

**RESOLUTION OF THE
GRASSY CREEK AT MT. HARRIS OWNERS
ASSOCIATION, INC. TO ENACT
RESPONSIBLE GOVERNANCE POLICIES**

The Grassy Creek at Mt. Harris Owners Association, Inc., a Colorado nonprofit corporation (the “Association”) hereby adopts the following responsible governance policies (the “Policies”), pursuant to the authority granted to the Association in Article VIII of the Bylaws of the Association. Unless otherwise defined in these Policies, terms defined in the Declaration of Protective Covenants for Grassy Creek at Mt. Harris (the “Declaration”), the Association’s Articles of Incorporation (“Articles”) and the Association’s Bylaws (“Bylaws”) shall have the same meaning herein. The Declaration, Articles, and Bylaws shall hereafter be collectively referred to as the “Governing Documents.”

These Policies are made for the purposes of promoting the best interests of Owners and occupants of Lots in the community, to secure full, fair, and safe utilization and enjoyment of the community by such Owners and occupants, to protect and enhance the property values of the Lots, to protect persons and property against injury or damage, and in general to promote the health, safety, and general welfare of the Owners and occupants and to make the community a pleasant place in which to live.

These Policies are applicable to Owners, tenants, managers, guests, and invitees of Owners, and shall be deemed in addition to, and not in lieu of, all applicable provisions of the Declaration and amendments thereto, Articles of Incorporation and Bylaws, which shall control in the event of any inconsistency with these provisions. Each Owner is responsible and liable for the acts or omissions of such Owner’s tenants, guests, and invitees respecting compliance with these Policies and the Declaration as well as all other Governing Documents.

- A. Collection Policy – page 2**
- B. Board of Director Conflicts of Interest – page 7**
- C. Conduct of Meetings – page 9**
- D. Covenant Enforcement Policy and Fine Schedule – page 12**
- E. Inspection and Copying of Association Records – page 18**
- F. Adoption and Amendment of Policies and Rules – page 21**
- G. Dispute Resolution – page 22**
- H. Policy Regarding Investment of Reserves of the Association – page 25**

A. Collection Policy

1. Due Dates. The annual assessment shall be due and payable in periodic installments as determined by the Board of Directors. Special assessments or other charges may be assessed from time to time by the Association in accordance with the Declaration and are due and payable as specified by the Board of Directors. Assessment installments and other charges not paid to the Association within thirty (30) days after the due date shall be considered past due and delinquent.
2. Late Charges and Interest Charges. Any assessment or other charge not paid by the due date thereof shall bear interest from the due date at 8% per annum. In addition, the Association shall be entitled to impose a late charge of one hundred dollars (\$100.00) on each assessment installment or other charge that is not paid within sixty (60) days after the same is due. All such charges shall be due and payable immediately, without notice, in the manner provided for payment of assessments.
3. Collection Process.
 - a. For the purposes of this section, “assessments” shall include regular and special assessments and any associated fees, charges, late charges, attorney fees, fines, and interest charges.
 - b. All assessments shall be paid on the date due.
 - c. If not paid on the date due, the Owner shall be delinquent.
 - d. If any assessment is not paid within thirty days of the date due, the unpaid balance shall begin accruing interest from the date due at the rate of 8% per annum until paid.
 - e. If any assessment is not paid within sixty days of the date due, a late fee of \$100.00 shall be imposed.
 - f. If there is a check submitted by an Owner to the Association for assessments that is returned for insufficient funds or any other reason, the Association shall impose a returned check fee of \$50.00.
 - g. If an Owner is delinquent, the Association shall suspend the voting rights of the delinquent Owner.
 - h. The Association shall be entitled to recover its reasonable attorneys’ fees and collection costs incurred in the collection of assessments or other charges due to the Association from a delinquent Owner. The reasonable attorneys’ fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

4. The Association shall take the following steps if an Owner is delinquent in paying assessments, fines, or fees:
 - a. The Association shall first contact the Owner regarding the delinquency and shall maintain a record of any contacts, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made.
 - b. The Association shall also contact the Owner regarding the delinquency by certified mail, return receipt requested, and physically post a notice of delinquency at the Owner's Lot.
 - c. The Association shall also contact the Owner regarding the delinquency by one of the following means:
 - i. First-class mail;
 - ii. Text message to a cellular number that the Association has on file because the Owner has provided the cellular number to the Association; or
 - iii. E-mail to an e-mail address that the Association has on file because the Owner has provided the e-mail address to the Association.
 - d. The Association shall only refer the delinquent account to a collection agency or attorney if a majority of the Board votes to refer the matter in a recorded vote at a meeting conducted in executive session pursuant to section 38-33.3-308(4)(e).
5. The Association shall not impose the following on a daily basis against an Owner:
 - a. Late fees; or
 - b. Fines assessed for violations of the Declaration, Bylaws, Articles or other Governing Documents.
6. The Association shall only impose fines as follows:
 - a. With respect to any violation of the Declaration, Bylaws, Articles or other Governing Documents that the Association reasonably determines threatens the public safety or health, the Association shall provide the Owner written notice, in English and in any language that the Owner has indicated a preference for correspondence and notices, of the violation informing the Owner that the Owner has seventy-two hours to cure the violation or the Association may fine the Owner.
 - b. If, after an inspection of the Lot, the Association determines that the Owner has not cured the violation within seventy-two hours after receiving the notice, the Association may impose fines on the Owner every other day and may take legal

action against the Owner for the violation; except that the Association shall not pursue foreclosure against the Owner based on fines owed.

