

AMENDED RULES AND REGULATIONS

OF

**PACIFIC PLACE CONDOMINIUMS
OWNERS' ASSOCIATION, INC.**

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These Amended Rules and Regulations (“Rules”) are adopted by the Board of Directors (“Board”) of Pacific Place Condominiums Owners’ Association, Inc. (“Association”) to protect the investment of the Members in the property subject to regulation by the Association and to comply with the requirements of the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101 *et seq.*

Section I – Definitions

The following definitions are in addition to any definitions contained within the body of the Rules.

Articles are the Articles of Incorporation of Pacific Place Condominiums dated March 10, 1995, as amended May 4, 1995 to change the name of the Association to Pacific Place Condominiums Owners’ Association, Inc.

Bylaws are the Bylaws of the Pacific Place Condominiums Owners’ Association, Inc., dated June 26, 1995, as may be amended.

Community means the Pacific Place Condominiums.

Declarations are the Declaration of Grants, Covenants, Conditions and Restrictions Establishing a Plan for Condominium Ownership of Pacific Place Condominiums, a Condominium Common Interest Community, recorded in the San Miguel County real property records at reception number 299405, as may be amended from time to time.

Garage means the parking, storage spaces and garbage/recycling areas of the Community.

Member means the fee owner(s) of a Unit.

Short-Term Rental means the rental of any structure on a Unit for periods of less than one (1) month.

Unit has the meaning set forth in the Declarations.

Section II – Occupancy and Use Limitations

- A. Unrelated Adults. No Unit may be occupied by more than 4 unrelated adults.
- B. Commercial Use. With the sole exception of Unit R, no Unit may be used for any commercial use or purpose whatsoever except home offices.
- C. Nuisance. No noxious, offensive, dangerous or unsafe activity shall be carried on in any Unit, or the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Owners or

occupants or which may interfere with their peaceful enjoyment of the Common Elements for the purposes for which they were designed. No Member or occupant shall make or permit any disturbing noises or nuisance activities or do or permit anything to be done that will interfere with the rights, peaceful enjoyment, and comforts or convenience of other Members or occupants. No Member or occupant shall play, or suffer to be played, any musical instrument or operate, or suffer to be operated, an engine, device, television, computer or radio at high volume or in any other manner that shall cause unreasonable disturbances to other Members or occupants.

Section III – Parking and Garage

- A. Abandoned Vehicles. No inoperative or abandoned vehicle shall be kept or stored in the the Garage. In the event that the Board determines that a vehicle is inoperative or abandoned in the Garage, the Board shall provide the Member in whose space the vehicle is located a written Notice of Violation and require the Member to remove the vehicle within 72 hours.
- B. Parking. Members must park their vehicles in the Garage wholly within their designated the parking space.
- C. Vehicle Maintenance. Maintenance of any vehicle in the Garage is prohibited.
- D. Storage. Other than vehicles, bicycles and baby strollers, nothing may be stored in the Garage outside of a Unit's designated storage space. Bicycles shall be stored either on or in a bike rack, if one is provided by the Association, or within a Unit's designated parking space. Baby strollers must be located within a Unit's designated parking space.
- E. Dangerous Materials. No flammable or dangerous items or materials may be stored in the Garage, in any vehicle in the Garage, or in a Unit's storage space.
- F. Blocking Trash Removal Prohibited. No vehicle shall be parked so as to prevent removal of trash and recycling by the trash and recycling collection company.

Section IV – Animal Restrictions

- A. Limitation on Animals. No animals, livestock, poultry or insects of any kind, including dogs, cats, birds or bees, shall be raised or kept in the Commonn Interest Community; except that a reasonable number of dogs, cats, birds or other household pets may be kept or raised in a Unit, subject to all applicable local ordinances. The Board, in its sole discretaion, may reasonably restrict the number of household pets raised or kept in any Unit on a case-by-case basis. In no event will any dog whose breed is known for its viciousness, such as a Pit Bull, be permitted in the Community, nor shall any venomous or other dangerous animal be permitted in the Community. Service dogs will be permitted for Members requiring the use of such dogs.

- B. Commercial Raising of Animals. No animals shall be raised, bred or kept in the Community for any commercial purpose.
- C. Cleaning Up After Pets. Pet owners must clean up after their pets and dispose of the same in suitable containers.
- D. Pets in Common Elements. Pets shall not be allowed to be unrestrained or unattended on the Common Elements.
- E. No Barking. Pets are not allowed to disturb the peace of other Members by barking, whining or making other loud noises, or by being a nuisance in any other manner.

