

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

COLLECTION OF UNPAID ASSESSMENTS

A. If an Owner fails to timely pay Assessments or any money or sums due to the Association, the Association may require reimbursement for collection costs and reasonable attorneys' fees and costs incurred as a result of such failure without the necessity of commencing a legal proceeding.

B. Interest and other costs and charges shall not be abated during any protest or appeal of a failure to pay assessments.

C. Assessments are due on the date specified in the invoice for the payment thereof. Annual Assessments shall be billed on a monthly basis. Special Assessments shall be due and payable at least thirty (30) days after the Association provides notice of the amount of such special Assessment. Assessments or other charges not paid in full to the Association within one day after the due date shall be considered past due and delinquent. If an Owner shall fail to pay any assessment within 10 days after the due date of any invoice for the payment thereof, the Owner is subject to a late charge in the amount of \$100.00 in addition to the unpaid assessments.

D. Any assessments not paid within 10 days after the due date of any invoice for the payment thereof shall bear interest at the annual rate of eight percent (8%) until paid in full. The Association's may collect a return-check charge in the amount of \$50.00) on any returned or dishonored check.

E. Any Owner who becomes delinquent in payment of assessments or other charges may enter into a payment plan with the Association, which plan shall be for a minimum term of 6 months. Such payment plan shall be offered to each Owner prior to the Association's referring any account to any attorney or collection agency for collection action. If the Owner defaults or otherwise does not comply with the terms and conditions of the payment plan, including payment of ongoing assessments of the Association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency.

F. Before the Association turns over a delinquent account of an Owner to an attorney or collection agency for collection action, the Association shall send the Owner a notice of delinquency (i) specifying the total amount due with an accounting of how the total was determined, (ii) informing the Owner of the opportunity to enter a payment plan and instructions for contacting the Association regarding a payment plan; (iii) the name and contact information of the person the Owner may contact to request a copy of the Unit Owner's ledger in order to verify the amount of the debt owed; and (iv) stating the action required to cure the delinquency and that failure to do so within 30 days may result in the Owner's delinquent account being turned over to an attorney or collection agency for collection action, a lawsuit

being filed against the Owner, the filing of a foreclosure of a lien against the Owner's Dwelling Unit, or other remedies available under Colorado law. At the election of the Association, an Owner's delinquent account may be turned over to an attorney or collection agency for collection action, a lawsuit may be filed against the Owner, a lien may be filed and foreclosed against the Owner's Dwelling Unit, or the Association may seek any other remedies available under Colorado law. Any lien or other collection undertaken by or on behalf of the Association may include, in addition to delinquent assessments, any and all late charges, interest, attorneys' fees, and other costs and charges. A judicial foreclosure of the Association's lien may not be commenced unless the delinquency equals or exceeds six months of common expense assessments based on the period budget adopted by the Association, and each individual foreclosure action must be approved by the Board of Directors by resolution, or a vote of the Board recorded in the minutes of the meeting at which the vote was taken.

G. An Owner's payments of delinquent assessments shall be applied as provided in the payment plan entered into between the Association and the Owner, if any, and if a payment plan has not been entered, then any payment will be applied first to satisfy any late charges, interest and returned-check charges, if any, before such payments are applied to regular and special assessments.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

CONFLICT OF INTEREST

The provisions of Section 38-33.3-310.5, C.R.S., shall apply to the Association and the members of the Board of Directors (each a “Director”) regarding conflicting interest transactions. A “conflicting interest transaction” means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to the Director, or between the Association and an entity in which a Director of the Association is a director, officer or has a financial interest. If a conflicting interest transaction exists, the Director shall recuse himself or herself from discussing or voting on the issue unless the Director discloses the material facts as to the Director’s relationship or interest as to the conflicting interest transaction to the Board of Directors, and the Board of Directors in good faith determines the conflicting interest transaction to be fair to the Association and authorizes, approves or ratifies the conflicting interest transaction by affirmative vote of majority of the disinterested directors. The Board shall review the Association’s conflict of interest policy at least once every three years.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

CONDUCT OF MEETINGS/PARLIAMENTARY RULES

A. **PARLIAMENTARY RULES.** Except when specifically or impliedly waived by the chairperson of a meeting (either of the Owners or the Board), Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with applicable laws or the Association governing documents or the provisions of the Act; provided, however, that a strict or technical reading of such rules shall not be made so as to frustrate the will of the persons properly participating in said meeting.

