RESPONSIBLE GOVERNANCE POLICIES
OF
LEGACY TOWNHOMES AT CENTREPOINTE OWNERS ASSOCIATION, INC.

RESOLVED: The Board of Directors of the Legacy Townhomes at Centrepointe Owners Association, Inc. hereby adopts the foregoing responsible governance policies ("Policies") as required by the Colorado Common Interest Ownership Act (C.R.S. § 38-33.3-209.5), and consistent with the Association's "Governing Documents" (the Declaration, Articles, Bylaws and any other procedures, rules, regulations, policies and guidelines duly adopted by the Association). These Policies address the following topics: I. Collection of Unpaid Assessments, II. Board Conflicts of Interest, III. Conduct of Meetings, IV. Enforcement of Governing Documents/Complaints, V. Inspection and copying of association records by Owners, VI. Investment of Reserve Funds, VII. Procedures for the Adoption and Amendment of Policies, Procedures, and Rules; VIII. Procedures for Addressing Disputes Arising Between the Association and Owners, IX. Reserve Studies and X. General Provisions.

I. Collection of Unpaid Assessments

A. <u>Due Date of Assessments</u>. Until otherwise determined by the Board, the Assessments for Common Expenses shall be due and payable annually within 30 days of the association invoicing owners for the assessment. Individual Purpose Assessments, Special Assessments, all other charges, costs, interest, fees, fines, penalties imposed by the Association, and any other Assessments shall be due on the date determined by the Board and Owners shall have written notice of the amount and due date of such Assessments at least 30 days in advance of the due date.

B. <u>When Delinquent</u>. Any Assessment that is not paid within 15 days of its due date shall be deemed delinquent. If an Assessment is delinquent, the Association may recover all of the following (collectively, the "Default Assessments"):

1. Reasonable costs incurred in collecting the delinquent Assessments including without limitation, reasonable attorneys' fees and court costs;

2. A late charge equal to $10.00, chargeable each month the delinquency is unpaid; and

3. Interest on (i) the delinquent Assessment and (ii) the Default Assessments at an annual percentage rate not to exceed 8% per annum, or at such lesser rate established by the Board from time to time.

C. Required Notice to Owners

1. <u>Initial Notice Required</u> – When an Owner is delinquent in paying Assessments, fines or fees, the Association must first send a Notice in compliance with C.R.S. § 38-33.3-209.5(1.7), (5) and (6).

a. The Notice shall be sent by certified mail, return receipt requested at the address of the Owner's Lot, plus one of the following additional methods: telephone call to the number the Owner has provided to the Association, text message to a number the Owner has provided to the Association, or by email to an email address the Owner has provided to the Association.

b. The Association or Manager shall keep a record regarding any contacts made, including the type of communication, and the date and time of the contact.

c. Required Contents of Notice. The Notice shall include the required items specified in 38-33.3-209.5, 316 and 316.3, as the amended from time to time, including the following:

1) The total amount due, with an accounting of how the total was determined; 2) Whether the opportunity to enter into a payment plan exists pursuant to section 38-33.3-316.3 and instructions for contacting the entity to enter into such a payment plan; 3) the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and 4) that action is required to cure the delinquency and that failure to do so within thirty days may result in the unit owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the owner, the filing and foreclosure of a lien against the unit owner's property, or other remedies available under Colorado law; 5) the method by which payments may be applied on the delinquent account of a unit owner; and 6) the legal remedies available to the entity to collect on an Owner's delinquent account pursuant to the governing documents and Colorado law.

2. Monthly Statements Required – Any Owner who has any outstanding balance owed to the Association shall be sent an itemized list of the assessments, fines, fees and charges owed in compliance with C.R.S. § 38-33.3-209.5(1.7), on a monthly basis by first-class mail and by email, if the Association has the email address. The Owner shall not be charged for these monthly statements.

C. Notice of Lien. The Association shall have the right, but not the obligation, to prepare and record in the Records a "Notice of Lien" which shall set forth (i) the amount of any Assessment, fine, Compliance Expenditure or other amount due and owing to the Association; (ii) the date such amount was due and payable and from which interest accrues; (iii) all costs and expenses including reasonable attorney fees incurred in collecting the unpaid amount to the date of recording of such Notice of Lien; (iv) the Lot affected by the lien; and (v) the name or names last known to the Association, of the Owner or Owners of the Lot.

D. Authority to Hire Collection Agent or Attorney. The Board is authorized to retain an attorney or collection agency to collect unpaid Assessments at the Board's discretion after the following prerequisites have been followed:

1. Such action is first approved by a majority vote of the Board, which vote may be held in an executive or closed session meeting to preserve the privacy of the Owner, except that the Owner who is the subject of the vote may request and receive the results of the vote taken at the executive or closed session meeting.

2. Written Notice of the delinquency has been sent to the Owner by certified mail, return receipt requested in compliance with this Policy and C.R.S. § 38-33.3-209.5(1.7), (5) and (6).

E. Available Legal Remedies. Subject to all applicable prerequisites set forth in this Policy, the Association may employ any and all of the following legal remedies to collect delinquent Assessments and Default Assessments under the Governing Documents and Colorado law:

1. The Owner's account may be turned over to a collection agency.

2. A lawsuit may be filed against the Owner(s).

3. One or more liens may be imposed against the Owner's Lot, and such liens for past due Assessments (but not liens representing only fines, attorneys' fees or interest) may be foreclosed.

