not entitled to participate in the proceedings may nonetheless be counted in determining the presence of a quorum at a meeting of the Association's executive board to consider the suspected violation, but any such Owner will be recused and the remaining directors may take action even if they are less than a quorum.
3. Mandatory Notice Before Fine. Before imposing a fine for any violation of the governing documents, a written complaint will be provided to the Owner generally describing the nature of the suspected violation, which need not be formal. The executive board shall give the Owner an opportunity for a hearing at a regular or special meeting of the executive board. The notice may be given by any method provided in the governing documents or otherwise reasonably calculated to provide the Owner with actual notice. The risk of nondelivery of notice is on the Owner. The notice may require a response by the Owner within a designated time not less than ten calendar days from the date of the notice and the failure of the Owner to respond to the notice or to cooperate in scheduling the hearing will be deemed a waiver of the opportunity for a hearing and the fines may be imposed as determined by the executive board. (See Fine Schedule, Number 5 below)
4. Fair and Impartial Factfinding Process Before Fine. At any hearing to consider whether to impose a fine for a suspected violation of the governing documents, the executive

board will employ a fair and impartial factfinding process concerning whether the alleged violation actually occurred and whether the subject Owner is the one who should be held responsible for the violation. As part of the factfinding process, the executive board may consider any evidence that it deems relevant and need not have "proof" that the violation occurred if it finds it more likely than not that it occurred on the basis of the available evidence. The decision of the Association's executive board will be final and binding. If it is determined that the Owner suspected of a violation should not be held responsible for the alleged violation, the Association shall not allocate to the Owner's account any of the Association's costs or attorney fees incurred in asserting or hearing the claim or impose any fines. The hearing process described in this policy will be treated as an arbitration under an arbitration agreement pursuant to the Colorado Uniform Arbitration Act, COLO. REV. STAT. § 13-22-201 *et. seq.*

5. Fine Schedule. The Association will determine whether any violation was a single occurrence or a continuing violation. In the case of a single occurrence, meaning a violation that occurred on a single occasion, the Association may levy a fine of up to \$200 for a first violation of the rules, \$400 for a second violation of the rules, and \$600 for any subsequent violation of the rules by the same Owner. The Owner need not violate the same provision of the rules in order to be liable for repeat violations. In the case of a continuing violation, meaning a violation that occurred and/or continues for more than one day, the executive board may levy a fine of up to \$100 per day that such violation continued. If an Owner does not request a hearing, or if the Owner is determined to be in violation at the hearing, fines will be imposed retroactively to the date of the violation (not the date of the notice) unless otherwise determined by the Association.
6. Collection Provisions. Except as otherwise provided, all costs, including any attorney fees and costs, and including the fees and costs of any appeal, incurred by the Association to enforce the governing documents, and all imposed fines, shall be an Assessment subject to all collection powers of the Association.

Certification:

The foregoing policy was adopted effective June 11, 2105.

/s George I. Resseguie, Jr., Board President

By:

The
Klug Law Firm, LLC
Nlug Law Firm, LLC

POLICY CONCERNING INSPECTION AND COPYING OF ASSOCIATION RECORDS BY HOME OWNERS OF EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning inspection and copying of Association records by unit owners pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(V). In addition, Colorado law contains detailed records requirements. *See* COLO. REV. STAT. §§ 39-33.3-317 and -209.4(2).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations:

1. Annual Disclosures.
 - 1.1. Within ninety days after the end of each fiscal year (December 31), the Association shall make certain information available to the Owners that shall be known as the "**Annual Disclosure.**"
 - 1.2. The Annual Disclosure shall be accomplished by one of the following means: Posting on an internet web page with accompanying notice of the web address sent to each Owner via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery to the Owners.
 - 1.3. The Association will give each Owner notice when the Annual Disclosure is available.
 - 1.4. The cost of distributing the Annual Disclosure shall be accounted for as a common expense liability in the Association budget.
 - 1.5. The Association's executive board may delegate the responsibility for preparing and distributing the Annual Disclosure to the managing agent or one of its officers as the Association shall determine.
 - 1.6. The Annual Disclosure shall consist of the following:
 - (i) The date on which the Association's fiscal year commences;
 - (ii) The Association's operating budget for the then current fiscal year;
 - (iii) A list, by unit type, of the Association's then current assessments, including both regular and special assessments;
 - (iv) The Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current Annual Disclosure;

(v) The results of the Association's most recent available financial audit or review;

(vi) 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;

(vii) All the Association's bylaws, articles, and rules and regulations;

(viii) The minutes of the executive board and member meetings for the fiscal year immediately preceding the current Annual Disclosure; and

(ix) The Association's responsible governance policies adopted under Colorado Revised Statute § 38-33.3-209.5.