B. **ORDER OF BUSINESS - OWNERS MEETINGS.**

(i) The order of business at all meetings of the Owners shall be as follows: (a) roll call or check in procedure to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) approval of minutes of the preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of elections inspectors who shall count the votes (at annual meetings or special meetings held for election purposes); (g) election of members of the Board of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business. The order of business may be changed by duly approved motion.

(ii) Written ballots must be counted by a neutral third party or by a committee of volunteers composed of 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 may not be Board members, or candidates in a contested election for a Board position.

(iii) The Association shall conduct contested elections for members of the Board of Directors by secret written ballot. Uncontested elections for members of the Board of Directors and all other matters to be voted on at a meeting of the Owners may be conducted by any method determined by the Board of Directors including acclamation, by hand, by voice or by written ballot. Votes shall be held by secret written ballot upon the request of 20% of the Owners who are present at a meeting in person or by proxy.

C. **BOARD MEETINGS.** Board meetings shall be conducted in accordance with applicable provisions of the Act, CCIOA and the Association's governing documents. Regular and special meetings of the Board shall be open to all Owners. Owners may attend and speak at such meetings by addressing the Board during the Owner comment section of the agenda, or at other appropriate times determined by the Board upon specific issues under discussion but before the Board votes on the issue; provided, however, that the Board may establish reasonable limitations on the time an Owner may speak at such meeting.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

COVENANT AND RULE ENFORCEMENT; FINES; NOTICE AND HEARING; DISPUTE RESOLUTION

A. **REPORTING VIOLATIONS.** Complaints regarding alleged violations of the Rules, the Articles, Bylaws, and/or the Declaration of the Association (“Complaint”) may be reported by an Owner within the Community, a group of Owners within the Community, the Manager, if any, Director or any committee member(s) by submission of a written Complaint to the Board.

B. **COMPLAINTS.**

(i) Complaints by Owners within the Community shall be in writing and submitted to the Board of Directors. The complaining Owner shall have observed the alleged violation and shall identify the complainant (“Complainant”), the alleged violator (“Violator”), if known, and set forth a statement describing the alleged violation, referencing the specific provisions that are alleged to have been violated, when the violation was observed and any other pertinent information. Non-written complaints, or written complaints failing to include any information required by this provision, may not be investigated or prosecuted at the discretion of the Association.

(ii) Complaints by a Director, a committee member, or the Manager, may be made in writing to the Board of Directors or by any other means deemed appropriate by the Board of Directors if such violation was observed by a Director, committee member or Manager.

C. **TYPE I AND TYPE II VIOLATIONS.** Upon receipt of a Complaint, the Board of Directors, in its sole discretion, shall determine whether the alleged violation is a Type I Violation or a Type II Violation. “Type I Violations” are those that can be corrected immediately, and include such violations as parking and trash violations. “Type II Violations” are those that require time to correct, such as landscaping.

D. **INVESTIGATION.** Upon receipt of a Complaint by the Board, if additional information is needed, the Complaint may be returned to the Complainant with a request for additional information or may be investigated further by a Board-designated individual or committee. The Board of Directors shall have sole discretion in appointing an individual or committee to investigate the matter.

E. **WARNING LETTER.** If a violation is found to exist, a warning letter shall be sent by registered or certified mail from the Board of Directors or the Manager to the Violator explaining the nature of the violation. Violators who receive a Type I Violation warning letter must correct the violation within five (5) days after the date of the warning letter. Violators who receive a Type II Violation warning letter must notify the Board of Directors, in writing, through the Manager within five (5) days after the date of the warning letter advising the Board of Directors of the Violator’s plan to correct the violation and the date by which the violation will be

corrected. The cure period applicable to a Type II Violation is subject to Board approval, in its reasonable discretion.