- c. If the Association reasonably determines that an Owner committed a violation of the Declaration, Bylaws, Articles or other Governing Documents, other than a violation that threatens the public safety or health, the Association shall, through certified mail, return receipt requested, provide the Owner written notice, in English and in any language the Owner has indicated a preference for correspondence and notices, of the violation informing the Owner that the Owner has thirty days to cure the violation or the Association, after conducting an inspection and determining that the Owner has not cured the violation, may fine the Owner; however, the total amount of fines imposed for the violation may not exceed five hundred dollars.
- d. The Association shall grant an Owner two consecutive thirty-day periods to cure a violation before the Association may take legal action against the Owner for the violation; and the Association shall not pursue foreclosure against the Owner based on fines owed.
- e. If the Owner cures the violation within the period to cure afforded the Owner, the Owner may notify the Association of the cure and, if the Owner sends with the notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the 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.
- f. 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 thirty-day cure period to determine if the violation has been cured. If, after the inspection and whether or not the Association received notice from the Owner that the violation was cured, the Association determines that the violation has not been cured:
 - i. A second thirty-day period to cure commences if only one thirty-day period to cure has elapsed; or
 - ii. The Association may take legal action pursuant to this policy if two thirty-day periods to cure have elapsed.
- g. Once the Owner cures a violation, the Association shall notify the Owner, in English and in any language that the Owner has indicated a preference for correspondence and notices:
 - i. That the Owner will not be further fined with regard to the violation; and
 - ii. Of any outstanding fine balance that the Owner still owes the Association.

- h. On a monthly basis and by first-class mail and, if the Association has the relevant e-mail address, by e-mail, the Association shall send to each Owner, in English and in any language that the Owner has indicated a preference for correspondence and notices, who has any outstanding balances owed the Association an itemized list of all assessments, fines, fees, and charges that the Owner owes to the Association.
- 7. The Association shall not fine an Owner for an alleged violation of the Declaration, Bylaws, Articles or other Governing Documents without first following its Covenant Enforcement Policy as well as giving all of the above-required notices.
- 8. The Association may not use a collection agency or take legal action to collect unpaid assessments unless the Association does the following:
 - a. The Association shall send the Owner a notice of delinquency by certified mail, return receipt requested, specifying:
 - i. The total amount due, with an accounting of how the total was determined;
 - ii. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan;
 - iii. 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;
 - iv. That action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to a collection agency, law suit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law;
 - v. The method by which payments may be applied on the delinquent account of the Owner; and
 - vi. The legal remedies available to the Association to collect on an Owner's delinquent account pursuant to the Governing Documents and Colorado law.
 - b. Any notice of delinquency sent by the Association to an Owner for unpaid assessments, fines, fees or charges shall:
 - i. Be written in English and in any language that the Owner has indicated a preference for correspondence and notices;
 - ii. Specify whether the delinquency concerns unpaid assessments; unpaid fines, fees, or charges; or both unpaid assessments and unpaid fines, fees, or charges, and, if the notice of delinquency concerns unpaid assessments, the notice of delinquency must notify the Owner that unpaid assessments may lead to foreclosure;
 - iii. Describe the steps the Association must take before the Association may take legal action against the Owner, including a description of the

- Association's cure process described above; and
- iv. Describe what legal action the Association may take against the Owner, including a description of the types of matters that the Association or Owner may take to small claims court, including injunctive matters for which the Association seeks an order requiring the Owner to comply with the Declaration, Bylaws, Articles or other Governing Documents.
9. The Association shall not commence a legal action to initiate a foreclosure proceeding based on an Owner's delinquency in paying assessments unless:
- a. The Association has complied with all of the above requirements as well as made a good-faith effort to coordinate with the Owner to set up a payment plan that meets the requirements in subsection b, below; and
 - b. The payment plan must be made in a written offer that authorizes the Owner to repay the debt in monthly installments over eighteen months. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment must be in an amount of at least twenty-five dollars until the balance of the amount owed is less than twenty-five dollars; and
 - c. Within thirty days after the Association has provided the Owner with a written offer to enter into a repayment plan, the Owner has either:
 - i. Declined the repayment plan; or
 - ii. After accepting the repayment plan, failed to pay at least three of the monthly installments within fifteen days after the monthly installments were due.
10. The Association shall not:
- a. Charge a rate of interest on unpaid assessments, fines or fees in an amount greater than eight percent per year;
 - b. Assess a fee or other charge to recover costs incurred for providing the Owner a statement of the total amount that the Owner owes;
 - c. Foreclose on an assessment lien if the debt securing the lien consists only of one or both of the following:
 - i. Fines that the Association has assessed against the Owner; or
 - ii. Collection costs or attorney fees that the Association has incurred and that are only associated with assessed fines.
11. A party seeking to enforce rights and responsibilities arising under the Declaration, Bylaws, Articles or other Governing Documents in relation to disputes arising from assessments, fines or fees owed to the Association and for which the amount at issue does not exceed seven thousand five hundred dollars, exclusive of interest and costs, may file a claim in small claims court.