Section V –Units and Limited Common Elements

- A. Changes to Units and LCEs. Changes to Units requiring a building permit must be approved in writing by the Board prior to commencement of demolition and/or construction. All changes to Limited Common Elements must be approved in writing by the Board prior to commencement of demolition and/or construction.
- B. Increased Risks, Damage. Nothing shall be done or kept in or upon a Unit or in or upon Common Elements, or any part thereof, that would result in the cancellation or increase in the cost of insurance maintained by the Association without the prior written approval of the Board or that would violate any federal, state or local law or regulation.
- C. Damage to Other Units and Common Elements. Members shall be financially liable for any and all damage to other Units or Common Elements caused by or reasonably attributable to such Members, their family members, tenants, guests, invitees, or pets. For example and not by way of limitation, if a leak is reasonably determined to have begun in a Unit, and such leak causes damage to other Unit(s) or to Common Elements, the Member owning the Unit where the leak began is financially responsible for the cost of repairing the damage to all other Unit(s) and Common Elements.

Section VI – Financial, Collection and Disclosure Policies

- A. Investment of Reserve Funds. In investing the Association's reserve funds, the Board shall be subject to the standards set forth in C.R.S. §7-128-401, which requires that Board members discharge their duties in good faith, with the care an ordinarily prudent person would exercise under similar circumstances, and in the best interests of the Association.
- B. Accounting Records. The Association will maintain accurate and complete accounting records.
- C. Review of Financial Records. At the written request of at least one-third of the Association's Members, the books and records of the Association shall be subject to a

review, using statements on standards for accounting and review services, by an independent and qualified person selected by the Board. The person selected by the Board to conduct the 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 review shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting. A copy of the review will be made available upon request to any Member beginning no later than 30 days after its completion.

D. Collection Procedures. The Board has adopted the following procedures and policies for the collection of assessments and other charges of the Association.

1. Due Dates. The annual assessment as determined by the Association shall be due and payable on May 1 unless otherwise determined by the Board of Directors. Assessments or other charges not paid to the Association with one month (by June 1 in the case of annual assessments) shall be considered past due and delinquent.

2. Invoices. The Association may, but shall not be required to, invoice a Member for the Member's annual assessment. The Association shall send invoices to each Member by electronic mail (e-mail). All Members must provide the Association with a valid e-mail address and shall be responsible for notifying the Association of any changes to such e-mail address.

3. Fines Imposed On Delinquent Installments. The annual assessment shall be past due and delinquent if not paid by June 1 of the year in which the assessment is made. The Association shall impose a one hundred dollar (**\$100.00**) late charge each month on any outstanding or past due balance. The late charge shall be a "common expense" for each Member who fails to pay his/her annual assessment by June 1 and shall be collected as an assessment. The late fee may be adjusted from time to time by the Board upon written notice to the Members.

4. Fines Imposed On Returned Checks. The Association shall impose a twenty-five dollar (**\$25.00**) charge for any Member's check or payment returned for insufficient funds. The fee for returned checks may be adjusted from time to time by the Board upon written notice to the Members.

5. Interest; Payments on Delinquent Accounts. Delinquent assessments, fines or other charges due the Association shall bear interest at the rate of 18% per annum (1.5% per month), to be assessed each month on the outstanding unpaid balance, including accumulated unpaid interest. Payments on a delinquent account shall be applied first to fines, charges and interest and then to the delinquent assessment itself.

6. Legal Fees on Delinquent Accounts. The Association shall be entitled to recover its reasonable legal fees incurred in the collection of assessments or other fines and charges due the Association from a delinquent Member.

7. Notice of Delinquency and Opportunity to Cure; Use of Certified Mail. For assessments that are 60 days past due, the Association will send a collection letter by certified mail to the delinquent Member advising such Member that the assessment is 60 days past due. The collection letter will contain a statement of the Member's account history reflecting all assessments due; advising the Member to immediately contact a designated Board member or Association manager in writing via certified mail and by courtesy e-mail if the Member desires to enter into a payment plan pursuant to Section VI(D)(8) below; and advising the Member that immediate action is required to cure the delinquency, that failure to cure or to enter into a payment plan within 30 days will result in the the Association recording a lien against the Member's Unit, and of all fees, charges and interest that will be assessed against the Member for such delinquency.