4. The Owner's right to vote in Association matters and the right to use any recreation facilities may be suspended for any period during which any Assessment against his Lot remains unpaid.

5. the Association may exercise any other remedies available under Colorado law.

F. Prerequisites to the Association's Right to Foreclose its Lien for Past Due Assessments

1. The Association has complied with each of the prerequisites in this Policy and C.R.S. 38-33.3-316 and 316.3.3.

2. The Association has provided the Owner with a written offer to enter into a payment plan as described in Section G. herein (or that a plan is not available as outlined in subsections 3 and 4 of Section G).

3. Within 30 days after the Association has provided the Owner with a written offer to enter into a repayment plan, the Owner has either declined the repayment plan (a failure to agree to a payment plan within 30 days shall be deemed a declined offer), or after accepting a repayment plan, has failed to pay at least three of the monthly installments within 15 days after the monthly installments were due.

4. The Association may not foreclose on a lien if the debt consists only of fines that the Association has assessed against the Owner or collection costs or attorney fees that the Association has incurred and that are only associated with assessed fines.

G. <u>Repayment Plans</u>. In collecting past due assessments and other delinquent payments, and subject to the provisions and limitations of C.R.S. § 38-33.3-316.3, and prior to initiating foreclosure proceedings for past due assessments, the Association shall make a written offer to enter into a repayment plan:

1. The plan shall allow the Owner to pay off the past due assessments and other delinquent payments over a period of at least eighteen months. The Owner may choose the amount to be paid each month so long as each payment is at least $25.00 per month, until the balance is less than $25.00.

2. If the Owner declines the repayment plan within 30-days after the written offer was provided by the Association, or after accepting the repayment plan fails to remit payment of at least three of the agreed-upon installments within 15 days after the monthly installments are due or fails to remain current with regular assessments as they come due during the eighteen-month period, the Association shall be free to pursue legal action against the Owner for the full amount of the deficiency, including all Default Assessments and to terminate the repayment plan.

3. The Association is not obligated to negotiate a repayment plan with an Owner who has previously entered into a repayment plan.

4. This Section J does not apply if the Owner does not occupy the Lot and has acquired the Lot as the result of foreclosure of the Association's lien, or the default of a Security Interest encumbering the Lot.

H. <u>Returned Checks.</u> The Association shall impose a $20.00 fee for any check not honored by an Owner's bank due to insufficient funds or any other reason. Such charge shall be collectable as a Compliance Expenditure.

I. <u>Acceleration and Deceleration</u>. The Board of Directors reserves the right to accelerate and call due the entire unpaid annual Assessment on any delinquent account. Such acceleration shall result in the entire unpaid annual Assessment being due to the Association immediately. The Board also reserves the right to decelerate any accelerated Assessment.

J. Application of Owner's Payments. Payments received by the Owners shall be applied to the Owner's account in the following order:

1. Past due Special Assessments;

2. Past due Common Expense Assessments;

3. Current Special Assessments;

4. Current Common Expense Assessments;

5. Attorneys' fees and costs incurred by the Association and for which the Owner is responsible;

6. Fines, late charges or other monetary charges or penalties levied by the Association or incurred by the Owner pursuant to the Governing Documents or these Rules;

7. Interest which has accrued on all unpaid amounts.

K. Estoppel Certificates. The Association shall furnish to an Owner or such Owner's 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 property. The statement will be provided within 14 days of receipt of the request and is binding on the Association, Board of Directors and every Owner. The Association may not charge an Owner for such statement. A potential purchaser or title company requesting an estoppel certificate with respect to a potential sale of a Lot shall pay a reasonable fee for such estoppel certificate in an amount not to exceed $100.00. If the account has been turned over to the Association's attorney, such request may be handled through the attorney.

L. Payment of Assessments. All Assessments, including all Default Assessments imposed by the Association shall be payable by check, money order or electronic funds transfer to the Association. Cash will not be accepted.

M. Monthly Statements. On a monthly basis and by first-class mail and by email, if available, the Association shall send to each Owner who has any outstanding balance owed to the Association an itemized list of all Assessments, fines, fees and charges the Owner owes to the Association. The monthly statement shall be sent in compliance with C.R.S. 38-33.3-209.5(1.7)(a)(1). The Association may not charge the Owners for such monthly statements.

II. Board of Directors Conflicts of Interest

A. General Duty of Board of Directors. The Board of Directors shall act at all times in good faith and in the best interest of the Association. The Board shall comply with all lawful provisions of the Governing Documents. In addition, C.R.S. § 7-128-501 ("the Statute") shall apply to members of the Board of Directors. This Policy summarizes the requirements of the Statute. To the extent this Policy conflicts with the provisions of the Statute, the Statute shall control.

B. Definition of Conflict of Interest. A conflict of interest (or "conflicting interest transaction") is a contract, transaction, or other financial relationship between the Association and a Director of the Board of Directors, or between the Association and a party related to a Director, or between the Association and an entity in which a Director is an officer or director or has a financial interest. For purposes of this section, a "party related to a Director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is an officer, director, or has a financial interest.

C. Effect of Conflict. No conflicting interest transaction shall be void or voidable solely because the conflicting interest transaction involves a Director of the Association (or a party related to a Director or an entity in which a Director is an officer or director or has a financial interest) or solely because the Director is present at or participates in the meeting of the Board of Directors or committee that authorizes, approves, or ratifies the conflicting interest transaction or solely because the director's vote is counted for such purpose 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 Executive Board or the committee, and the Board of Directors or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested directors are less than a quorum; or

2. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members of the Association 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 of the Association entitled to vote thereon; or

3. The conflicting interest transaction is fair to the Association.

D. Procedure.

1. A Director with a conflict of interest shall disclose the material facts of the conflict to the rest of the Board or committee at the outset of any Board or committee discussion concerning the conflicting interest transaction.