B. Board of Director Conflicts of Interest

1. General Duty. The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles and to protect and enhance the value of the properties in the community. All Directors shall exercise their powers and duties in good faith and in the best interest of, and with utmost loyalty to, the Association. All Directors shall avoid conflicts of interest and conflicting interest transactions in their dealings with and representation of the Association and shall avoid the appearance of impropriety in those dealings.
2. Definitions.
 - a. “Conflict of interest” means circumstances under which a Director may be unduly influenced in his or her decision-making process in favor of or against any particular action.
 - b. “Conflicting interest transaction” means any contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director is a director or officer or has a financial interest.
 - c. “Party related to a Director” means a spouse, descendant, ancestor, sibling, the spouse or descendant 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 a director, officer, or has a financial interest.
3. No Loans to Directors. No loans shall be made by the Association to Directors or officers. Any Director who assents to or participates in the making of such a loan shall be personally liable to the Association for the amount of the loan until repayment thereof.
4. Disclosure of Conflict of Interest or Conflicting Interest Transaction. In advance of entering into a conflicting interest transaction, the interested Director shall declare at an open meeting of the Board that a contract, transaction, or other financial relationship being contemplated or discussed by the Board may constitute a conflicting interest transaction with such Director, and the interested Director shall describe in detail all of the particular facts of the conflicting interest transaction and the conflict of interest giving rise thereto. If a Director other than the interested Director, in good faith, believes that the interested Director has a conflict of interest, or that the contract, transaction, or other financial relationship being contemplated or discussed might constitute a conflicting interest transaction, then such other Director may disclose the facts upon which such belief is formed, and the remainder of the Board, not including the interested Director, shall make a good faith determination as to whether a conflict of interest or conflicting interest transaction exists.
5. Action Upon Disclosure. After the interested Director makes such a declaration, or the remainder of the Board determines that a conflict of interest or conflicting

interest. transaction exists, the interested Director may be counted as present for purposes of establishing a quorum of the Board, but the interested Director shall not participate in a discussion of the matter giving rise to the conflict of interest or conflicting interest transaction, nor shall the interested Director vote on the issue giving rise to the conflict of interest or conflicting interest transaction.

6. Validity of Action. No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an Owner or by or in the right of the Association, solely because (a) the conflicting interest transaction involves a Director or a party related to a Director or an entity in which the Director is a director or officer or has a financial interest, or (b) the Director is present at or participates in the meeting of the Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction, or (c) the Director's vote is counted for such purposes if:
 - a. the material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of disinterested Directors, even though the disinterested Directors are less than a quorum; or
 - b. 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 Directors entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Directors entitled to vote thereon; or
 - c. the conflicting interest transaction is fair as to the Association.

C. Conduct of Meetings

1. Open Meetings. All meetings of the Association, including Owner, Board of Directors, and committee meetings, are open to every Owner and any person designated by an Owner in writing as the Owner's representative. As used in this policy, "Member" includes Owners and any Owner representative or other authorized attendee at an Association meeting.
2. Board Meetings. At regular and special meetings of the Board of Directors, Members who are not Directors may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board or as otherwise provided in this policy. The Board shall permit Members to speak before the Board takes formal action on an item under discussion, expressly including prior to the adoption of a rule or regulation, and the Board shall provide for a reasonable number of persons to speak on each side of an issue. However, the Board may place reasonable time restrictions on Member comments during any meeting.
3. Agenda; Open Forum. The President of the Board, and in his or her absence, the Vice President, shall serve as chairperson of all meetings. The agenda for all meetings shall follow the order of business determined by the Board but shall include a Member Open Forum during which any Member who wishes to speak will have the opportunity to do so, subject to the other provisions of this policy. The Open Forum should be used by Members to speak about items that are not on the agenda.
4. Limits on Right to Speak. The Board shall have the right to determine the length of time of the Open Forum. The presiding chairperson may place reasonable limitations on the time given to each Member seeking to comment to allow sufficient time for as many Members as possible to comment within the time permitted. Unless otherwise determined by the chairperson, each Member will have three minutes to speak during the Open Forum. Members may not speak more than once during the Open Forum except by permission of the Board. No Member may speak a second time until all Members wishing to speak have had an opportunity to speak once.
5. Sign-Up Sheets. The Board may make an Open Forum sign-up sheet available to Members prior to the time a meeting is scheduled to begin. Any Member wishing to comment at the ensuing meeting may add his or her name to the sign-up sheet. The chairperson will recognize Members for comment at the meeting in the same order as their names appear on the sign-up sheet. Any Member wishing to comment who has not placed his or her name on the sign-up sheet may only speak if time permits.
6. Member Conduct. No Member is entitled to speak until recognized by the chairperson. Only the chairperson may interrupt the person recognized to speak. The speaker shall observe the specific time limits set for comments. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the chairperson and restricted to the agenda item being discussed. Courteous behavior is mandatory.