F. CONTINUED VIOLATION AFTER WARNING LETTER. If the alleged Violator does not correct a Type I Violation within the applicable time period, submit a plan for the correction of a Type II Violation within the applicable time period, or diligently pursue the cure of the Type II Violation to completion or otherwise complete the cure of the Type II Violation within the time period specified by the Violator's plan (after the Board has accepted such time period as being reasonable, in its sole discretion), the Board may, following notice and opportunity for a hearing, as set forth below, impose fines of up to: (a) Fifty Dollars (\$50) per day for each Type I Violation; and (b) Five Hundred Dollars (\$500) per month for each Type II Violation, from the date of the Association's warning letter until the date the relevant violation is completely cured. If the Board elects to impose a fine, the Board or the Manager shall send a letter to the Violator by certified or registered mail notifying such alleged Violator of the Association's intent and stating that the Violator is entitled to a hearing on the merits of the matter, provided that such hearing is requested by the Violator in writing within ten (10) days of the date of the letter.

G. NOTICE OF HEARING. If a hearing is timely requested by the alleged Violator, the Board of Directors will serve a written notice of the hearing to all parties involved at least fifteen (15) days prior to the hearing date.

H. HEARING. At the beginning of each hearing, the presiding officer shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing, as determined by the Board of Directors. Each party or designated representative, may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Board of Directors shall base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board of Directors, all hearings shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board of Directors shall, within a reasonable time, not to exceed ten (10) business days, render its written findings and decision, and impose fines, if applicable. A decision, either a finding for or against the Owner, shall be by a majority of the Board members present at the hearing. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

I. FAILURE TO TIMELY REQUEST HEARING. If the alleged Violator fails to request a hearing within ten (10) days after the date of any notice letter, or fails to appear at a scheduled hearing, the Board of Directors may make a decision with respect to the alleged violation based upon the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be fined pursuant to the fine schedule set forth above.

J. NOTIFICATION OF DECISION. The decision of the Board of Directors shall be in writing and provided to the Violator and Complainant within ten (10) business days of the

hearing, or if no hearing is requested, within ten (10) business days of the final decision.

K. **WAIVER OF FINES.** The Board of Directors may waive all or any portion of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board of Directors may condition waiver of the entire fine, or any portion thereof upon the Violator coming into and staying in compliance with the Declaration or the Association's Articles, Bylaws or Rules; provided, however, that the Board seeks to uniformly enforce its right to waive such fines with respect to all Owners.

L. **PROCEDURE FOR DISPUTES NOT COVERED BY THE DECLARATION OR BYLAWS.** In the event of dispute between the Association and an Owner, for which a method, policy or procedure to address such dispute is not provided by the Declaration, Bylaws or the Policies of the Association, the Owner is invited and encouraged to meet with the Manager, or if there is no Manager, the Board, to resolve the dispute informally and without the need for litigation. If the Owner requests to meet with the Manager (or the Board if there is no Manager), the Association shall make a reasonable effort to comply with the Owner's request. Any statements made in compromise negotiations regarding the dispute between the Owner and the Manager at a meeting held pursuant to this policy may not be used to prove liability for claims disputed as to validity or amount. Any settlement or compromise reached as a result of this policy does not constitute a precedent for purposes of any other or subsequent dispute between the Association and any Owner. This policy does not require any specific form of alternative dispute resolution or require the parties to meet under this Section L, and nothing in this policy requires the Association to mediate or arbitrate disputes between Owners.

M. **OTHER ENFORCEMENT MEANS.** This enforcement process is adopted in addition to all other enforcement means that are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means, including, without limitation, the Association's right to cure any such violation.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

RECORDKEEPING, INSPECTION AND COPYING OF ASSOCIATION RECORDS

A. The Association shall keep as permanent records of the Association all of the records, documents, minutes, communications, statements, lists, reports, contracts and other items as required by Section 38-33.3-317, C.R.S. of CCIOA.

B. The records that must be kept by the Association shall be made available for examination and copying by an Owner or the Owner's authorized agent.