2. Required Records. In addition to the records required as part of the Annual Disclosure and any records specifically defined in the Association's governing documents as they may be amended from time to time, the Association's will maintain the following, all of which shall be deemed to be the sole records of the Association for purposes of document retention and production to Owners (the "**Records**"):

(a) Detailed records of receipts and expenditures affecting the operation and administration of the Association;

(b) Records of claims for construction defects and amounts received pursuant to settlement of those claims;

(c) Minutes of all meetings of its owners and executive board, a record of all actions taken by the owners or executive board without a meeting, and a record of all actions taken by any committee of the executive board;

(d) Written communications among, and the votes cast by, executive board members that are:

(I) Directly related to an action taken by the board without a meeting pursuant to COLO. REV. STAT § 7-128-202; or

(II) Directly related to an action taken by the board without a meeting pursuant to the Association's bylaws;

(e) The names of Owners in a form that permits preparation of a list of the names of all Owners and the physical mailing addresses and electronic

mail address at which the Association communicates with them, showing the number of votes each unit Owner is entitled to vote;

(f) Its current declaration, covenants, bylaws, articles of incorporation, rules and regulations, responsible governance policies adopted pursuant to COLO. REV. STAT § 38-33.3-209.5, and other policies adopted by the executive board;

(g) Financial statements as described in COLO. REV. STAT § 7-136-106 (requiring reasonable detail of the association's assets and liabilities and results of its operations) for the past three years and tax returns of the association for the past seven years, to the extent available;

(h) A list of the names, electronic mail addresses, and physical mailing addresses of its current executive board members and officers;

(i) Its most recent annual report delivered to the secretary of state, if any;

(j) Financial records sufficiently detailed to enable the association to comply with COLO. REV. STAT § 38-33.3-316(8) concerning statements of unpaid assessments;

(k) The Association's most recent reserve study, if any;

(l) Current written contracts to which the Association is a party and contracts for work performed for the association within the immediately preceding two years;

(m) Records of executive board or committee actions to approve or deny any requests for design or architectural approval from Owners;

(n) Ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;

(o) Resolutions adopted by its executive board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and

(p) All written communications within the past three years to all Owners generally as Owners.

To the extent that any of the Records are not available going backward from the adoption of this policy, it shall be sufficient to maintain them going forward, and in that case the Association shall maintain a record of unavailable Records and include it with the Records.

3. Details Concerning Action Without Meeting.

- 3.1. Paragraph 2(d) above requires the Association to maintain written communications, and the votes cast by, executive board members that are related to certain actions taken by the Association's executive board without a meeting. To clarify this requirement, the members of the executive board are permitted to communicate generally between and among themselves with respect to Association business without this constituting a meeting that must comply with meeting requirements. The executive board may also be permitted to take action on behalf of the Association without a meeting or by written ballot under the governing documents and applicable Colorado law. However, to the extent that the executive board does take action on behalf of the Association without a meeting, the written communications relating to that action (such as e-mail correspondence) must be maintained as Records.
- 3.2. The secretary is responsible for maintaining such written communications and this duty may be delegated to the managing agent, if any. The president may issue protocols for complying with this rule such as that executive board members must utilize special e-mail accounts for communications between and among themselves, that communications must take place in a designated electronic forum, or that all communications must be copied to a certain e-mail account for tracking purposes.
- 3.3. In most cases, the executive board should take action at a formal meeting.
- 3.4. Nothing herein shall prevent the members of the executive board from discussing outside of a formal meeting matters that will come before the executive board at a formal meeting, and, so long as the actual action is taken at a meeting, any written communications relating to such discussions need not be maintained as Records.
- 3.5. To the extent that the executive board authorizes an agent such as a managing agent, committee member, or officer, to take action on behalf of the Association, written communications to or from that agent in carrying out the authorized action need not be maintained by the Association.
4. Owner Right to Inspection or Production of Records and Request Process.
 - 4.1. Subject to the limitations stated below, the Records must be available for examination and copying by an Owner or the Owner's authorized agent.
 - 4.2. An Owner wishing to obtain any Record or the Records must submit a written request to the Association, describing with reasonable particularity the Record or Records sought, at least ten (10) calendar days (as determined in Section 4.4) prior to inspection or production of the documents. The request shall state whether the Owner wishes to physically inspect the Record or Records or wishes to have copies of them produced. The requirement that a request be stated with "reasonable particularity" means that the scope of a request shall be limited to a limited number of Records rather than simply a request for all Records.