2. A Director with a conflict of interest shall recuse himself or herself from discussing or voting on the conflicting interest transaction but need not leave the meeting during the discussion or any vote on the issue.

3. The Board of Directors shall review the Association's conflict of interest policies, procedures and rules and regulations at least every other year.

E. Quorum. A Director with a conflict of interest may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

F. Board of Directors Code of Ethics. In addition to the above, each Director and the Board of Directors as a whole shall adhere to the following Code of Ethics:

1. No contributions will be made to any political parties or political candidates by the Association.

2. No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association.

3. No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.

4. No Director shall receive any compensation from the Association for acting as a volunteer.

5. No Director shall willingly misrepresent facts to the members of the Association for the sole purpose of advancing a personal cause or influencing the Community to place pressure on the Board of Directors to advance a personal cause.

6. No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors shall go through the Board President or be in accordance with policy.

7. No Director shall harass, threaten, or attempt through any means to control or instill fear in any Owner, Director or agent of the Association.

8. No promise of anything not approved by the Board of Directors as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.

9 Any Director convicted of a felony shall voluntarily resign from his/her position.

10. Language and decorum at Board of Directors meetings will be kept professional. Personal attacks against Owners, residents, Managers, service providers and Directors are prohibited and are not consistent with the best interest of the Community.

11. No loans shall be made by the Association to its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

G. Prohibition of Purchase of Foreclosed Lots. If a Lot has been foreclosed, a member of the Board, an employee of a management company representing the Association, an employee of a law firm representing the Association, or an immediate family member (as defined by C.R.S. 2-4-401(3.7) of any of the foregoing shall not purchase the foreclosed Lot.

III. Conduct of Owner and Board of Directors Meetings

A. Open Meetings. All meetings of the Association and the Board of Directors are open to every Owner and to any person designated by an Owner, in writing, as the Owner's representative.

B. Notice of Meetings. Written notice of each Owners meeting shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting. Not less than 10, nor more than 50 days in advance of such meeting, the notice of the meeting shall be hand delivered or sent prepaid by 1st Class U.S. mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. In addition, a copy of the notice shall be posted in a conspicuous place within the Community approximately 48 hours prior to the meeting. The Association is encouraged to provide all required notices and agendas in electronic form, by posting on a web site or otherwise, in addition to printed form. If such electronic means are available, the Association shall provide notice of all regular and special meetings of Members by electronic mail to all Members who so request and who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible but at least twenty-four hours before the meeting.

Written notice of each Board Meeting shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting. Not less than 2 days nor more than 30 days in advance of such meeting, the notice of the meeting will be posted in a conspicuous place within the community and additionally, the Association shall provide notice and agenda in electronic form via email or by posting on the Association website, if a website is created for the Association.

C. Contents of Notice. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including: the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, including a summary of the proposed budget; the election of Directors to the Board of Directors and any proposal to remove a Director from the Board of Directors.

D. Electronic Notice. In addition to providing notice as set forth in Section B above, the Association may also provide notice in electronic form, by posting to a website or by e-mail. If such electronic means are available, electronic notice shall be provided to all Owners who so request and who furnish the Association with their e-mail addresses. Electronic notice shall be given as early as possible and at least 24 hours before the meeting.

E. Owners Meeting Procedure.

1. Conduct. All Owners meetings shall follow the following rules and procedures:

a) All Owners and Owner representatives who attend a meeting of the Owners will sign-in (listing their name and address and providing written authority to represent an Owner if applicable); present any proxies and receive ballots as appropriate.

b) Any person desiring to speak shall sign up on the list provided at check-in and indicate if he/she is for or against an agenda item.

c) The President of the Association or designee shall chair all Owners meetings.

d) Anyone wishing to speak must first be recognized by the Chair. Only one person may speak at a time. Each speaker shall first state his/her name and address or representative capacity.

e) Each person shall be given up to a maximum of three minutes to speak or ask questions without interruption. Such time limit may be increased or decreased by the Chair but shall be uniform for all speakers. Each person may speak only once during the owner forum, if any, and once on any other issue prior to a vote by the Board of Directors on such issue. A speaker may not yield unused time to another speaker.

f) Comments are to be made in a civil manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.

g) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who refuses to come to order shall be requested to leave the meeting immediately.

h) All actions and decisions require a first and second motion.

i) Once a vote has been taken, there will be no further discussion on that issue.

j) The Association will keep minutes of the meeting. There shall be no audio, video, or other recording of the meeting except by the Board to aid in the preparation of minutes.

k) The Chair may establish such additional rules of order as may be necessary from time to time.

2. Voting Procedure. Voting at Owners Meetings shall be conducted as follows:

a) <u>Voting for Board of Directors</u>. Votes for contested positions on the Board of Directors shall be taken by secret ballot. Each Owner shall receive a ballot, which shall not identify the name or Lot number of the ballot holder. A proxy holder, upon presentation of the proxy to the Association's Secretary or designee, shall receive a secret ballot to be voted on behalf of the Owner providing the proxy.

b) Votes for all other matters shall be taken in such manner as determined by the Board of Directors (such as by voice, by counting of hands, or by written ballot), unless otherwise provided by law.

c) Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners who are selected or appointed at an open meeting, in a fair manner, by the Chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board members or candidates in the election. An employee of the Declarant, the Association's manager and its legal counsel are not neutral third parties eligible to count ballots.

d) The results of a vote taken by secret ballot shall be reported without reference to the names, addresses or other identifying information of Owners participating in such vote.

