

II. Board of Directors Conflicts of Interest

- A. General Duty of Executive Board. The Executive Board 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 of the Association (the Declaration, Articles, Bylaws, Rules, Regulations and Policies). In addition, C.R.S. § 7-128-501 ("the Statute") shall apply to members of the Executive Board. 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 Executive Board, 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 Executive Board 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 Executive Board 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 as 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 Executive Board 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 Executive Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

F. Executive Board Code of Ethics. In addition to the above, each Director and the Executive Board 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 Executive Board 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 Executive Board 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 Executive Board 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.

III. Conduct of Owner and Executive Board Meetings

- A. Open Meetings. All meetings of the Association and the Executive Board 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 Lot 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.
- 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 Executive Board and any proposal to remove a Director from the Executive Board.
- D. Electronic Notice. In addition to providing notice as set forth in Paragraph 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 Executive Board 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.
- 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) Voting for Executive Board. Votes for contested positions on the Executive Board 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 Executive Board (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 Lot 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 Lot Owners participating in such vote.

3. Proxies.

- 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. Board Meeting Procedure.

- 1. Conduct. All Executive Board meetings shall be governed by the following rules of conduct and order:
 - a) The President of the Association, or designee, shall chair all Executive Board 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 Executive Board. 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 Executive Board 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 Executive Board 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) Executive Board 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 Executive Board 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 Executive Board, 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 Executive Board votes to open the discussion to further Owner participation.**

V. Inspection and Copying of Association Records by Lot Owners

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

1. Minutes of all Executive Board and Owner meetings
2. All actions taken by the Executive Board or the Owners by written ballot in lieu of a meeting
3. All actions taken by a committee on the behalf of the Executive Board instead of the Board acting on behalf of the Association
4. All waivers of the notice requirements for Owner meetings, Executive Board meetings, or committee meetings

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 Association's management company, if applicable;
3. The Owner shall give the Association's managing agent 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 Executive Board 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 Executive Board.
- 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 Executive Board decides to disclose such communications at an open meeting;
 2. Any documents that are confidential under constitutional, statutory or judicially imposed requirements; and
 3. 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.
- 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, 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.

- 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 RED ROCKS VALLEY HOMEOWNERS ASSOCIATION, INC.**

I have requested to inspect and/or obtain copies of the following records for Red Rocks Valley Homeowners 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:

Owner

Date: _____

Owner

Date: _____

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 Elements of the Association, all as determined by the Executive Board.
- 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 Executive Board 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 Executive Board's 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 \$100,000 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, foreign currencies or other similar investments.
- F. Independent Professional Investment Assistance. The Executive Board 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 Executive Board or the management company, which will reconcile all statements within 30 days of receipt.
3. At least once a year, the Executive Board shall review its investment of any reserve funds to ensure that the goals outlined in this policy are being met.

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

- A. **Authority.** The Executive Board 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 Association Property and/or the Common Elements, provided however, that a Rule may not be inconsistent with or contrary to the Declaration, Articles of Incorporation and Bylaws of the Association.
- B. **Procedure for Adoption.**
1. **Drafting Considerations.** The Executive Board shall consider the following in adopting a new Rule: a) whether the Governing Documents and Colorado law grant the Executive Board 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 Executive Board may adopt any Rule if at least five days Notice is given to the Owners of the Executive Board's 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.
- C. **Procedure for Amendment.** A majority of the Directors present at any regular meeting or at any special meeting of the Executive Board 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 Articles, the Declaration 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 that are not addressed specifically by other Policies (Collection of unpaid assessments is addressed by Policy I herein; Enforcement of Covenants and Rules is addressed by Policy IV herein).
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 Executive Board or the managing agent 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 Executive Board 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 an Executive Board meeting, if deemed appropriate by the Executive Board 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 Elements and projects the future costs and timing for maintenance, repair, and replacement of the same.
2. At least once every three years, commencing with the date of adoption of this Policy, the Association shall perform a reserve study of the Common Elements, and based on the reserve study, shall create or update a funding plan for repair or replacement of the Association's reserve assets.
3. The funding plan shall list all projected costs and shall indicate what percentage of those costs will be funded through regular assessments, special assessments or other funding methods.
4. The reserve study shall consist of a physical analysis and a financial analysis and shall include a description of how these 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 Executive Board'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.
- B. Supplement to Law. The Policies set forth in this Resolution shall be in addition to the terms and provisions of the Declaration, Articles of Incorporation and Bylaws and applicable Colorado law.
- C. Deviations. The Executive Board 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 Executive Board as set forth in Section VII above.

Effective the 15TH day of APRIL, 2015.

RED ROCKS VALLEY HOMEOWNERS ASSOCIATION, INC.

By: _____



_____, Secretary