- 4.3. To the extent that an Owner requests to physically inspect a Record or Records, the Association shall notify the Owner of a date, time, and place where such inspection may occur. The inspection may be limited to normal business hours or the next scheduled executive board meeting if the meeting occurs within thirty calendar days after the request.
- 4.4. To the extent that an Owner requests that copies of a Record or Records be produced, the Owner shall designate whether the Owner wishes to receive the documents by photocopying or through a means of electronic transmission, if available. The Association may impose a reasonable charge for making copies of Records. The charge will be up to \$50 per hour or fraction thereof for copying plus 20 cents per page, which may be paid to the managing agent, if any. The Association may require an Owner to pay the charge, or a deposit of the estimated amount thereof, in advance. The ten days' notice provided in paragraph 4.2 above shall run from when the charge or deposit is paid, not from the date of the request. However, the Association shall provide the Owner with the amount of the charge or deposit amount within ten (10) calendar days following any request and the request shall be deemed made and received on the date the deposit is received.
5. Limitations on Record Requests.
- 5.1. Membership Lists. A membership list or any part thereof may not be obtained or used by the Association for any purpose unrelated to an Owner's interest as an Owner without consent of the executive board. A request by an Owner for a membership list or any part thereof shall be accompanied by a statement of the purpose for the request so that the Association can ensure compliance with this provision. Without limiting the generality of the foregoing, without the consent of the executive board, a membership list or any part thereof may not be:
- (i) Used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;
 - (ii) Used for any commercial purpose; or
 - (iii) Sold to or purchased by any person.
- 5.2. Other Documents. The Association may withhold Records from Owners to the extent that they are or concern:
- (i) Architectural drawings, plans, and designs, unless released upon the written consent of the legal owner of the drawings, plans, or designs;
 - (ii) Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;

(iii) Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including fee agreements with legal counsel and legal invoices, even if the communication relates to action taken by the executive board without a meeting;

(iv) Disclosure of information in violation of law;

(v) Records of an executive session of an executive board;

(vi) Individual units other than those of the requesting owner;

(vii) Personnel, salary, or medical records relating to specific individuals;
or

(viii) Personal identification and account information of members and residents, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers.

(b) (I) Personal identification and account information of members and residents, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers; except that a member or resident may provide the Association with prior written consent to the disclosure of, and the Association may publish to other members and residents, the person's telephone number, electronic mail address, or both. The written consent must be kept as a Record of the Association and remains valid until the person withdraws it by providing the Association with a written notice of withdrawal of the consent. If a person withdraws his or her consent, the Association is under no obligation to change, retrieve, or destroy any document or record published prior to the notice of withdrawal.

5.3. Additional Limitations. The Association is not obligated to compile or synthesize information for Owners. Records and the information contained within those Records shall not be used for commercial purposes. The Association may adopt such additional rules concerning the publication or dissemination of Records by Owners as the Association deems reasonably necessary. The Association may request reasonable information or assurances in writing from Owners prior to disclosing Records in order to ensure compliance with the stated limitations.

6. Statement of Account.

6.1. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a

written statement setting forth the amount of unpaid assessments currently levied against such Owner's unit.

- 6.2. The charge for preparing such statement shall be \$50.00.
- 6.3. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and payment of the charge.
- 6.4. The statement shall be sent to the Owner or holder of a security interest or his or her designee, personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party.
- 6.5. The Association may, in its discretion, respond to informal requests for statements from title companies that represent they are handling the transfer of a unit in the Association, and the same charge will apply to such informal requests.
7. Audit or Review of Financial Information.
 - 7.1. With respect to paragraph 1.6(v) above, the books and records of the Association may be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified person selected by the executive board. Such person need not be a certified public accountant except in the case of an audit. A person selected to conduct a review shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting.
 - 7.2. An audit or review may be initiated at any time in the discretion of the executive board.
 - 7.3. An audit shall be required when both of the following conditions are met:
 - (i) The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars; and
 - (ii) An audit is requested by the Owners of at least one-third of the units represented by the Association.
 - 7.4. A review shall be required when requested by the Owners of at least one-third of the properties represented by the Association.
 - 7.5. In addition to the requirement to disclose an audit or review as part of the Annual Disclosure, copies of any audit or review shall be made available upon request to any Owner beginning no later than thirty calendar days after its completion.

8. Disclosure of Budget. Within ninety (90) calendar days after adoption of any proposed budget, the executive board shall mail, by ordinary first-class mail, electronic mail address, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary, or as allowed for in the bylaws. The executive board shall give notice to the Owners of the meeting as allowed for in the bylaws.

9. Disclosure of Secret Ballot Information. There are provisions of the applicable law pertaining to disclosure of voting information that could be read in conflict. On the one hand, COLO. REV. STAT. § 38-33.3-110 indicates circumstances under which votes may or must be taken by secret ballot, and further requires "results of a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of unit owners participating in such vote." On the other hand, COLO. REV. STAT. § 38-33.3-317, which is reflected in Paragraph 2(n) above, requires the Association to disclose "[b]allots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate." The Association interprets the law to mean that the general requirement to disclose ballots does not apply to the disclosure of secret ballots because that would absurdly defeat the purpose of the secret ballots. Rather, the Association's interpretation is that the more specific provisions of Section 110 cited above apply in the case of secret ballots and the Association will only disclose such information as is provided in that section of the law with respect to secret ballots and related information.