7. Recording of Meetings. Note taking is permitted, however, video or audio recording of all or any portion of a meeting is prohibited. The Board may place additional limitations or restrictions on note taking by third-party attendees at Association meetings.
8. Curtailment of Member Conduct. Should the chairperson determine that any Member has spoken for the allotted amount of time or longer, or determine that the Member is in violation of the provisions of this policy, the chairperson shall have the authority to instruct the Member to yield the floor, and that Member will be obligated to comply with the chairperson's instruction.
9. Disruptive or Unruly Behavior. If a Member refuses to stop talking after his or her allotted time has ended, or otherwise disrupts the meeting, or is otherwise in violation of the provisions of this policy, the following procedure will be followed:
 - a. The chairperson will issue a verbal warning that if the Member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, either the meeting will be adjourned or law enforcement or security will be called to remove the Member.
 - b. If the Member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, the chairperson may call a recess and speak directly to the Member, reiterating that either the meeting will be adjourned or law enforcement or security will be called to remove the Member.
 - c. If the Member still refuses to cooperate, the chairperson may choose whether to adjourn the meeting or to call law enforcement or security.
10. Executive Session. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed-door session and may restrict attendance to Directors and other persons specified by the Board to discuss any of the following:
 - a. Matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
 - b. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 - c. Investigative proceedings concerning possible or actual criminal misconduct;
 - d. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
 - e. Any matter the disclosure of which would constitute an unwarranted invasion

of individual privacy; or

- f. Review of or discussion relating to any written or verbal communication from legal counsel.

Prior to the time the members of the Board convene in executive session, the chairperson shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above. The Board is not permitted to adopt any rule or regulation during an executive session.

11. Attorney-Client Privileged Communication. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information that it deems appropriate, in an open meeting.

D. Covenant Enforcement Policy and Fine Schedule

1. Power. The Board of Directors shall have the power and duty to hear and make decisions regarding violations and written complaints filed with the Board and to impose fines or other sanctions, pursuant to this policy. The Board may determine enforcement action on a case-by-case basis and take other actions as it may deem necessary and appropriate to assure compliance with the Association's Governing Documents and to create a safe and harmonious living environment.
2. Remedies Not Exclusive. These enforcement provisions may be in addition to other specific provisions outlined in the Governing Documents, and the Association is not required to follow these enforcement provisions before seeking such other remedies. The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control, as it deems appropriate.
3. Responsibility for Actions of Tenant or Guest. Owners are responsible for the actions of their tenants and guests. If an Owner's tenant or guest violates the Governing Documents and a fine is imposed, the fine shall be assessed against the Owner.
4. Complaint. An Owner may report an alleged violation of the Governing Documents by filing a written Complaint with the Association's Board or community association manager. In addition to acting upon a complaint by an Owner, the Board or community association manager, upon their own discovery of an alleged violation of the Governing Documents, may initiate these enforcement procedures upon a reasonable determination that a violation has been committed. All complaints shall be maintained with the Association's records relating to the Lot associated with the complaint, but are not records that the Association must produce under C.R.S. Section 39-33.3-317. The complaint by an Owner shall state the specific provision(s) of the Governing Documents alleged to have been violated and as many specifics as are available as to time, date, location, and persons involved. While the Association will not accept anonymous complaints, the Association is not obligated to disclose the identity of the complaining party unless otherwise required by law.
5. Impartial Decision-Maker. The Association shall rely on an impartial decision maker for all decisions concerning potential violations. An impartial decision maker is a person or group of persons who do(es) not have any direct personal or financial interest in the outcome. A decision maker will not be deemed to have a personal or financial interest in the outcome, if the outcome will not cause the decision maker any greater benefit or detriment than the community's general membership.
6. Notice of Complaint. If the Association determines that the allegations in the complaint are sufficient to constitute a violation of the Governing Documents and that action is warranted, the Board shall send a Health and Safety Notice as described in section 9, below, or a Notice of Violation as described in section 14, below. All notices must be in English and in any language the Lot Owner ("Respondent") has indicated a preference for pursuant to C.R.S. Section 38-33.3-209.5(1.7)(a)(1). In addition, all

- notices must include (a) the details of the complaint, or include a copy of the complaint; (b) the action or actions that may be taken by the Association in response to the alleged violation, including the interval upon which fines may be imposed if the violation is continuing in nature and the time after which the Association may commence legal action to obtain compliance; (c) the action or actions required to cure the alleged violation; (d) the Respondent's right to be heard, either orally or in writing; and (d) the process to request and schedule an in-person hearing.
7. Confirmation of Cure. Once the Respondent cures a violation, the Association shall notify the Respondent that the Respondent will not be further fined with respect to that specific violation and of any outstanding fine balance that the Respondent owes to the Association.

