

RESPONSIBLE GOVERNANCE POLICIES AND PROCEDURES FOR RIVER PARK HOMEOWNERS ASSOCIATION, INC.

The Board of Directors (“**Board**”) of River Park Homeowners Association, Inc., a Colorado nonprofit corporation for purposes of complying with the responsible governance provisions of the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, *et seq.* (the “**Act**”) adopts the following policies and procedures (the “**Policies and Procedures**”), which shall govern matters involving the River Park Homeowners Association, Inc., a Colorado nonprofit corporation (the “**Association**”). Any capitalized terms not defined herein shall have the same meaning as in the Act or the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for River Park recorded in the Office of the Ouray County Clerk and Recorder at Reception No. 176461 on December 18, 2001, as amended (the “**Declaration**”). Upon approving these Policies and Procedures, the Board hereby amends, restates, terminates, supersedes, and replaces in its entirety any previously adopted Responsible Governance Policies or similar policies for the Association.

1. Conflicts of Interest Involving Board Members.

Directors serving on the Board shall adhere to the requirements of § 310.5 of the Act governing conflicts of interest involving Board members (the “**CCIOA Conflicts Regulations**”). Additionally, to the extent that the provisions of Articles 121 to 137 of Title 7, the Colorado Revised Nonprofit Corporation Act (the “**Nonprofit Act**”), and specifically those set forth in § 7-128-501 of the Nonprofit Act, do not conflict with the CCIOA Conflicts Regulations, such provisions of the Nonprofit Act shall supplement and/or provide additional guidance regarding conflicts of interest involving Board members.

In adopting these policies and procedures regarding conflicts of interests involving Board members, the Board hereby states its desire and intention to ensure that the economic well-being and financial interests of the Owners, the Association and the Community as a whole are furthered and pursued by the Board. In doing so, the Board seeks to apply common sense and good business judgment to avoid unreasonable interpretations of the CCIOA Conflicts Regulations. Specifically, because, by definition, the very essence of the Common Interest Community and the Association involves pursuit of interests that “financially benefit” the Owners, a literal interpretation of the CCIOA Conflicts Regulations forbidding any Board director from voting on a matter in which they stand to “financially benefit” would arguably preclude any Owner from ever serving as a Board director.

As a result, the Board will avoid such a literal interpretation, and in connection therewith, hereby reconfirms that, in adopting these conflicts of interest policies and procedures (as required by the Act and the CCIOA Conflicts Regulations), the Board seeks to provide meaningful direction, so as to enable the Board and its constituent members to pursue the economic best interests of the Owners, the Association and the Common Interest Community, as a whole. Accordingly, the Board hereby confirms its understanding and intention that: (1) any Owner serving on the Board should use their best efforts to adhere to the good business sense and standards set forth in the Nonprofit Act; and (2) the ambiguous provisions of the CCIOA Conflicts Regulations referencing matters that could “financially benefit” any Owner shall be implemented and interpreted so as to only prohibit Owner Board members and/or their immediate family members from realizing individual and/or unique “financial benefits” materially and commercially different and more beneficial than those realized by other similarly situated Owners.

Finally, in so interpreting the CCIOA Conflicts Regulations, the Board reconfirms its intention

and desire to pursue the economic and commercial best interests of the Owners by preserving, to its best ability, the values of the Lots and the Common Interest Community as a whole through both these Policies and Procedures and its general conduct of Association business.

2. Conduct of Meetings

The provisions of Part 2 of Article 128 of the Nonprofit Act shall govern procedures for meetings of the Association and of the Board of the Association. In the event that these provisions of the Nonprofit Act do not provide adequate direction, then the most recent edition of Roberts Rules of Order shall control.

3. Collection of Unpaid Assessments, Fines and Fees

This policy shall govern the collection of unpaid Association assessments (“**Unpaid Assessments**”), fines imposed in accordance with due process procedures set forth in Paragraph 5., below (“**Unpaid Fines**”), or other fines and fees. Unpaid Assessments shall include, but are not limited to, past due payments for common assessments, including, but not limited to, Reimbursement Assessments (defined below) and any other charges incurred pursuant to § 209.5 of the Act. Unpaid Fines shall include any other charges incurred pursuant to § 209.5 of the Act. Unpaid Assessments and Unpaid Fines shall collectively be referred to as “**Unpaid Fees**.”