Except as specifically required herein or in the bylaws, unless requested by any member of the Association, any requirement of a secret ballot shall not apply, and voice vote shall otherwise be permitted.

10. Miscellaneous Provisions.
 - 10.1. With respect to paragraph 2(a) and (j) above, the Records shall be considered sufficiently "detailed" if they include a record of the date, amount, subject, and payee for each transaction. The Records need not include actual receipts and evidence of payment.
 - 10.2. With respect to paragraph 2(n) above, the secretary shall be responsible for collecting the required documents relating to any votes. Should the secretary be unavailable, this duty may be delegated to a responsible person by the President of the Association.

CERTIFICATION:

The foregoing policy was adopted effective June 11, 2015.

/s George I. Resseguie, Jr., Board President

By:

The
Klug Law Firm, LLC

**POLICY CONCERNING INVESTMENT OF RESERVE FUND
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning investment of its reserve fund pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(VI).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations:

1. General. Any reserve fund maintained by the Association may be invested in an insured account in a reputable banking or financial institution selected by the executive board.
2. Investment Objectives.
 - 2.1. Safety of Principal: The long-term goal is safety of the reserve funds and to promote and ensure the preservation of the reserve fund's principal.
 - 2.2. Liquidity: Funds shall be sufficiently liquid to meet anticipated or unanticipated expenditures. Liquidity can be achieved by structuring maturities to ensure the availability of assets when needed.
 - 2.3. Minimal Costs: Investment costs should be minimized.
 - 2.4. Return: Funds should be invested to seek a level of return consistent with the preservation of principal.
3. Reserve Study: Periodically (at least every five years) the Association will prepare a Reserve Study for key Association requirements (e.g., potential legal fees) for the coming five year period.
4. Contributions to the Reserve Accounts: Annually, contributions to Reserve accounts and the required yearend balances will be presented to the board in December for approval as part of the Annual Budget.

CERTIFICATION:

The foregoing policy was adopted effective June 11, 2015.

/s George I. Resseguie, Jr., Board President

By:

The
Klug Law Firm,LLC

**POLICY CONCERNING PROCEDURE OF ADOPTION AND AMENDMENT OF POLICIES,
PROCEDURES, AND RULES
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning its procedure of adoption and amendment of policies, procedures, and rules pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(VII).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations:

The Association's executive board may adopt or amend policies, procedures, and rules as it deems necessary, desirable or appropriate with respect to the interpretation and implementation of the governing documents of the Association and the operation of the Association. The executive board shall provide notice to the Owners of the general topic, if not the full substance, upon adopting any policy, procedure, or rule. Any Owner may then request a full copy of the same under the separate records policy.

CERTIFICATION:

The foregoing policy was adopted effective June 11, 2015.

/s George I. Resseguie, Jr., Board President

By:

The
Klug Law Firm,LLC

**POLICY CONCERNING PROCEDURES FOR ADDRESSING DISPUTES ARISING BETWEEN THE
ASSOCIATION AND UNIT OWNERS
OF
EAGLES NEST PROPERTY HOMEOWNERS ASSOCIATION, INC.**

Eagles Nest Property Homeowners Association, Inc. (the "**Association**") is required to adopt a responsible governance policy concerning its procedure for addressing disputes arising between the Association and unit owners pursuant to COLO. REV. STAT. § 38-33.3-209.5(1)(b)(VIII).

Accordingly, the Association adopts the following responsible governance policy as part of its rules and regulations:

1. Any dispute between the Association and any Owner will be adjudicated by a majority vote of the board.
2. Any controversy between the Association and an Owner may be submitted to mediation by agreement of the parties prior to the commencement of any legal proceeding. The mediation agreement, if one is reached, may be presented to the court as a stipulation. Either party to the mediation may terminate the mediation process without prejudice. If either party subsequently violates the stipulation, the other party may apply immediately to the court for relief.
3. The governing documents of the Association may specify situations in which disputes shall be resolved by binding arbitration under the uniform arbitration act, part 2 of article 22 of title 13, COLO. REV. STAT., or by another means of alternative dispute resolution under the "Dispute Resolution Act", part 3 of article 22 of title 13, COLO. REV. STAT.

CERTIFICATION:

The foregoing policy was adopted effective June 11, 2015.

/s George I. Resseguie, Jr., Board President

By:

The
Klug Law Firm,LLC