Health and Safety Violations

8. Definition. Health and safety violations are those violations that have the potential to affect a person's mental or physical condition and circumstances likely to cause danger, risk or injury to people, pets or property. These violations may include, but are not limited to: noise violations; fire hazards; hoarding; infestations of insects, mice, rats or other vermin; short-term rental violations; parking violations; harassment; and violations of local, state or federal law intended to protect public health and safety.
9. Notice of Health and Safety Violation. If the Association reasonably determines that a health and safety violation has occurred, it shall send a notice ("Health and Safety Notice") to the Respondent that meets the requirements set forth in section 6, above, and demands the Respondent cure the violation within 72 hours of receiving the Health and Safety Notice or face fines, legal action, or both. The Health & Safety Notice shall also state that if Respondent fails to cure the violation within the initial 72 hour compliance window, the Association may then assess fines for the ongoing violation every other day. If possible, the Association shall send the Health & Safety Notice to the Respondent by email, to the email address provided by the Respondent to the Association. If Respondent has not provided the Association with an email address, the Association shall send the Health and Safety Notice by regular United States mail, and may also send it by certified mail, return receipt requested, or by posting it on the Lot. The Health & Safety Notice shall include the fine schedule set forth in section 11, below. In addition, the Health & Safety Notice shall inform the Respondent that they may appeal any fine by submitting a written request for a hearing within 14 days of the date the Association issues the Health and Safety Notice.
10. Inspection. The Association shall inspect to see whether the Respondent has cured the health and safety violation as soon as practicable after the 72 hour cure period has passed. If the Respondent has failed to cure the violation, the Association may impose fines on the Respondent in accordance with section 11, below.
11. Fines for Health and Safety Violations. If the Respondent fails to cure a health and safety violation within 72 hours of receiving the Health and Safety Notice, the

Association may fine the Respondent as frequently as every other day for ongoing or repeated violations according to the following fine schedule:

<u>Fines for Discrete Violations</u>	<u>Fine Amount</u>
First Violation	\$500.00
Second Violation	\$750.00
Third & Subsequent Violation	\$1,000.00

12. Request for Hearing. Respondent may request a hearing regarding any fine for a health and safety violation by submitting a written request to the Association within 14 days of the date the Association issues the Health and Safety Notice or assesses a fine for the violation assigned in the Health and Safety Notice. The hearing shall comply with the procedures set forth in section 20, below.
13. Commencement of Legal Action. If the Association determines that Respondent has failed to cure a health and safety violation within the 72 hour cure period, the Association may commence legal action in accordance with section 22, below.

Regular Violations

14. Notice of Violation. If the Association reasonably determines that a violation of the Governing Documents has occurred and it is not a health and safety violation as defined in section 8, above, the Association shall send a notice to the Respondent (“Notice of Violation”) that meets the requirements set forth in section 6, above, as well as this section. The Association shall send the Notice of Violation by certified mail, return receipt requested, as well as by prepaid, first-class United States mail, addressed to the Respondent’s mailing address appearing on the Association’s records. The Association may also send the Notice of Violation to any electronic mail address on file with the Association and provided by the Respondent. The Notice of Violation shall advise the Respondent that they have 30 days to cure the violation (“First Cure Period”) which commences on the date the Association issues the Notice of Violation and shall further provide for a second consecutive 30 day cure period (“Second Cure Period”) in the event the violation is not cured within the First Cure Period.

The Notice of Violation shall include the fine schedule set forth in section 17, below, and inform the Respondent that if they fail to cure the violation within the First Cure Period or Second Cure Period, the Association will assess one or more fine(s) in accordance with the schedule.

Further, the Notice of Violation shall inform the Respondent that if they cure the violation within the First Cure Period or Second Cure Period, they may provide the Association with written notice of the cure (“Notice of Cure”) and that if the Notice of Cure contains visual evidence that the violation has been cured, the violation is deemed cured as of the date the Respondent sends the notice.

Finally, the Notice of Violation shall inform the Respondent that they may submit a written request for an in-person hearing within 14 days of the date the Association sends the Notice of Violation or assesses a fine for the violation described in the Notice of Violation.