8. Payment Plans. Upon request of a delinquent Member, the Board shall permit the delinquent Member to pay an outstanding balance in installments. The payment plan shall allow for payment of the delinquency in equal monthly installments over a term of 6 months, or longer if approved by the Board of Directors. A payment plan must be offered to a delinquent Member prior to the Association recording a notice of lien pursuant to Section VI(D)(11) below. The cost of preparing a payment plan shall be \$150, which amount shall be added to the delinquent Member's account and collected as an assessment. The Board may, but shall not be obligated to, waive or reduce interest, fees and charges associated with a Member's indebtedness as part of and conditioned upon the Member's full and timely payment under the terms of a payment plan. Nothing in these Rules shall obligate the Association to offer or enter into a payment plan with a Member who has previously entered into a payment plan under this provision.

9. Forbearance. The Board may grant a waiver in whole or in part of any provision of the Declarations, Articles and Rules for a limited period of time in cases of hardship or other extenuating circumstances.

10. Suspension of Member's Privileges. The Association may suspend the following privileges when a Member is more than 30 days delinquent in payment of such Member's assessments, fines, or other charges imposed by the Association:

- a. To hold office as a Director.
- b. To submit an application to the Design Review Board.

- c. To vote at any Member meeting.

Delinquent Members shall be notified of the suspension of their privileges, including their right to vote, when notified of any Member meeting.

11. Notice of Lien. The Association may record a Notice of Lien against the property of any delinquent Member in accordance with the terms and provisions of the Declarations, Articles and Bylaws.

12. Notice of Unpaid Assessments. The Association shall furnish to a Member or a Member'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 requested to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Member's Unit. The statement shall be furnished within 14 calendar days after receipt of the request and is binding on the Association, the Board and every Member. If no statement is furnished, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Unit for unpaid assessments which were due as of the date of the request.

13. Foreclosure of Association's Lien; Other Legal Remedies.

- a. Any foreclosure of an Association lien against a Member's property must be authorized by the Board.

- b. The Board may authorize a foreclosure if the amount of a Member's outstanding balance, including but not limited to delinquent assessments, fines, interest and other charges, is greater than one-fourth (1/4) of the amount of the Member's annual assessment. Prior to authorizing a foreclosure or other legal action, or sending the account to a collection agency, the Board must notify the delinquent Member pursuant to Section VI(D)7 and follow the procedures set forth therein.

- c. The Board is authorized to utilize all legal remedies to collect a Member's delinquent account. In the event that the Association is the substantially prevailing party in any suit to collect a Member's delinquent account, the Association shall be entitled to its reasonable legal fees and costs.

E. Annual Disclosures. Within 90 days after the end of each fiscal year, the Association will make the following information available to Members upon reasonable written request by email; by posting on a Board-approved Association website, with accompanying notice of the web address via e-mail, by U.S. Mail delivery; or by personal delivery:

1. The date on which the Association's fiscal year begins.
2. The Association's operating budget for the current fiscal year.
3. A list of the Association's current assessments.
4. The Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure.
5. The results of the Association's most recent financial review, if any.
6. A list of all Association insurance policies, including, but not limited to, property, general liability, director and officer professional liability, and fidelity policies. Such list will include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed.
7. All of the Association's bylaws, articles, and rules and regulations.
8. The minutes of the Board and Member meetings for the fiscal year immediately preceding the current annual disclosures.
9. A copy of these Rules, which include the Association's responsible governance policies.

Section VII – Member Meetings

- A. **Regular Meetings.** A meeting of the Members will be held at least once in each calendar year.
- B. **Special Meetings.** Special meetings of the Members may be called by the Board Chairman, by a majority of the Board, or by Members having 10% of the votes of the Association.
- C. **Notice.** Not less than 10, nor more than 50, days in advance of any meeting of the Members, the Board Secretary shall notify the Members of such meeting by hand delivery, by notice sent by U.S. Mail, or by e-mail. In addition, if feasible and practicable, the Board will post notice of any annual or special Member meeting in a conspicuous location on the Association property no less than ten (10) days prior to such meeting. If the Association has a Board-approved website, notice of any Member meeting also will be posted on the Association's website. Members may waive any insufficiencies in notice at any Member meeting for which notice may have been insufficient by majority vote if a quorum is present in person (including by telephone) or by proxy. All Members shall provide the Corporation with their current and accurate mail and e-mail addresses. If an e-mail notice provided by the Corporation under this Section VII is returned or bounced back, the Corporation shall provide written notice to the Member by U.S. mail.