3.1 Notice of Delinquency. After any Unpaid Fees become 60 days past due, and before commencing any formal collection steps with legal counsel or otherwise, the Board shall send to the Owner (the “**Delinquent Owner**”) a “**Notice of Delinquency**” in conformance with § 209.5(5)(a) of the Act.

3.1.1. The Board shall maintain a record of any contacts it has made, including the means of communication used to deliver the Notice of Delinquency. Further the Board shall deliver the Notice of Delinquency by the following means:

- (i) Certified Mail, Return Receipt Requested, which expenses may be assessed to the Delinquent Owner; AND
- (ii) Text message to a cellular number that the Association has on file for the Delinquent Owner; OR
- (iii) Telephone call to a cellular number that the Association has on file for the Delinquent Owner; OR
- (iv) E-mail to the email-address that the Association has on file for the Delinquent Owner.

3.1.2. At a minimum, this Notice of Delinquency shall:

- (i) be written in English and in any language that the Delinquent Owner has indicated a preference for correspondence;
- (ii) specify whether the Notice of Delinquency concerns Unpaid Assessments, Unpaid Fines, or other fees and charges and state that the delinquency may result in foreclosure;

(iii) include total Unpaid Fees as of the date of the Notice of Delinquency, including accrued late fees, Certified Mail, Return Receipt Requested fees, returned check fees, penalties, interest, or fees attributable to a Lot and/or Delinquent Owner (collectively, the “**Unpaid Charges**”);

(ii) explain how the Unpaid Fees and Unpaid Charges were calculated and how any on-going accrued Unpaid Charges thereof will be calculated;

(iii) provide an offer of a one-time opportunity to pay off the Unpaid Fees and Unpaid Charges within no less than 18 months (the “**Repayment Plan**”) by attaching a proposed form of Repayment Plan, which monthly payment amount may be chosen by the Owner, to be accepted or rejected by the Delinquent Owner within no more than 30 days of the Notice of Delinquency (the “**Repayment Agreement**”);

(iv) disclose instructions for the Delinquent Owner to execute and deliver the Repayment Agreement to the Association, to avoid, formal collection action;

(v) provide the name and contact information for the person or entity the Delinquent Owner may contact to request a copy of the Delinquent Owner’s ledger to verify the amount of Unpaid Fees and Unpaid Charges and note that the Association shall deliver that ledger within no more than seven business days after the request;

(vi) advise the Delinquent Owner that (a) free information related to the Association’s collection procedures and the Association’s right to foreclose on the Delinquent Owner’s Lot; and (b) a link to credit counseling information is available on the Association’s website

(vii) explain the method by which payments may be applied on the Delinquent Owner’s account;

(viii) describe the steps the Association must take before the Association may take legal action against the Delinquent Owner, including a description of the Association’s cure process.

(ix) list all other legal remedies available to the Association to (i) collect on the Delinquent Owner’s account and/or (ii) enforce a violation of the Association Documents, pursuant to the Association Documents and Colorado law, including, injunctive relief, collection of Unpaid Fees and Unpaid Charges, rights to suspend Owner voting rights, use of Community Common Easements, and/or suspension of certain Association elective services;

(x) provide notice to the Delinquent Owner of the remedies available to the Delinquent Owner, including taking the Association to small claims court over the Notice of Delinquency, Unpaid Fees, and Unpaid Charges; AND

(xi) disclose that failure by the Delinquent Owner to either (1) pay in full all Unpaid Fees and Unpaid Charges (and additional amounts accrued thereon until payment), or (2) execute and return the Repayment Agreement to the Association within 30 days after the Notice of Delinquency (and, then, thereafter strictly and timely to comply with the Repayment Agreement payment obligation) will result in the Association being authorized and empowered to pursue all remedies to collect all Unpaid Fees and Unpaid Charges and other amounts owed by the Delinquent Owner’s account, including, without limitation:

(a) filing a lawsuit against the Delinquent Owner, personally;

(b) foreclosing the Association's lien against the Delinquent Owner's Lot, which could result in the sale of the Lot at auction and the Delinquent Owner losing some or all of their equity in the Lot;

(c) pursuing any other remedies available under Colorado law and/or the Association Documents; AND/OR

(d) engaging the services of legal counsel and/or collection companies to pursue the above (and assessing such fees and costs on the Delinquent Owner's Lot).