15. Notice of Cure. If the Respondent cures the violation within any Cure Period, the Respondent may send the Association a written Notice of Cure. If the Respondent includes visual evidence that they have cured the violation, the violation is deemed cured on the date the Respondent sends the notice. If the Respondent does not provide visual evidence with their Notice of Cure, the Association shall inspect for compliance as soon as practicable after receiving the Notice of Cure.
16. Inspection. The Association shall inspect Respondent's property within seven days after expiration of each Cure Period and shall notify the Respondent if the violation remains uncured and whether any fine has been assessed. If a violation has not been cured within the First Cure Period or Second Cure Period, regardless of any notice provided or hearing requested by the Respondent, the Association may assess a fine as provided in this Policy.
17. Fines for Regular Violation. Fines may be levied by the Board or the impartial decision maker for regular violations of the Governing Documents as follows:

<u>Fines for Discrete Violations</u>	<u>Fine Amount</u>
First violation (first Notice of Violation)	\$50.00
Second violation (second Notice of Violation)	\$200.00
Third violation (third Notice of Violation)	\$250.00

18. Request for Hearing. Respondents may request a hearing to appeal any fine for a regular violation by submitting a written request to the Association within 14 days of the date the Association issues the Notice of Violation or assesses a fine for the violation described in the Notice of Violation. The hearing shall comply with the procedures set forth in section 20, below.
19. Commencement of Legal Action. If the Association determines that Respondent has failed to cure a regular violation within the Second Cure Period, the Association may commence legal action in accordance with section 22, below.

Hearing Procedure

20. Hearing to Appeal Fines. If a Respondent timely requests a hearing regarding a fine, the Association shall schedule a hearing and provide the Respondent with written notice of date and time at least 7 days in advance. The Board may grant continuances for good cause. Each hearing shall be held by the Board or another impartial decision maker appointed by the Board. The Board or the impartial decision maker may: (a) exercise its discretion acts to the specific manner in which a hearing shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or

desirable to permit it to reach a just decision. The Respondent is required to attend the hearing and may present relevant evidence. If the Respondent fails to attend the hearing, Respondent will be deemed to have waived their right to appeal the fine(s) in question and the Association shall not be required to provide Respondent with any further notice regarding such fines. Any interested party may present relevant evidence at the hearing. Any decision by the Board or the impartial decision maker shall be fair and reasonable taking into consideration all of the relevant facts and circumstances.

21. Decision on Fine Hearing. The Board or other impartial decision maker shall render its decision on whether to rescind the fine(s) in question based on the information contained in the complaint, evidence presented at the hearing (if any), and the Respondent's written response (if any), and considering all the relevant facts and circumstances.

Commencement of Legal Action

22. Commencement of Legal Action. The Association is not required to impose fines before seeking to enforce the Governing Documents by taking legal action, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief, damages, or both. However, the Association shall not commence legal action for a health and safety violation until it has confirmed, through inspection, that the Respondent has failed to cure the violation within 72 hours of receiving the Health and Safety Notice. Similarly, the Association shall not commence legal action against the Respondent for a regular violation until the Association has confirmed, through inspection, that Respondent has failed to cure the violation before the end of the Second Cure Period.
23. Liability for Attorney's Fees, Costs, and Damages. The Association shall be entitled to reimbursement of all reasonable attorney's fees and costs incurred by the Association in connection with any enforcement action, including any proceeding or correspondence under this Policy. If a violation involves damage to Association property, the Association may charge the Respondent for the costs of repair or replacement.
24. Lien. Fines imposed pursuant to this Policy shall become an assessment imposed against the record Owner's real estate and enforceable as provided in the Governing Documents; fines are a part of the Association's lien but are not subject to a foreclosure action.

Alternative Remedies

25. Suspension of Privileges. In addition to levying fines, and without limiting the Association's remedies under the Governing Documents, the Board may suspend membership privileges, which may include, but shall not be limited to, suspension of access to Association amenities and suspension of voting privileges, and impose other sanctions in accordance with the Governing Documents and applicable Colorado law.

26. Miscellaneous.

- a. Failure by the Association to enforce any provision of this policy shall in no event be deemed to be a waiver of the right to do so thereafter.
- b. The provisions of this policy shall be independent and severable. The invalidity of any one or more provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

E. Inspection and Copying of Association Records

1. The Association shall keep as permanent records the following documents:
 - a. Minutes of all meetings of Members and the Board;
 - b. Records of all actions taken by the Members or the Board by written ballot or written consent in lieu of a meeting;
 - c. A record of all actions taken by a committee of the Board in place of the Board on behalf of the Association;
 - d. A record of all waivers of notices of meetings of Members and of the Board or any committee of the Board;
 - e. A record of Members in a form that permits preparation of a list of the names and addresses of all Members, showing the number of votes each Member is entitled to vote; and
 - f. All tax returns filed on behalf of the Association.
2. In addition to the above, the Association shall keep a copy of each of the following records at its principal office:
 - a. Articles of Incorporation, Declaration, Bylaws, and Rules and Regulations;
 - b. Resolutions adopted by the Board;
 - c. The minutes of all Member meetings and records of all actions taken by Members without a meeting for the past three (3) years;
 - d. All written communications within the past three (3) years to Members generally as Members;
 - e. A list of the names and addresses of the Association's current directors and officers;
 - f. The Association's most recent annual report; and
 - g. All financial audits or reviews conducted pursuant to C.R.S. §38-33.3-303(4)(b) during the immediately preceding three (3) years.
3. So the Association can have the desired books, records, and personnel available, a written Request to Inspect must be submitted to the Association at least five (5) business days prior to the planned inspection. The Request must describe with

reasonable particularity which records are to be inspected and the purpose of the inspection.