D. Contents of Notice. The notice must state the time and location of the meeting or telephone conference call; the agenda; and the general nature of any proposed declaration or bylaw amendments, budget changes, and any proposal to remove a Director.

E. Member Participation. Member meetings are open to all Members and to any person designated by a Member in writing as the Member's representative. Only business within the purpose or purposes described in the notice may be conducted at Member meetings. Nevertheless, Members must be given a reasonable opportunity to offer comments to the Board on any matter affecting the Association at any Member meeting.

F. Quorum. A quorum is deemed present throughout any Member meeting if persons entitled to cast 51% of the votes are present in person (including by telephone) or by proxy, at the beginning of the meeting.

G. Secret Ballots.

1. The Association will use secret ballots for all contested Board elections.
2. If requested by 20% of Members present at a meeting in person or represented by proxy, secret ballots will be used for votes on which Members are entitled to vote, including uncontested Board elections.
3. Ballots will be counted by a neutral third party or by a committee of volunteers comprised of Members who are fairly selected at an open meeting. Volunteers may not be Board or, in the case of contested elections, candidates.
4. The results of a secret ballot must be reported without reference to the names, addresses or other identifying information of the Members who participated in the vote.

H. Voting by Proxy. Any Member may vote by proxy, subject to the following procedures:

1. A Member may appoint a proxy by signing an appointment of proxy form.
2. A proxy is effective when received by the Association and is valid for 11 months, unless otherwise stated in the proxy form.
3. A Member may revoke the proxy only by giving actual notice of the revocation to the person presiding over the meeting.
4. A proxy is void if it is not dated or if it purports to be revocable without notice.

I. Recognizing a Member's Vote. The Association may reject a vote, consent, written ballot, waiver, proxy appointment or proxy revocation if the person authorized to tabulate votes, acting in good faith, has reason to doubt the validity of the signature or the signatory's authority to sign for the Member.

Section VIII – Board of Directors; Board Meetings

A. Authority; Officers; Committees. Except as provided in the Articles, Declarations, and C.R.S. §38-33.3-303(3), the Board may act in all instances on behalf of the Association. C.R.S. §38-33.3-303(3) prohibits the Board from acting on behalf of the Association to amend the Declarations, terminate the common interest community, elect members of the Board of Directors, or determine the qualifications, powers and duties, or terms of office of Board of Directors members.

1. The officers of the Board are authorized to act on behalf of the Association as set forth in the Articles without need to convene a meeting of the Board.

2. The Board may create standing or temporary committees as desired to meet the needs of the Association. Membership in any committee is restricted to Members of the Association.

B. Number; Terms of Office. The Board shall consist of at least three (3) and no more than five (5) Directors. The term of at least one (1) of the Directors shall expire annually.

C. Eligibility; Limitation: No Member may serve as a Director unless such Member has been a member of the Association in good standing for at least two (2) years prior to the date of the election. "Good standing" means being current in the payment of assessments and any other fees or charges. No Unit may be represented on the Board by more than one (1) Member; if a single Unit is owned by more than one (1) Member, only one (1) of the Members may serve as a Director.

D. Removal of Directors. The Members, by a vote of at least two-thirds (2/3) of the vote at any Member meeting at which a quorum is present, may remove a Director with or without cause. Any Director elected by the Members who is more than thirty (30) days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the Directors present at a regular or special meeting of the Board at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

E. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Members, may be filled at a regular or special meeting of the Board at any time after the occurrence of the vacancy even if the Directors present at that meeting constitute less than a quorum. Each Director so elected shall be a Director for the remainder of the term of the Director so replaced.