3.1.3. Neither Unpaid Fees nor any other efforts by the Association to collect against any Delinquent Owner shall include:

- (i) an interest rate greater than eight percent; OR
- (ii) an assessment of any fee or other charge to recover the costs incurred by the Association for providing the Owner a statement of total amount that the Owner owes the Association.

3.2 Repayment Plan Not Required. The Association is not required to offer any Repayment Plan or enter into a Repayment Agreement if the Delinquent Owner either (i) does not occupy the Lot; (ii) has acquired the Lot as a result of a default of a security interest encumbering the Lot or a foreclosure of the Association's lien; or (iii) previously has entered into a Repayment Agreement pursuant to § 316.3 of the Act.

3.3 Collection Triggers. The Association immediately may pursue collection actions if the Delinquent Owner:

(i) fails to comply with the terms of the Repayment Agreement (including, but not limited to, failure to pay any Repayment Agreement installment payment and/or remain current with all assessments during the Repayment Plan period); OR

(ii) previously has been offered a Repayment Plan or entered into a Repayment Agreement, pursuant to § 316.3 of the Act, whether or not any such agreement may have been paid off in full; AND

(iii) a majority of the Board votes in a recorded meeting to refer the matter to a collection agency or attorney.

3.4 Limitations on Foreclosure. The Association shall not foreclose any lien for Unpaid Charges, unless:

(i) total Unpaid Assessments due exceed six months of regular assessments;

(ii) the Board specifically approves by formal action the foreclosure action on the Lot(s) owned by the Delinquent Owner;

(iii) the Association has obtained a personal judgment against the Delinquent Owner in a civil action, attempted to bring a civil action against the Delinquent Owner but was prevented by the death or incapacity of the Delinquent Owner, attempted to bring a civil action against the Delinquent Owner but was unable to serve the Delinquent Owner within 180 day,

or the Delinquent Owner has declared bankruptcy through a bankruptcy civil action;

(iv) the Association has given the Delinquent Owner at least 30 days advanced written and electronic notice stating:

- a. The Association intends to foreclose on the Delinquent Owner's Lot pursuant to its lien, which will result in the sale of the Lot at auction and the Delinquent Owner losing all or some equity in the Lot;
- b. The Delinquent Owner may obtain credit counseling prior to the foreclosure and provide an online link to credit counseling resources; and
- c. The Delinquent Owner has as a right to engage in mediation before litigation, pursuant to Section 10, below; AND

(v) no later than five business days after the Association initiates a foreclosure action on its lien, the Association shall provide the Delinquent Owner with notice that the Owner has a right to (a) cure the delinquency, (b) file a motion with the court to stay the sale of the Lot at auction, and/or (c) any time prior to the date of the auction, to file a motion with the court to stay the auction to allow the Delinquent Owner to list the Lot for sale at fair market value or an alternate amount determined by the court. If the Delinquent Owner obtains such a court order the order will stay in effect for nine months, but may extend the nine month stay for good cause or if there is proof that the sale of the Lot is imminent (such proceeds of the sale would be held by the court in escrow to determine the distribution of the proceeds).

The lien must consist of assessments, fees, or fines other than just (i) fines that the Association has assessed against the Delinquent Owner or (ii) costs incurred to collect against the Delinquent Owner, including attorneys' fees, which attorney's fees shall not exceed \$5,000 or 50% of the Unpaid Fees, whichever is less.

The Board shall not delegate its duty to approve the foreclosure action to any attorney or agent of the Association. Any legal action to foreclose on a Lot or Lots shall include a copy of the Board's specific formal authorization of the foreclosure. Once approved by the Board, the Association may pursue all legal means available to collect the Unpaid Fees and Unpaid Charges including, without limitation, collection/foreclosure procedures.