4. All records shall be inspected at the offices of the Association's management company, or such other location communicated to the requesting Owner or Mortgagee, between the hours of 9:00 AM and 5:00 PM, Monday through Friday. The Board and the requesting Owner or Mortgagee may agree in writing to other hours of inspection. Notwithstanding the above, the Board may provide the records for inspection at the next regularly scheduled meeting if such meeting occurs within thirty (30) days after the Request was received. Further, upon consent of the Owner or Mortgagee, the Association may photocopy and provide the requested records to the Owner or Mortgagee in lieu of their inspection of the records.
5. No original records may be removed from the Association's possession. At the discretion of the Board, certain original records may only be inspected in the presence of an Association Board member, employee, or agent.
6. The Association may charge a fee, not to exceed the Association's actual cost per page, for copies of the Association records. In addition, the Association may charge the Owner up to \$25.00 per hour for inspection time that requires supervision by an Association Board member, employee, or agent.
7. Consistent with individual Owners' rights to privacy, attorney-client confidentiality, and other considerations, the Association will not make the following documents available without the express written consent of the Board:
 - a. Confidential personnel records;
 - b. Confidential litigation files and matters covering consultation with legal counsel concerning disputes that are subject of pending or imminent court proceedings or privileged or confidential between attorney and client;
 - c. Files dealing with investigative proceedings concerning possible or actual criminal misconduct;
 - d. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
 - e. Inter-office memoranda, preliminary data, working papers and drafts, vendor bids, and general information or investigations which have not been formally approved by the Board; and
 - f. Owners' personal contact information, including but not limited to telephone numbers or e-mail addresses, except the Association will, upon request, provide Owners' names and mailing addresses.

8. In determining whether records may be inspected, the Association shall consider, among other things:
 - a. Whether the request is made in good faith and for a proper purpose;
 - b. Whether the records requested are relevant to the purpose of the request;
 - c. Whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy; and
 - d. Whether disclosure may result in an invasion of personal privacy, breach of confidence, or privileged information as set forth above.
9. Without the written consent of the Board, ownership lists may not be:
 - a. Obtained or used by any person for any purpose unrelated to the Association or property subject to the Declaration;
 - b. Used solely to solicit 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;
 - c. Used for any commercial purpose; or
 - d. Sold to or purchased by any person.
10. The Association reserves the right to pursue any individual for damages or injunctive relief, or both, including reasonable attorneys' fees, for abuse of these rights, including but not limited to use of any records for a purpose other than what is stated in the Request to Inspect.

F. Adoption and Amendment of Policies and Rules

1. The Association's Governing Documents, and C.R.S. §38-33.3-302, give the Board the authority to adopt policies, procedures, rules, and regulations (hereinafter collectively referred to as a "Rule"). The Board may adopt Rules to facilitate the efficient operation of the Association, including clarification of provisions in the Governing Documents.
2. Prior to adopting a new Rule, the Board has the right, but not the obligation, to conduct an informational meeting of the Owners and solicit their input regarding any new or existing Rule.
3. The Board shall only adopt Rules in open meetings. At the meeting where the Board intends to adopt a proposed Rule, at an appropriate time determined by the Board, but before the Board votes on the adoption of the Rule, Members or their designated representatives will have an opportunity to speak regarding the Rule in the manner provided in the Association's Conduct of Meetings policy.
4. The Board will give notice of the adoption, amendment, or repeal of a Rule in writing to each Owner at the address for notices to Owners as may be provided in the Association's Declaration or Bylaws, or as submitted to the Association by the Owner, and will publish the Rule by any reasonable means available, which may include posting the Rule in the community or on the Association's website, by e-mail, mail, newsletter, or personal delivery.
5. Any Owner's failure to receive a Rule shall not serve as a defense to any attempt by the Association to enforce the Rule or to levy fines, expenses, or attorneys' fees as a result of a violation of the Rule.