- F. Standard of conduct. Each Director shall discharge his or her duties as a Director:
1. In good faith;
 2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 3. In a manner the Director reasonably believes to be in the best interests of the Association.
- G. Limitation of Liability. No member of the Board shall be personally liable to the Association or to the Members for action taken or omissions made in the performance of such Director's duties, except for wanton and willful acts or omissions.
- H. Indemnification. The Association will indemnify each Director against liability with respect to actions taken on behalf of the Association provided that:
1. The Director's conduct was in good faith; and
 2. The Director reasonably believed that the conduct was in the Association's best interests.
- I. Board Meetings.
1. Meetings Open. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Members or their representatives. Agendas for meetings of the Board shall be made reasonably available to all Members or their designated representatives. Notices of Board meetings will be sent by e-mail and shall be deemed delivered upon sending
 2. Notice Required. The Board Secretary shall notify Directors of any regular or special Board meeting in person, by U.S. Mail or by e-mail no less than 5 days prior to such meeting. Directors may waive any insufficiencies in notice at any Board meeting for which notice may have been insufficient by majority vote if a quorum is present in person (including by telephone) or by proxy.
 3. Quorum. A quorum is deemed present throughout any meeting of the Board if 50% of the Directors are present at the beginning of the meeting (including by telephone) or grant their proxy.
 4. Member Participation at Board Meetings.
 - a. All Board meetings, or any portion of Board meetings, that are not executive or closed-door sessions, are open to all Members and persons designated in writing by any Member as that Member's representative. No Board action may occur without a meeting, although telephone conference meetings are allowed, provided that Members may participate in the conference call.

- b. Members are entitled to address the Board prior to a vote of the Board on any matter under discussion. The Board may place reasonable time restrictions on those speaking, but if more than one person would like to address an issue and opposing views exist, the Board must allow a reasonable number of persons to speak to each side of the issue.
5. Closed-Door Sessions. The Board may hold executive or closed-door sessions and may restrict attendance to Board members and such other persons requested by the Board to attend for the following purposes:
- a. Matters involving the employment, promotion, discipline or dismissal of an officer, agent or employee of the Association.
 - b. Consultation with legal counsel.
 - c. Investigative proceedings concerning possible or actual criminal misconduct.
 - d. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure.
 - e. Any matter the disclosure of which could constitute an unwarranted invasion of individual privacy.
 - f. Review of, or discussion relating to, any written or oral communication from legal counsel.
6. Disclosure of Information from Closed-Door Sessions. 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.
7. No Rules Adopted in Closed Session. The Board may not adopt a rule or regulation during an executive, or closed, session.
8. Reserve Study Policy. It shall be the responsibility of the Board to determine the repair and replacement risk of the assets owned, maintained, repaired, replaced and improved by the Association. It shall be the Board's responsibility to create and maintain adequate reserves to provide for the orderly repair, restoration, replacement and, where needed, improvement of these assets so as to minimize the risk to the owners of special assessments, deferred maintenance, or unfunded losses.

- a. In order to determine funding of the Reserve Fund, the Board shall determine the life expectancy of those portions of the community to be maintained, repaired, replaced and improved by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a “Reserve Study”). Any Reserve Study should be based upon both physical and financial analyses. An internally conducted Reserve Study is sufficient.
 - b. The reserve fund will be funded through regular assessments and, when necessary, special assessments levied by the Association. The reserve fund shall be funded at a level such that the reserve fund shall at all-time maintain a positive balance and shall target a surplus contingency amount which shall be set by the Board from time to time.
9. Adoption of Budget. Within 90 days after adoption of any proposed budget for the Association, the Board shall send a summary of the budget to all Members by e-mail and shall set a date for a meeting of the Members. The budget shall be adopted at the meeting of the Members unless vetoed by 67% of the Members.

Section IX – Conflicts of Interest Involving Directors

- A. Definition. A “conflicting interest transaction” is a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director is a director or officer or has a financial interest.
1. A “party related to a Director” is a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director, officer, or has a financial interest.
 2. An “officer” means any person designated as a Director or other officer of the Association and any person to whom the Board delegates responsibilities including, without limitation, a managing agent, attorney, or accountant employed by the Board.
- B. Disclosure Required. Any Director involved in a conflicting interest transaction must disclose such conflict in an open meeting.
- C. Loans Prohibited. Loans by the Association to a Director or to an Association officer are prohibited. Any Director who assents to or participates in the making of any such loan will be liable to the Association for the amount of such loan until repaid.
- D. When Conflicting Interest Transactions May Be Allowed. No conflicting interest transaction will 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 the Association (i) solely because the conflicting interest transaction involves a Director or party related to a Director or an entity in which the Director is a director or officer or has a financial interest, or (ii) solely because the Director is present or participates in the meeting of the Board of Directors that authorizes, approves, or ratifies the conflicting interest transaction, or (iii) solely because the Director's vote is counted if:

1. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board, and the Board 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 Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members entitled to vote on the matter, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote on the matter; or
3. The conflicting interest transaction is fair to the Association.

E. Quorums. All Directors, including Directors involved in conflicting interest transactions, may be counted in determining the presence of a quorum at a meeting of the Board that authorizes, approves, or ratifies the conflicting interest transaction.