3. <u>Proxies</u>.

a) Owners may vote by proxy as provided by the Bylaws.

b) Proxies shall be reviewed by the Association's Secretary or designee as to the following: the validity of the signature, the signatory's authority to sign on behalf of the Owner, the authority of the Owner to vote, incomplete or expired proxies and conflicting proxies. The Association may reject any proxy if the Secretary or designee, acting in good faith, has reasonable basis for doubt about the validity of the signature on the proxy or the signatory's authority to sign on behalf of the Owner. A proxy shall not be valid if obtained through fraud or misrepresentation.

F. <u>Board Meeting Procedure</u>.

1. <u>Conduct</u>. All Board of Directors meetings shall be governed by the following rules of conduct and order:

a) The President of the Association, or designee, shall chair all Board of Directors meetings.

b) All Owners and Owner representatives who attend a Board meeting will sign in (listing their name and address, and providing written authority to represent an Owner, if applicable).

c) All Owners and Owner representatives will be given an opportunity to speak as to any matter or ask questions of the Board of Directors. Any Owner or representative wishing to speak at the meeting shall so indicate at the time of sign in.

d) Anyone desiring to speak shall first be recognized by the Chair.

e) Only one person may speak at a time.

f) Each person speaking shall first state his or her name and Lot number or representative capacity.

g) Any person who is represented at the meeting by a designated representative shall be permitted to have such person speak for them.

h) Those addressing the Board of Directors shall be permitted to speak without interruption from anyone as long as these rules are followed.

i) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.

j) Each person shall be given up to a maximum of three minutes to speak or to ask questions, although questions may not be answered until a later date. Each person may only speak once during the Owner forum and once on any other issue prior to a vote by the Board of Directors on such issue. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair but shall be uniform for all persons addressing the meeting.

k) Board of Directors meetings may not be audio, video or otherwise recorded except by the Board to aid in the preparation of minutes. The Association shall prepare and retain minutes of actions taken at Board of Directors meetings.

l) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order shall be requested to immediately leave the meeting.

2. Owner Comment. After a motion and second has been made on any matter to be discussed, but prior to a vote by the Board of Directors, Owners present at such time shall be afforded an opportunity to speak on the motion as follows:

   a) The Chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor or against the motion. The Chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak. The Chair shall also announce the procedure for who shall be permitted to speak if not everyone desiring to speak will be permitted to speak.

   b) Following Owner Comment, the Chair will declare Owner Comment closed and there shall be no further Owner participation on the motion at hand unless a majority of the Board of Directors votes to open the discussion to further Owner participation.

3. Electronic Board Engagements. In the event a Board Decision on a matter is required outside of a scheduled Board Meeting, Board Members may approve or disapprove of a requested action in response to an email query provided all of the following are met:

   a) A specific motion for action to be taken (a "Motion") under the authority granted to the Board on behalf of the Owners is proposed, via email, with a deadline for Board Members to respond (at least 48 hours).

   b) Enough affirmative votes are received before the deadline to have passed the Motion if held at a scheduled Board Meeting.

   c) No responses are received from any Board Member objecting to proceeding with the Motion via Email.

   d) Failure of any Board Member to respond by the deadline set will constitute intent to abstain.

   e) The Motion and results will be captured in the Minutes of the last official Board Meeting held and will be approved at the next Board Meeting held along with the preceding minutes. These minutes will be readily available to all Owners.

IV. Enforcement of Governing Documents/Complaints

A. General.

1. Each Owner shall comply with the Governing Documents and ensure that his or her Permittees comply as well. Owners shall be responsible for their Permittee's observance and performance of the Rules and Regulations and compliance with the requirements of the Governing Documents. In the event the Association incurs costs or expenses due to violations of Governing Documents by an Owner's Permittee, that Owner shall be responsible for payment of such costs and expenses.

2. Violations of the Governing Documents may be enforced as provided in the Declaration and these Policies. Such enforcement may include, but is not limited to, fines against the Owner and/or Permittee that is violating the Governing Documents. Pursuant to the Declaration and these Policies, the Association may enter the Owner's Property to cure a violation, at the expense of the Owner.

3. No failure by the Board to insist upon the strict performance of any term or provision contained in the Governing Documents shall constitute a waiver of any such term or provision unless the Board provides such waiver in writing. Any waiver of a breach of a term or provision of the Governing Documents shall not prevent a subsequent act, which would have originally constituted a violation under these Governing Documents, from having the effect of a violation or prevent the Board from exercising all of its rights and remedies under the Declaration or any Governing Document.

B. Violations of the Governing Documents

1. Violations that Do Not Threaten Public Health or Safety

If an Association reasonably determines that an Owner or its Permittee committed a violation of the Governing Documents other than those that threaten the Public Safety or Health, the following process shall apply:

a. Initial Notice and Cure Period – A Notice will be sent to an Owner describing the alleged violation and advising the Owner that they have 30-days to cure the alleged violation without further intervention from the Association ("Initial Cure Period"). The Notice shall also set a Hearing date providing the Owner the opportunity to be heard before the Board of Directors and contest the violation. Such Hearing shall be held within the 30-day cure period. Failure to appear at the Hearing shall operate as a waiver of the right to a Hearing.