3.5 Escrow Agreements for Unpaid Charges. The Board also may elect, at any time after a Delinquent Owner's Unpaid Assessments become more than 60 days past due, to enter into an escrow agreement with the holder of any mortgage on the Lot subject to the Unpaid Fees and Unpaid Charges to combine the entire amount of the Unpaid Fees and Unpaid Charges with the Delinquent Owner's mortgage payment, pursuant to § 315(7) of the Act.

4. **Procedures for Owner-Created Costs**

The Board reserves the right to assess and seek reimbursement (without commencing legal proceedings), as a "**Reimbursement Assessment**," from any Owner inflicting extraordinary legal, accounting, and/or maintenance fees upon the Association ("**Owner-Created Costs**"). The amount of such Reimbursement Assessment for Owner-Created Costs shall be determined by the Board and shall consist of a reasonable fine, collection costs, attorney fees (not to exceed \$5,000 or 50% of the Reimbursement Assessment, whichever is less), and other costs, as permitted under the Act and/or the pertinent Association and/or Association Documents. To the extent that an Owner asserts that an Owner-Created Cost resulted from violations of non-monetary covenants, restrictions, or other obligations – and is not related to Owner requests or directions or other similar actions – the Owner

shall have the right to request written notice from the Association and have an opportunity to be heard pursuant to Paragraph 5., below.

5. Enforcement of Covenants and Rules, Including Notice and Hearing Procedures

All Owners, by taking title to their property, shall be deemed to understand and have accepted their obligations to pay all monetary obligations including, but not limited to, all assessments, special assessments, and Reimbursement Assessments levied by the Association and any other late payment charges, penalties, interest, or fees attributable to an Owner in connection therewith, all in accordance with applicable Colorado law. Therefore, the procedures below shall not apply to any such monetary obligations, and, specifically, the Association shall not be required to conduct any Hearing (as defined below), regarding such monetary obligations (specifically including any late payment charges, penalties, interest, or fees).

Whenever the Board has reason to believe that any Owner has violated and/or is in violation of any non-monetary covenant, restriction, or other obligation under any of the Association Documents, or has reason to assess a fine against a Lot and/or Owner for this type of violation, the Board shall conduct an informal, but fair and impartial fact-finding process to determine whether or not, in its best judgment, the alleged violation actually occurred and, if so, whether it believes the accused Owner is the party responsible and/or liable for the alleged violation.

In connection with this fair and impartial fact-finding process, the Board shall send a written notice describing the violation(s) (the “**Notice of Violation**”) to the Owner, if any, at the address(es) that appear(s) in the records of the Association. Upon transmittal of the Notice of Violation by the Association, the Owner shall have no more than 14 days to request a private hearing (the “**Hearing**”), which would be held between the Board and the Owner. The Board shall then have no more than 30 days to conduct the Hearing. The Hearing shall be conducted pursuant to the procedures set forth for conducting of meetings in Paragraph 2, above.

At the Hearing, the Board shall address the nature and details of the alleged violation with the Owner, and the Owner shall be provided an opportunity to rebut, explain, or present any evidence in the Owner’s defense. If the Board and the Owner are able to reach an agreement as to how best to resolve the alleged violation at, or pursuant to, the Hearing, that agreement shall be reduced to writing and signed by the Owner and on behalf of the Board. If the Board and the Owner prove unable to reach an agreement, then the Board, in its sole discretion, thereafter may pursue any legal or equitable remedies, assess any fines, and/or take any other actions it deems necessary or proper (including, without limitation, recovery of legal fees and/or other costs of the Hearing, the impartial fact-finding process or otherwise), pursuant to the Association Documents or applicable laws. If the Board determines, as a result of the fact-finding process or the Hearing (in the Board’s sole and absolute discretion), that the Owner is not responsible for the alleged violation, the Association shall not allocate any portion of its costs or attorney fees to the Owner incurred in connection with the fact-finding process or Hearing.

Pursuant to § 209.5 of the Act, no Director on the Board shall participate in the fact-finding process, the Hearing, or any determination of whether the accused Owner is the party responsible and/or liable for the alleged violation, if such Director has a direct personal or financial interest in the outcome of the Hearing. In the event that the (i) entire Board is prohibited from participating in the matter pursuant to the foregoing; and/or (ii) the Board determines that best interests of the Association would be served by appointing an impartial committee to handle the matter, the Board shall appoint an committee consisting of no less than three members to conduct the fact-finding process, the Hearing,

and make a determination of whether the accused Owner is the party responsible or liable for the alleged violation.