C. The Association may charge a reasonable fee to cover the costs of labor and material, for copies of Association records. The fee may not exceed the estimated cost of production and reproduction of the records.

D. As used in this policy, "available" means available for examination or copying during normal business hours, upon notice of at least ten business days prior to inspection or production of documents, to the extent that the request describes with reasonable particularity the records sought and the purpose of the request, except that no statement of purpose is required for production of the Declaration, Bylaws, Articles of Incorporation or rules and regulations of the Association.

E. A membership list or any part thereof may not be obtained or used by any person, without the consent of the Board of Directors, for any purpose unrelated to an Owner's interest as a Unit Owner, including any purpose prohibited by Section 38-33.3-317, C.R.S. of CCIOA.

F. The Association may withhold records from inspection and copying to the extent they are or concern any matter specified in Section 38-33.3-317(3), C.R.S. of the Colorado Common Interest Ownership Act, and shall withhold records from inspection and copying to the extent they are or concern any matter specified in Section 38-33.3-317(3.5), C.R.S. of CCIOA.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

DISCLOSURES TO MEMBERS

A. The Association shall provide to the Members and other persons, if and to the extent required by CCIOA, all disclosures and other information pertaining to the Association's operations, management and governance. Specifically, within 90 days after assuming control from the Declarant, the Association shall provide to Members, at least once per year, a written notice stating the name of the Project; the name of the Association; the name of the Association's designated agent or management company, if any; the valid physical address and telephone number for both the Association and the designated agent or management company, if any; and the initial date, reception number or book and page of the recording of the Declaration. If the Association's address, Manager or management company changes, the Association shall provide all Owners with an amended notice within 90 days after the change.

B. Within 90 days after expiration or termination of the Declarant Control Period and within 90 days after the end of each fiscal year thereafter, the Association shall disclose the following information to owners:

- (i) The date on which the Association's fiscal year commences.
- (ii) The operating budget for the current fiscal year.
- (iii) A list, by unit type, of the Association's current assessments, including regular and special assessments.
- (iv) The Association's annual financial statements, including any amounts held in reserve, and its most recent available financial audit or review.
- (v) A list of all Association insurance policies, including but not limited to, property, general liability, Association director and professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insured, and expiration dates of the policies listed.
- (vi) The Association's Bylaws, Articles, and rules and regulations.
- (vii) The minutes of the Board and member meetings for the fiscal year immediately preceding the current annual disclosure.
- (viii) The Association's responsible governance policies as required by Colorado Common Interest Ownership Act.

MEANS AND METHODS OF DISCLOSURES

The Association may accomplish the disclosures required above by one of the following means: Posting on an internet web page with accompanying notice of the web address via first class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a Common Expense.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

INVESTMENT OF RESERVE FUNDS

In order to minimize the amount of contributions, the Board shall invest the reserve funds of the Association in a reserve account so as to generate interest revenue that will accrue to the reserve account balance. The Association's overall objective with respect to any investment of reserve funds shall be the protection of the principal reserve funds invested and not maximization of returns on the investment. All investments shall be in the name of the Association, shall not be commingled with the Association's general operating account, and unless otherwise approved by a majority of the votes of the membership, shall be FDIC insured or otherwise guaranteed by the United States Government. Investments should take liquidity into consideration, such that funds are available to meet the repair and replacement schedule established by the periodic reserve study undertaken by the Association. The Board will make investment decisions in good faith and in a manner that the Board members believe to be in the best interests of the Association in accordance with the Act. The Board may hire an investment counselor to assist in formulating an investment plan. The Board shall review the reserve account investment plan at least annually to ensure that the funds are receiving competitive yields, and shall be authorized to make prudent adjustments as needed. All checks drawn on the reserve account shall require the signature of no fewer than two officers of the Association or two authorized members of the Board.