If the Owner cures the violation within the Initial Cure Period, the Owner may notify the Association of the cure, and if the Owner sends visual evidence that the violation has been cured the violation is deemed cured on the date the Lot Owner sends the Notice. If the Owner's Notice does not include visual evidence that the violation has been cured, the Association shall inspect the Lot as soon as practicable to determine if the violation has been cured.

If the Association does not receive Notice from the Owner that the violation has been cured, the Association shall inspect the Lot within seven days after the expiration of the Initial Cure Period to determine if the violation has been cured. If, after the inspection the Association determines that the violation has not been cured, the Association shall send a Second Notice.

b. Second Notice and Cure Period – If the alleged violation still exists at the end of the Initial Cure Period, and the Board has issued its Written Determination after a Hearing that the Owner is responsible for the violation, or the Owner has waived their right to a Hearing, a Second Notice will be sent informing the Owner that a Fine is being imposed pursuant to the Fine Schedule below, and that the Owner has an additional 30-days ("Second Cure Period") to cure the violation before the Association may take further legal action against the Owner for the violation.

If the Owner cures the violation within the Second Cure Period, the Owner may notify the Association of the cure, and if the Owner sends visual evidence that the violation has been cured the violation is deemed cured on the date the Lot Owner sends the Notice. If the Owner's Notice does not include visual evidence that the violation has been cured, the Association shall inspect the Lot as soon as practicable to determine if the violation has been cured.

If the Association does not receive Notice from the Owner that the violation has been cured, the Association shall inspect the Lot within seven days after the expiration of the Second Cure Period to determine if the violation has been cured. If, after the inspection, the Association determines that the violation has not been cured, the Association may take further legal action against the Owner for the violation.

2. <u>Violations That Threaten Public Health or Safety</u>

a. Initial Notice and Cure Period – An Initial Notice will be sent to an Owner describing the alleged violation that the Board reasonably determines threatens public health and safety advising the Owner that they have 72 hours to cure the alleged violation ("Cure Period") or the Association may fine the Owner. The Notice shall provide the opportunity for the Owner to request an emergency Hearing during the Initial Cure Period. The Board shall make a determination of the matter at the Hearing.

Failure of the Owner to request a Hearing or failure to appear at a scheduled Hearing shall be deemed a waiver of the right to a Hearing.

b. If after inspection of the Lot, the Association determines the Owner has not cured the violation within the Cure Period, the Association may impose a Fine pursuant to the Fine Schedule below and may take legal action against the Owner for the violation.

3. Notice of Cure – Once an Owner cures a violation, the Association shall send a Notice of Cure stating that the Owner will not be further fined with regard to the violation and provide any outstanding fine balance that the Owner still owes the Association.

4. All Notices shall be sent in compliance with Article I., Section C.1 of these Policies and are presumed to have been received three-days after the date the Notice is mailed or the date the Notice has been physically posted upon the Lot, whichever occurs first. It is the Owner's responsibility to make sure that the management company has correct and up-to-date contact information regarding the Owner's present address, email, phone number and tenant information, if applicable.

C. Hearing:

1. If any principal party is unable to attend a scheduled Hearing, he/she may request, in writing, for good cause shown, at least five days in advance of the Hearing, that the Hearing be rescheduled. Upon receipt of such a request, the Board of Directors shall reset the time and date of the Hearing and promptly notify any other principal parties involved.

2. Hearing Process – A Hearing is an informational, administrative procedure with the Board (or other such committee, if any, which may have been given authority in matters relating to Hearings). Rules of evidence do not apply. Any party may have an attorney present. Hearings are open to all Owners unless the matter is highly sensitive or concerns a matter of privacy as defined by C.R.S. § 38-33.3-308. Any party with an interest in the matter may present testimony. The Board may exercise its discretion as to the specific manner in which a hearing shall be conducted and may question witnesses, review evidence, and take such reasonable action during the course of a hearing as it deems appropriate to reach a just decision. The Hearing shall be a fair and impartial process to determine whether the alleged violation actually occurred and whether the Owner is the one who should be held responsible for the violation.

2. The Board of Directors shall render its decision and issue a "Written Determination" within 10 days following the Hearing, mail such Written Determination to the Owner, and, if applicable, impose a fine as provided above.

3. In the event the Owner fails to appear at the Hearing, or at any re-scheduled Hearing, the right to a Hearing shall be deemed waived, and the Board of Directors will proceed based on information available at that time, render its decision and issue a "Written Determination" within 10 days following the Hearing, mail such Written Determination to the Owner, and, if applicable, impose a fine as provided below.

D. Fine Policy:

1. Initial Notice – no monetary fine.

2. Violations That Threaten Public Health or Safety – if a violation that threatens public health or safety is not cured within the Cure Period, the Association shall levy a Fine in the amount of $500-$1,000 against the Lot in an amount to be determined by the Board in its discretion depending on the severity of the violation, and an additional $100 fine shall be levied every other day the violation is not cured, until it is cured.

3. Violations That Do Not Threaten Public Health or Safety – if a violation that does not threaten public health and safety is not cured within the Initial Cure Period, the Association shall levy a Fine in the amount of $100 against the Lot and additional $100 fines shall be levied for each 10-day time period that the violation is not cured, up to a maximum of $500.00 in fines.

4. Nothing in this Policy shall be deemed to waive the Association's right to pursue any other legal action available to it in addition to, in lieu of, or in conjunction with, the foregoing notification and fine process. Any fine assessed is due and payable upon notification and is considered delinquent if not paid within 15 days of the due date.