If the Board determines that an Owner is in violation of the allegations set forth in the Notice of Violation, the Board shall comply with all procedures and cure timelines/opportunities set forth in § 209.5 (1.7)(a)(III) to (V) of the Act. If such actions result in a need for collections against an Owner, the Board shall comply with the Notice of Delinquency process set forth in Paragraph 3., above.

If fines are imposed after the Association complies with the procedures set forth above, no such fines shall be imposed on a daily basis and no individual fine shall exceed \$500 except for fines imposed arising out of health or safety violations.

6. Inspection and Copying of Association Records by Owners.

The provisions of § 317 of the Act shall govern inspection and copying of association records by Owners (“**Association Records**”).

7. Investment of Reserve Funds.

Any reserve funds approved by the Board and collected by assessment (including any special assessments) or otherwise shall administered at the discretion of the Board, subject to applicable requirements of the Act and applicable tax and/or other laws/regulations. All of the foregoing shall be undertaken so as to ensure, to the best of the Board’s ability, that no adverse income or other tax consequences result to the Association and/or its Members.

Proof of deposit in such account and a schedule of interest accrual shall be available to any Owner pursuant to the procedures for inspection and copying of Association Records by Owners set forth above.

8. Reserve Study Policy.

At the Board’s election, the Board shall make a determination as to: (i) whether to have a reserve study prepared for the portions or portion of the Community maintained, repaired, replaced, and/or improved by the Association, and, (ii) the timing of such reserve study, if any. In the event that the Board determines that a reserve study is necessary, such reserve study may be performed by an outside consultant or may be prepared internally; and shall be based on a physical examination of the Community, a financial analysis, or both, all as determined by the Board in its sole and absolute discretion.

Additionally, in the event the Board determines a reserve study is necessary, the Board shall establish plan for funding any work recommended by the reserve study (or any portion thereof deemed appropriate by the Board). In doing so, the Board, in its sole and absolute discretion) may consider funding for the work to come from any or all of the following sources: (i) cash on hand including the Association’s operating and/or reserve accounts; (ii) common assessments; (iii) special assessments; (iv) loans obtained by the Association; (v) any additional source as determined by the Board; and/or (vi) any combination of the foregoing.

9. Year End Excess Fund Balance Tax Treatment

On the first day of Association fiscal year, should funds and or/ positive account balances

remain in any Association accounts that derive from the previous fiscal year's operations, those funds shall be deemed to "unrestricted fund balances" and shall be classified and treated as such for all federal, state and/or other income tax purposes. Further, all Association "reserve," "capital," and/or similar accounts shall at all times be deemed to be "unrestricted fund balances" and shall be so classified and treated for all federal, state and/or other income tax purposes.

10. Dispute Resolution

In accordance with the Declaration, all disputes shall be submitted to mediation as a precondition to the filing of any litigation. Any claim which any party has against another party pertaining to the matters set forth or referred in the Association Documents must be presented by the claiming party to the other within one year of the date the claiming party knew, or should have known of the facts giving rise to the claim. Unless the party against who any claim is asserted waives the time limit set forth above, any claim not brought within the one-year period shall be forever barred. The mediator selected by the parties shall be neutral and impartial, knowledgeable as to the subject matter for the dispute and experienced in mediation. The mediator shall have at least ten years experience with homeowner's association projects. The cost of mediation, including the cost of the mediator, shall be borne by the parties participating in the mediation on an equal basis.

11. Adoption and Amendment of Policies, Procedures and Rules.

Amendments to these Policies and Procedures may be appropriate and/or desired and/or necessary from time-to-time. Any such amendments shall be undertaken and adopted by the Board, subject to any applicable requirements of the Act and the Declaration, Articles of Incorporation, and Bylaws of the Association.

THE FOREGOING POLICIES ARE HEREBY ADOPTED BY THE ASSOCIATION EFFECTIVE AS OF THE 13 DAY OF July 2026.

River Park Homeowners Association, Inc.,
a Colorado nonprofit corporation

By: Chantal Unfug
Chantal Unfug, President