Section X – Policy Regarding Disputes Between the Association and Members

Members must attempt to resolve any dispute with the Association as set forth herein prior to initiating any litigation involving the Association. Disputes between the Association and Members will be addressed as follows:

- A. A Member will notify the Board in writing (which may not be by e-mail) of any dispute it has with the Association that may result in litigation. The Association also may initiate resolution of a dispute upon the request of any officer of the Board.
- B. Within a reasonable time following notice of any dispute, the President will appoint one or more Directors to discuss the dispute with the Member and attempt to resolve the dispute, if resolution is possible.
- C. If no resolution is reached by the appointed Director(s) and Member, either may request a meeting of the Board to consider the dispute. Within 30 days of receipt of such request, the Board will set a meeting (or telephone conference call) at which it will discuss such dispute with the Member.
- D. The resolution or lack of resolution of the dispute will be reflected in the minutes of the Board meeting.

E. If no resolution of the dispute is reached, either party may initiate mediation. If the dispute arises out of the provisions of CCIOA, or is based upon a claim that the Association is failing to enforce the Articles, Declarations or Rules, the parties must attempt to mediate the dispute before filing a legal action except in any situation that involves an imminent threat to the peace, health or safety of the community as determined by the Board.

1. Either party to the mediation may terminate the mediation process at any time without prejudice.
2. If a mediation agreement is reached, the parties may present the agreement to the court as a stipulation. If either party violates the stipulation, the other party may apply immediately to the Court for relief.

Section XI – Member Claims Against Association Insurance Policies

Members may file a claim against the Association's insurance policy only if all of the following conditions are met:

1. The Member has contacted the Board in writing about the claim's subject matter.
2. The Member has given the Association at least 15 days to respond in writing and, if requested, has given the Association a reasonable opportunity to inspect the damage.
3. The subject matter of the claim falls within the Association's insurance responsibilities.

Section XII – Association Records

A. The Association will keep the following as permanent records:

1. Minutes of all Board and Member meetings
2. All actions taken by the Board or Members by written ballot or by consent instead of by holding a meeting.
3. All actions taken by a committee of the Board on behalf of the Association.
4. All waivers of the notice requirements for Member or Board meetings.

B. In addition, the Association will keep copies of the following records at its permanent office:

1. Articles of Incorporation, Declarations and these Rules.
2. Board resolutions affecting Members, including rules, regulations, policies and procedures adopted by the Board.
3. Minutes of all Members and Board meetings, records of any actions taken by Members or the Board without a meeting, and a record of all actions taken by any committee of the Board.
4. Written communications among, and the votes cast by, Board members that are: (i) Directly related to an action taken by the Board without a meeting pursuant to C.R.S. §7-128-202; or (ii) Directly related to an action taken by the Board without a meeting pursuant to the Association's Articles.
5. A list of the names, e-mail addresses, and physical mailing addresses of the current Board Directors and officers.
6. Financial statements for the past three years, if financial statements were prepared pursuant to C.R.S. §7-136-106, and tax returns of the Association for the past seven years, to the extent available.
7. The most recent annual report delivered to the secretary of state, if any.
8. All financial reviews required by Section VI(C) of these Rules.
9. A record of Members that allows preparation of a list of names and addresses of all unit owners and their allocation of votes.
10. Detailed records of receipts and expenditures affecting the operation and administration of the Association.
11. Records of claims for construction defects and amounts received pursuant to settlement of those claims.
12. Financial records sufficiently detailed to enable the Association to comply with Section VI(D)(12).
13. The Association's most recent reserve study, if any.
14. Current written contracts to which the Association is a party and contracts for work performed for the Association within the preceding two years.
15. Records of the DRB actions to approve or deny any requests for design or architectural approval from Members.