5. Any unpaid amount automatically becomes a lien on the property and shall be subject to applicable late charges, interest and reasonable attorney's fees in the same manner as any other delinquent account. Notwithstanding the foregoing, the Association shall not pursue foreclosure against the Owner for fines, collection costs or attorney's fees associated with assessed fines.

E. Suspension of Common Area Privileges

1. The Manager, the Board, and any other agent appropriately appointed by the Board is authorized to ask for an Owner's immediate temporary discontinuance of use of any Common Area (with the exception of the private roadways and access to the central mailbox area within the Community), if they reasonably believe that any of these Regulations or the provisions of any Governing Document have been violated. Upon being so asked to discontinue the use of any facility, the Owner and all of that Owner's guests,

must immediately and peacefully leave the Common Area and may not return to that facility until advised by the Board. The failure of an Owner (or any Permittee) to immediately and peacefully leave when asked to do so will be grounds for the suspension of all privileges and the imposition of penalty assessments by the Board.

2. The privilege of using the Common Areas shall be suspended automatically for any Owner whose Assessments are past due; and such privileges shall remain suspended until such delinquency is cured to the satisfaction of the Board. Any Owner or Permittee using the Common Areas while such privilege is in suspension shall be subject to further fines by the Association.

3. The voting rights of an Owner may be suspended during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. The Association may also suspend such rights after notice, for a period not to exceed 60 days for each infraction of any other provision of these Regulations or any of the other Governing Document.

4. In the event an Owner or Owner's Permittee is asked to discontinue use of the facilities for any reason other than non-payment of dues, a written report is to be completed stating the reason for this action and should include all important details supporting this request. This report must be forwarded to the Board within 48 hours following the incident.

5. Whenever a report is received, the Board will send a "Notice of Suspension" to the Owner informing the Owner that a complaint has been filed and stating the grounds for the complaint. The "Notice of Suspension" will describe the violation and specify a date at which the Owner may appear before the Board for the purpose of contesting a suspension of the Owner's recreational facility privileges. If the Owner fails to appear at the time of the meeting without making prior arrangements in writing, the Owner's privilege to use the facilities in question will be suspended for the period specified in the notice.

6. On the date specified in the "Notice of Suspension" the Board will meet with the Owner accused of the violations for the purpose of determining whether violations have occurred. The person making the complaint may be asked to be present. The Owner accused of the violation will be given the opportunity to dispute the complaint, explain the behavior complained of, question the person(s) making the complaint, and offer his or her assurances that the violation will not reoccur. The accused Owner may, at their own expense, be accompanied by legal counsel.

7. In all cases, the Board will state its findings of fact and will state its conclusion regarding whether violations have occurred. If the Board finds that an Owner has committed violations, the Board may, at its discretion, suspend that Owner's use of all or some of the recreational facility privileges for a period of sixty (60) days for each violation of the rules.

8. The Board will determine whether a suspension of some or all Common Element privileges is warranted by the severity of the violation and the

necessity to impress upon the Owner the serious nature of the violation of these Regulations or any other Governing Documents. The Board will impose the least severe suspension it deems appropriate, but the suspension chosen by the Board will be conclusively presumed to be reasonable. A suspension of one privilege will not be considered a suspension of all privileges unless so specified.

9. When the Board finds a violation of the Governing Documents, and when past experience demonstrates that privilege suspensions are inadequate to compel compliance by the Owner, the Board may impose a Default Assessment as provided herein.

10. If, during a suspension period, the Owner or Owner's Permittee is found using the Common Element, this will constitute an additional violation, and in such cases, a minimum of an additional six-month suspension and a penalty assessment may be imposed.

11. In the event the violation is by a Permittee of an Owner, said Owner will be subject to all of the above on behalf of their Permittee, and both the Owner all Permittees of the Owner shall be suspended pursuant to the terms outlined above.

E. Owner Complaints. Complaints against an alleged violator lodged by another Owner must be in writing and submitted to the Board of Directors or the Manager. The complaint must include the nature of the violation including date and time if applicable, the name or address of the alleged violator (if known), and any pertinent facts supporting the complaint. The complaint must also contain the printed name and signature of the person lodging the complaint. Complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the Association. Complaints submitted by email shall be deemed to be in writing.

It is the general policy of the Association to maintain confidentiality of complaints, if possible. However, if a complaint becomes the subject of a Hearing or litigation, or for any other reason, becomes a general public issue, confidentiality is not guaranteed.

V. Inspection and Copying of Association Records by Owners

A. Permanent Records. The Association shall permanently retain the following records as required Colorado law:

1. Minutes of all Board of Directors and Owner meetings

2. All actions taken by the Board of Directors or the Owners by written ballot in lieu of a meeting.

3. All actions taken by a committee on the behalf of the Board of Directors instead of the Board acting on behalf of the Association.

4. All waivers of the notice requirements for Owner meetings, Board of Directors meetings, or committee meetings.

5. Any action taken by the Architectural Review Committee.

B. Inspection and Copying of Association Records. The Association's books and records shall be made reasonably available for inspection and copying by any Owner or Owner's authorized agent, subject to the exclusions, conditions and requirements set forth below:

1. The inspection and/or copying of the records of the Association shall be at the Owner's expense;

2. The inspection and/or copying of the records of the Association shall be scheduled in advance with the Association, during regular business hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, at the Association's principal office or at the office of the Association's Manager, if applicable;

3. The Owner shall give the Association's Manager a written demand, stating the purpose for which the inspection and/or copying is sought, at least five business days before the date on which the Owner wishes to inspect and/or copy such records; and

4. The Owner shall complete and sign the Agreement Regarding Inspection of Association Records prior to the inspection and copying of any Association record. A copy of the Agreement is attached to this Policy. Failure to properly complete or sign the Agreement shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.