A. The Board of Directors shall conduct a reserve study at such times as in its sole discretion it determines necessary but at least every five years to determine the necessity and amount of reserves required to maintain, repair, replace and restore Association properties. The Board shall cause the reserve study to be conducted internally by a committee appointed by the Board of Directors which may obtain such professional assistance as it deems necessary to accomplish the study. The reserve study shall be based on a physical analysis and financial analysis. The reserve study shall be reviewed by the Board of Directors at least annually to determine if reserves are sufficient. The Board shall, in its discretion, have the authority to and shall make any adjustments deemed necessary to maintain reserves.

B. Reserve funds for the Association shall be maintained in a Reserve Fund and shall be used for major capital repairs, replacements, maintenance, care, restoration and improvements.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

RESERVE FUND STUDY POLICY

Pursuant to Section 38-33.3-209.5, C.R.S., the Association is required to adopt policies, procedures and rules and regulations concerning the preparation of reserve studies. This Reserve Fund Study Policy, together with the terms of the Declaration and the Bylaws, is intended to comply with such requirement.

A. The Board of Directors shall conduct a reserve study at such times as in its sole discretion it determines necessary but at least every five years to determine the necessity and amount of reserves required to maintain, repair, replace and restore Association common elements, properties, and components. The Board of Directors shall cause the reserve study to be conducted internally by a committee appointed by the Board of Directors of Directors which may obtain such professional assistance as it deems necessary to accomplish the study. The reserve study shall be reviewed by the Board of Directors or by reserve study specialists at least annually to determine if reserves are sufficient. The Board of Directors shall, in its discretion, have the authority to and shall make any adjustments deemed necessary to maintain reserves.

B. The reserve study shall be based on a physical analysis and financial analysis as follows:

(i) The physical analysis:

1. A component inventory identifying those portions of the community the Association is obligated to maintain, including the useful life of each component.

2. A condition assessment of each component on the component inventory by on-site inspection.

3. Estimates of the remaining useful life and replacement costs of each component.

(ii) The financial analysis:

1. An analysis of the funds currently held in the Association's reserve fund in relation to the expected needs of the Association per the reserve study.

2. A future funding plan to meet the requirements of the reserve study.

C. The reserve study will be funded through regular assessments. The provisions of this policy shall be in addition to and shall supplement the terms and provisions of the Declaration, the Bylaws, and the laws of the State of Colorado. The Board of Directors may deviate from the procedures set forth in this policy if, in its sole discretion, such deviation is necessary under the circumstances. The Board of Directors may amend this policy from time to time in its discretion so long as such amendment complies with CCIOA and other applicable laws of the State of Colorado.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

PROCEDURES FOR THE ADOPTION AND AMENDMENT TO POLICIES, PROCEDURES AND RULES

A. The Declaration shall not be amended or modified except in accordance with the terms thereof and as may be modified or amended under CCIOA.

B. The Board may amend the Bylaws, rules and regulations and the policies of the Association by a vote of a majority of the Board. Amendments to or modifications of the Bylaws, rules and regulations or policies shall be in writing and shall identify the specific provision(s) being amended or modified, and shall clearly set forth the amendment or modification. The Board shall inform Members of amendments of and modifications to the Bylaws, rules and regulations and policies by any reasonable means, including by a newsletter distributed to the Member

C. Any Member wishing to amend or modify the Bylaws and Rules may seek to do so by submitting a written request to the Board no later than 5 days prior to any Meeting which shall identify the specific provision(s) to be amended or modified; and which shall clearly set forth the proposed amendment(s) or modification(s) in writing.

D. Policies and procedures of the Association may be made and amended by a vote of a majority of the Board of Directors. The Board shall inform Members of adopted policies, procedures, amendments of and modifications thereto by any reasonable means, including by a newsletter distributed to the Members.

RESPONSIBLE GOVERNANCE POLICIES

Stables Village Owners Association

OWNER AND BOARD EDUCATION

A. OWNER EDUCATION. The Association or the Board shall provide, or cause to be provided, education to Owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of Owners, the Association, and its Board under Colorado law. The Board may provide or cause to be provided such information orally at the annual meeting of the Members or informally in a newsletter or other publication, or by such other means and in accordance with criteria otherwise determined by the Board.

B. 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 owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado and shall make reference to applicable sections of CCIOA.