G. Dispute Resolution

1. Claims and Disputes. Except as provided herein, the following procedures will apply to all claims or disputes involving the Association and/or the Governing Documents.
2. Notice of Claim. Prior to proceeding with any claim, the party asserting the claim (the “Claimant”) shall give written notice of such claim to all opposing parties (the “Respondent”), which notice shall state plainly and concisely:
 - a. The nature of the claim, including all persons involved and the Respondent’s role in the claim;
 - b. The legal or contractual basis of the claim, *i.e.* the specific authority out of which the claim arises; and
 - c. The specific relief and/or proposed remedy sought.
3. Duty to Confer. After the Respondent receives the notice of claim, the parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the claim by good faith negotiation. Such efforts may include inspections of the Claimant’s or the Respondent’s Lot for purposes of evaluating any alleged violation. Any party may be represented by attorneys and independent consultants to assist in the negotiations and to attend meetings. If requested in writing with the Notice of Claim, the Board may appoint a representative to assist the parties in negotiating a resolution.
4. Submission of Claim to Mediation. If the parties do not resolve the claim through negotiations within thirty (30) days after submission of the claim to the Respondent, the Claimant shall have an additional thirty (30) days to submit the claim for mediation. In the event the parties are unable to agree on a mediator, a mediator shall be appointed upon application of either party to the local district court. In such event, the claim shall be deemed to be submitted upon filing the petition for appointment of the mediator.
5. Waiver of Claim. If the Claimant fails to submit the claim to mediation within sixty (60) days after submission of the claim to the Respondent, or fails to appear at the mediation, the Claimant shall be deemed to have waived the claim, and the Respondent shall be released and discharged from any and all liability to the Claimant on account of such claim; provided, nothing herein shall release or discharge the Respondent from any liability to any person other than the Claimant.
6. Results of Mediation. Any settlement of the claim through mediation shall be documented in writing by the mediator and signed by the parties. If a termination of the mediation occurs, the mediator shall issue a written statement advising that the parties are at an impasse.

7. Costs of Mediation. Unless otherwise agreed, each party shall bear its own costs of the mediation, including attorneys' fees, and each party shall share equally all charges of the mediator.
8. Excluded Claims. Unless all parties thereto otherwise agree, the following disputes or claims shall not be subject to the provisions of this policy:
 - a. An action by the Association relating to the collection or enforcement of the obligation to pay assessments or other charges set forth in the Governing Documents;
 - b. An action by the Association to obtain a temporary restraining order or preliminary injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to enjoin any immediate threat to persons or property;
 - c. Any action between or among owners, which does not include the Association as a party, if such action asserts a claim which would constitute a claim for relief independent of the Governing Documents;
 - d. Any action in which an indispensable party is not the Association, its officers, directors, or committee members, or a person subject to the Governing Documents, or their officers, directors, partners, members, employees, and agents;
 - e. Any action to enforce a settlement agreement made under the provisions of this policy; and
 - f. Any action as to which the applicable statute of limitations would expire within 180 days of giving the Notice of Claim required above, unless the parties against whom the claim is made agree to toll the statute of limitations as to such claim for such period as may reasonably be necessary to comply with this policy.
9. Judicial Enforcement. If the parties agree to a resolution of any claim through negotiation, mediation, or arbitration in accordance with this policy, and any party thereafter fails to abide by the terms of such agreement, then any other party may file its action in court to enforce such agreement without the need to again comply with the procedures set forth in this policy. In such event, the party taking action to enforce the agreement shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties as the court may determine) all costs incurred in enforcing such agreement, including without limitation reasonable attorneys' fees and court costs.
10. Statute of Limitations. No claim may be initiated after the date when institution of legal or equitable proceedings based on such claim would be barred by the applicable statute of limitation or statute of repose.

11. Interaction with Covenant Enforcement Policy. It is not the intent of this policy to supersede any of the provisions of the Association's Covenant Enforcement Policy, nor is it the intent of this policy to require the Association to follow the procedures set forth herein before having the ability to bring enforcement action or impose fines or other sanctions under the Covenant Enforcement Policy.

H. Policy Regarding Investment of Reserves of the Association

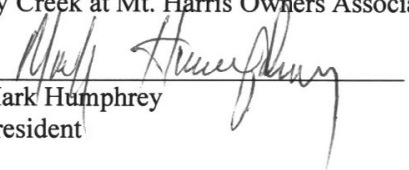
In order to preserve and protect the principal of the Reserve Accounts:

1. All Reserve Accounts shall be deposited in a FDIC insured interest bearing (when possible) savings or checking account. The Operating Reserve and Capital Reserve may be deposited into one account subject to subsection 2 below.
2. Reserve Accounts shall only be used for the purposes for which the Reserve Account in question was established.
3. Withdrawal of funds from the Reserve Accounts shall require the prior authorization and approval of the Board.
4. With regard to investments of the Reserve Accounts, the officers and members of the Board shall be subject to the following standards of conduct:

When investing Association reserve funds, board members are held to the standards of care set out in §7-128-401 of the Colorado Revised Nonprofit Corporation Act. These require board members to discharge their duties in good faith, with the care an ordinarily prudent person would exercise under similar circumstances, and in the best interests of the Association.

The foregoing Resolution to Enact Responsible Governance Policies was adopted by the Board of Directors of the Association on the 9 day of December, 2022.

Grassy Creek at Mt. Harris Owners Association


By: Mark Humphrey
Its: President