5. At the Association's option, the inspection and/or copying of records may alternatively be made available at the next regularly scheduled meeting of the Association or the Board of Directors if such meeting occurs within 30 days after the written request to inspect or copy documents is received.

C. Proper Purpose/Limitation. Association records shall not be used by any Owner for:

1. Any purpose unrelated to an Owner's interest as an Owner;

2. The purpose of soliciting 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;

3. Any commercial purpose;

4. For the purpose of giving, selling, or distributing such Association records to any person; or

5. Any improper purpose as determined in the sole discretion of the Board of Directors.

D. Exclusions. The following records shall NOT be available for inspection and/or copying as they are deemed confidential:

1. Attorney-client privileged documents and records, unless the Board of Directors decides to disclose such communications at an open meeting;

2. Any documents that are confidential under constitutional, statutory or judicially imposed requirements; and

4. Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy, including but not limited to social security numbers, dates of birth, personal bank account information, and driver's license numbers;

5. Privately owned documents such as Architectural Drawings, home construction details and similar content which are the property of individual lot owners or their agents or contractors. Home attributes such as elevations visible from street level may be disclosed.

E. Fees/Costs. Any Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association, which have been determined to be $.15 per page and $75.00 per hour for the cost to search, retrieve, and copy the record(s) requested. For copy requests estimated to be $25.00 or more, the Association may require a deposit equal to the anticipated actual cost of the requested records. If an Owner fails to pay the deposit, the Association shall be justified in denying the Owner the requested records. If, after payment of the deposit, it is determined that the actual cost was more than the deposit, the Owner shall pay such amount prior to delivery of the copies. If after payment of the deposit it is determined that the actual cost was less than the deposit, the difference shall be returned to the Owner with the copies. There shall be no cost to any Owner accessing records that are required to be disclosed at no cost to Owners by Colorado law. The HOA will make reasonable efforts to provide commonly requested documents electronically, including through the community website, if available, at minimal or no cost to the requesting owner.

F. Inspection. The Association reserves the right to have a third-party present to observe during any inspection of record by an Owner or the Owner's representative.

G. Original. No Owner shall remove any original book or record of the Association from the place of inspection, nor shall any Owner alter, destroy or mark in any manner, any original book or record of the Association.

H. Creation of Records. Nothing contained in this Policy shall be construed to require the Association to create records that do not exist or compile records in a particular format or order.

AGREEMENT REGARDING INSPECTION AND COPYING OF RECORDS OF LEGACY TOWNHOMES AT CENTREPOINTE OWNERS ASSOCIATION, INC.

I have requested to inspect and/or obtain copies of the following records for Legacy Townhomes at Centrepointe Owners Association, Inc. (be as specific as possible): ____________________
____
____

The records shall be used for the following purpose(s) only: ____________________________
____
____

I understand that under the terms of the Colorado Revised Nonprofit Corporation Act, Association records may not be obtained or used for any purpose unrelated to my interest(s) as an Owner. I further understand and agree that without limiting the generality of the foregoing, Association records may not be:

(A) 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 held by the Association;

(B) used for any commercial purpose;

(C) sold to, otherwise distributed to, or purchased by any person;

(D) any other purpose prohibited by law; or

(E) any purpose not related to the reason specified in this Agreement.

In the event any document requested is used for an improper purpose or purpose other than that stated above, I will be responsible for any and all damages, penalties and costs incurred by the Association, including attorney fees resulting from such improper use. I will additionally be subject to any and all enforcement procedures available to the Association through its governing documents and Colorado law.

Understood and agreed by:

______________________________ Date: ______________________
Owner

______________________________ Date: ______________________
Owner

____
Address

VI. Investment of Reserve Funds

A. Purpose of Reserve Fund. The reserve fund is for the exclusive benefit of the Association to meet unforeseen expenditures or to purchase any additional equipment or services or for future capital repairs, replacements and improvements to the Common Areas of the Association, all as determined by the Board of Directors.

B. Segregation of Reserve Funds. Any reserve funds shall be held in a segregated account(s) and shall not be commingled with the general operating funds of the Association. All investments will be purchased in the name of the Association.

C. Investment Goals. The Board of Directors shall use its best judgment to invest the funds held in reserve fund account(s) to meet the following goals: promote and assure the preservation of principle, structure maturities to ensure that assets will be liquid for anticipated needs, achieve long-term investment performance appropriate for the asset classes selected.

D. Limitation on Investments.

1. The following investments meet the Board of Directors' investment goals:

   - interest bearing liquid bank accounts;
   - money market mutual funds investing only in U.S. Treasury and Treasury-backed securities;
   - certificates of deposit in FDIC-insured financial institutions, with no more than $250,000 in any such institution unless additional deposit insurance is provided by the bank, and purchased with the intent to hold to maturity. Such certificates will not be purchased on the secondary market and hence discount or premium (which is not insured by the FDIC) will not arise; and
   - U.S. Treasury bills, notes or bond purchased with the intent to hold to maturity.

2. Reserve funds may NOT be invested in equity securities, annuities, options, futures contracts, precious metals, cryptocurrency, foreign currencies or other similar investments.