16. Ballots, proxies and other records related to voting by Members for one year after the election, action, or vote to which they related.
17. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations and obligations of Members.
18. All written communications within the past three years to all Members generally as Members.
- C. All records of the Association may be maintained in electronic form, provided that copies can be made available to Members upon request within a reasonable period of time.
- D. Members are entitled to inspect and copy Association records upon written request, provided that the request is made in good faith, for a proper purpose, and describes in reasonable detail what records are needed and the purpose of the request. Requested documents must be relevant to the Member's stated purpose. Requests for membership lists may not be made for purposes unrelated to a Member's interest as a Member without the Board's consent. In particular, membership lists will never be provided for the purpose of soliciting money or property; for any commercial purpose; or for the purpose of selling the list to any person.
- E. Records maintained by the Association are not subject to inspection and copying and must be withheld to the extent they are or concern (i) Personnel, salary, or medical records relating to specific individuals; or (ii) Personal identification and account information of Members, including bank account information, telephone numbers, e-mail addresses, driver's license numbers, and social security numbers. Members may consent in writing to release of their e-mail addresses to other Members of the Association.
- F. Unless otherwise agreed to by the Association and the Member requesting to inspect records, the requested records will be made available during normal business hours with five business days notice or at the next regularly scheduled meeting if scheduled within 30 days of the request.
- G. The Association will charge any Member requesting to copy records the actual cost of copying such records. Such cost may include the costs of labor and material for copies of any documents provided to a Member and may be required to be paid in advance.
- H. Any Member under contract to sell his or her Unit may request that the Association provide the buyer with copies of the Associations governing documents and financial documents. Such requests can be made either in writing or by e-mail. The Association may provide these documents by e-mail.

Section XIII – Posting Association and Member Information

A. No Member of the Association may post or publish any Association document or information regarding the Association or its Members on or in any publication, website or other forum except a website or publication expressly authorized by the Board. No Member of the Association may authorize such posting or publication by a non-Member or provide Association documents or information to a non-Member for the purpose of posting or publishing such documents or information.

B. Any website authorized by the Board will be a password-protected site and will be available only to Association Members and the Association's approved attorneys, engineers, management company and consultants to the extent necessary for them to provide services to the Association.

Section XIV – Board Member and Member Education

A. Board Member Education. The Board may authorize, and account for as a common expense, reimbursement of Board members for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of unit owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado, and shall make reference to all applicable sections of this article.

B. Member Education. The Association will make available to Members at no cost electronic copies of the Articles, Declarations, Rules and CCIOA in order to provide Members with information regarding the general operations of the Association and the rights and responsibilities of Members, the Association and the Board under Colorado law.

Section XV – Amendment of Declarations

The Declarations may be amended by an affirmative vote of sixty-seven percent (67%) of the Members.¹

Section XVI – Enforcement of Articles, Declarations and Rules

A. Violations. Members are responsible for violations by their guests, invitees and tenants. Any violation of the Articles, Declarations or Rules shall subject the Member to a reasonable fine assessment for each violation and each day of violation imposed by the Association as follows:

¹ C.R.S. §38-33.3-217(1), the declaration (including maps and plats) may be amended by an affirmative vote of no more than 67% of the members of an association. Any provision purporting to specify a percentage greater than 67% is declared void. A "declaration" is any recorded instruments, however denominated, that create a common interest community, including any amendments to those instruments and also including, but not limited to, plats and maps. C.R.S. §38-33.3-103(13).

1. First offense: Written Notice of Violation is provided to the Member in accordance with Section XVI(B). In the case of construction activities without DRB approval or in violation of DRB approval, such notice will require the Member to immediately stop all work on the project.

2. Continuing or further offense: A \$100.00 fine for each day the violation continues after receipt of the Notice of Violation pursuant to Section XVI(E) may be assessed against the Member following Notice of Violation in accordance with Section XVI(B) and a hearing if one is requested by the Member in accordance with Section XVI(C); except for violations of Section II ("Design Criteria"), in which case a fine of up to \$1000.00 for each day the violation continues after receipt of the Notice of Violation pursuant to Section XVI(E) may be assessed against the Member following Notice of Violation and a hearing if one is requested. Fines may be amended by the Board upon written notice to the Members. In addition, the Association may take legal action against the Member by filing suit against him or her.

3. In the case of construction or placement of any structure in violation of the Articles, Declarations or Rules, in addition to any other remedy, the Association may order that the structure be removed.

4. Statute of Limitations. No suit may be filed by the Association to enforce any building restriction in the Articles, Declarations or Rules or to compel the removal of any structure unless the action is commenced within one year after the date when the Association knew, or in the exercise of reasonable diligence should have known, of the violation.

B. Notice of Violation. A Notice of Violation of any provisions of the Articles, Declarations or Rules shall be provided to the Member as soon as reasonably practicable following discovery by the Board of such violation. The Board may also, at its option, provide a copy of such notice to any non-Member violator. The notice shall describe the nature of the violation.

C. Opportunity for Hearing. Members shall be given notice of the opportunity to request a hearing prior to imposition of any monetary penalty. Any request for a hearing shall be given in writing to the Board Secretary within 5 days of receiving such notice. The hearing shall be conducted by a quorum of the Board at the time and place set by the Board within San Miguel County, Colorado; or it may be conducted by telephone conference call, provided that the Member is given an opportunity to provide written evidence to the Board prior to the conference call. The decision of the Board shall be made based upon all relevant facts and witnesses presented by any person and, following such hearing, is final. If the Member fails to attend the hearing in person or by telephone, the penalty imposed by the Board shall be final.

D. Impartial Decision Maker. All available members of the Board shall constitute the decision maker with respect to violations of the Articles, Declarations and Rules, unless any Board member has a direct personal or financial interest in the outcome of the

determination of whether a violation exists and the appropriate penalty (a “Conflict of Interest”).

a. In the event that a Board member has a Conflict of Interest, such Board member must disclose the Conflict of Interest, recuse him or herself, leave the room or the discussion, if the hearing is held by telephone, and make no attempt to influence the Board’s decision.

b. In the event that a Board member is uncertain as to whether he or she has a Conflict of Interest, the Board may consider all relevant written and oral information regarding the potential Conflict of Interest, including from the Member alleged to have violated the Articles, Declarations or Rules, and shall determine whether the Board member has a Conflict of Interest. The Board’s determination is final.

The Board may review this policy annually if so desired.

E. Service of Notices. Service of notices required or permitted to be given under these Rules shall be made as follows:

If to a Member: By personal delivery to the Member, by U.S. Mail postage prepaid, addressed to billing address of the Member as contained in the Association's records, or by e-mail to the e-mail address provided to the Association by the Member unless notice by e-mail is expressly prohibited in these Rules.

If to the Association, including to the Board Secretary: By personal delivery or U.S. Mail, postage prepaid, addressed to the Association in care of its registered agent and office, as maintained with the Colorado Secretary of State, or such other address as the Members may be advised of in writing. Any notice to the Association shall also be copied to the Chairman by U.S. Mail or by e-mail.

Notice shall be deemed received by the Member upon personal delivery; three (3) days after sending notice to the Member by e-mail, provided that the notice has not been returned as undeliverable; or five (5) days after mailing notice to the Member’s billing address. Notice shall be deemed received by the Association upon personal delivery, or if service was by U.S. Mail, five (5) days after mailing notice to the address of the Association’s registered agent.

F. Forbearance. The Board is authorized to grant a waiver in whole or in part of any provision of the Declarations, Articles and Rules for a limited period of time in cases of hardship or other extenuating circumstances.

G. Enforcement and Legal Fees. The Association may enforce the provisions of the Articles, Declarations and Rules by any and all means available to the Association at law or in equity. For any failure to comply with the provisions of the Articles, Declarations, Rules or CCIOA, the Association is entitled to reimbursement for collection costs and reasonable legal fees and costs incurred as a result of such failure to comply, without the necessity of commencing a legal proceeding. In any civil action to enforce or defend the provisions of the Articles, Declarations, Rules or CCIOA, the Association shall seek recovery and reimbursement of all legal fees, Association expenses and costs incurred by the Association in connection therewith. In any suit brought to enforce the Articles, Declarations and Rules, venue shall be in the appropriate court in San Miguel County.

H. No Waiver. Failure by the Association, the Board or any person to enforce any provision of the Articles, Declarations or Rules shall in no event be deemed to be a waiver of the right to do so thereafter.

I. Additional Enforcement. The procedures set forth herein are in addition to any enforcement mechanisms in the Articles and Declarations.

J. Authority to Enforce. Only the Association, acting through the Board, is entitled to enforce the terms and provisions of the Articles, Declarations and Rules.

Section XVII – Adoption and Amendment of Policies, Procedures, Rules and Regulations

A. Prior to adopting any policies, procedures, rules or regulations, the Board will circulate a draft to the Members by e-mail (or by other reasonable means intended to provide reasonable notice to Members) and will provide an opportunity for Members to comment on the draft.

B. These Rules, amendments to these Rules, and any future policies, procedures, rules and regulations must be adopted by a majority of the Board at an open meeting of the Board.

IN WITNESS WHEREOF, the undersigned, as President of the Board of Directors, certifies these Amended Rules and Regulations were approved by the Board of Directors on the _____ day of _____, 201__.

BY _____
President, Board of Directors

ATTEST:

Secretary

DRAFT