F. Independent Professional Investment Assistance. The Board of Directors may hire a qualified investment adviser to assist it in formulating an investment strategy for Association funds.

G. Review and Control.

1. The signatures of at least two Directors must be obtained for withdrawals or transfers of reserve assets.

2. Banks must provide timely and accurate monthly statements to the Board of Directors or the management company, which will reconcile all statements within 30 days of receipt.

3. At least once a year, the Board of Directors shall review its investment of any reserve funds to ensure that the goals outlined in this policy are being met.

VII. Procedures for the Adoption and Amendment of Policies, Procedures and Rules

A. Authority. The Board of Directors has the authority, in its discretion, to make, establish and promulgate policies, procedures and rules ("Rules"), and to amend, repeal and re-enact such Rules, as the Board deems proper, necessary or desirable, covering any and all aspects of the Boards' functions, including the use and occupancy of the Common Areas, provided however, that a Rule may not be inconsistent with or contrary to the Governing Documents of the Association.

B. Procedure for Adoption.

1. Drafting Considerations. The Board of Directors shall consider the following in adopting a new Rule: a) whether the Governing Documents and Colorado law grant the Board of Directors the authority to adopt the Rule, b) the need for the Rule based upon the scope of importance of the issue and whether the Governing Documents adequately address the issue; and c) the immediate and long-term impact and implications of the Rule.

2. Adoption.

A majority of the Directors present at any regular meeting or at any special meeting of the Board of Directors may adopt any Rule if at least five days' Notice is given to the Owners of the Board of Directors' intention to adopt such Rule at such meeting. The Owners shall have a right to comment upon the proposed Rule at the meeting. Upon adoption of a Rule, a copy of the Rule, including its effective date, shall be provided to all Owners by any reasonable method as determined by the Board.

B. Procedure for Amendment.

A majority of the Directors present at any regular meeting or at any special meeting of the Board of Directors may amend any Rule if at least five days' Notice is given to the Owners of the Board's intention to amend such Rule at such meeting; provided, however, no amendment to a Rule shall be inconsistent with the Governing Documents or the requirements or Colorado law. The Owners shall have a right to comment upon the proposed Rule at the meeting. Upon amendment of a Rule, the Rule or notice of such Rule, including the effective date, shall be provided to all Owners by any reasonable method as determined by the Board.

D. Inspection of Rules. Each Owner shall be entitled to examine the Rules at any time during normal working hours at the principal office of the Association.

VIII. Procedures for Addressing Disputes Arising Between the Association and Owners

1. Scope. This Policy addresses disputes arising between the Association and Owners.

2. Complaints against the Association by any Owner shall be made in writing and delivered in person or by 1st class mail, postage prepaid, to the President of the Board of Directors or the Manager at the Association's primary address. The complaint must include the nature of the complaint and any pertinent facts supporting the complaint. The complaint must also contain the printed name and signature of the Owner lodging the complaint.

3. The Board of Directors shall act in good faith in promptly investigating and responding to Owner complaints concerning the actions (or omissions) of the Association.

4. The Board shall provide an initial written response to the aggrieved Owner within 30 days of receiving the written complaint.

5. The parties are encouraged to meet in person (either informally or at a Board of Directors' meeting, if deemed appropriate by the Board of Directors in its discretion) to attempt to negotiate a resolution of the disputed matter.

6. If negotiation between the parties fails to resolve the dispute, the matter may be submitted to mediation by either party to the controversy prior to the commencement of any legal proceeding, as provided by the Act, with each party to pay its own costs and attorney fees.

7. If mediation is not successful in resolving the dispute between the parties, the parties may submit the controversy to binding arbitration under the "Uniform Arbitration Act," if all parties to the controversy agree.

IX. Reserve Studies

1. A reserve study estimates the remaining useful life of the various Common Areas that the Association is obligated to maintain, and projects the future costs and timing for maintenance, repair, and replacement of the same.

2. When the Board shall determine to perform a reserve study of the Common Areas at its discretion, the Board shall create or update a funding plan for repair or replacement of the Association's reserve assets.

3. Any funding plan should list all projected costs reasonably available and should indicate what percentage of those costs will be funded through regular assessments, special assessments or other funding methods.

4. The reserve study shall specifiy whether a physical analysis or financial analysis (or both) was performed and shall include a description of how such analyses were conducted.

5. The Association may satisfy the reserve study requirements by performing an internally conducted reserve study or may retain outside professionals to perform the reserve study, at the Board of Director's discretion.

X. General Provisions

A. Definitions. Unless otherwise defined in these Policies, initially capitalized or terms defined in the Declaration shall have the same meaning herein. For the purpose of these Policies, the following terms are defined as follows:

2) "Permittee" means any tenant, agent, family member, guest or other invitee of an Owner or Owner's tenant to whom that Owner or Owner's tenant permits access to, and/or use of, its Lot.

B. Supplement to Law. The Policies set forth in this Resolution shall be in addition to the terms and provisions of the Governing Documents and applicable Colorado law.

C. Deviations. The Board of Directors may deviate from the Policies set forth in this Resolution if in its sole discretion such deviation is deemed reasonable under the circumstances.

D. Amendment. These Policies may be amended from time to time by the Board of Directors as set forth in Section VII above.

Effective the 1 day of January, 2025.

LEGACY TOWNHOMES AT CENTREPOINTE OWNERS ASSOCIATION, INC.

By: [signature]

Tracey Powell, Secretary