

**RULES, REGULATIONS AND RESPONSIBLE GOVERNANCE POLICIES  
OF  
THE TERRACES HOME OWNERS ASSOCIATION, INC.**

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The Executive Board ("**Board**") of The Terraces Home Owners Association, Inc., a Colorado nonprofit corporation ("**Association**"), as the governing body of The Terraces at Meadows Run condominium community ("**Terraces**"), in accordance with the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101, et seq. (the "**Act**") has adopted the following Rules, Regulations and Responsible Governance Policies:

1. Rules and Regulations
2. Policy for Collection of Unpaid Assessments
3. Policy for Handling of Conflicts of Interest Involving Board Members
4. Policy for Conduct of Meetings
5. Policy for Enforcement of Governing Documents (including notice and hearing procedures and fines)
6. Policy for Maintenance, Inspection and Copying of Association Records
7. Policy and Procedures for the Adoption and Amendment of Policies, Rules and Regulations
8. Policy and Procedures for Addressing Disputes Arising Between the Association and Unit Owners
9. Policy for Reserves
10. Policy and Procedures for Budget Ratification

These Rules and Regulations and Responsible Governance Policies amend, restate and replace all prior rules regulations and policies adopted by the Board and are in addition to the terms and provisions of the Condominium Declaration for The Terraces at Meadows Run, a Condominium Community recorded January 29, 1998 in the office of the San Miguel County Clerk and Recorder, at Reception No. 316791 as amended and supplemented ("**Declaration**"), the Condominium Map Recorded the same day at Reception No. 316792, as amended and supplemented, the Articles of Incorporation of The Terraces Home Owners Association, Inc. ("**Articles of Incorporation**") and the Bylaws of The Terraces Home Owners Association, Inc. ("**Bylaws**") (collectively the "**Governing Documents**"), and the laws of the State of Colorado, and may be amended from time to time by the Board following notice to the Unit Owners and an opportunity for them to comment as set forth herein. Capitalized terms not defined herein shall have the meaning(s) ascribed to them in the Governing Documents.

**RULES AND REGULATIONS  
OF  
THE TERRACES HOME OWNERS ASSOCIATION, INC.**

These Rules and Regulations are adopted by the Board pursuant to sections 3.03(a) and 8.17 of the Declaration and shall amend and fully replace all previous rules and regulations adopted of the Association.

**1. Access**

- a. Owners shall grant the Manager or other person authorized by the Board the right of access to the Owner's Unit and appurtenant limited Common elements during reasonable hours and upon reasonable notice as may be necessary for the maintenance, repair and replacement of the Common Elements or Limited Common Elements, or at any time deemed necessary by the Manager or the Board for making emergency repairs or to prevent damage to any of the Common Elements or Limited Common Elements.
- b. Owners must provide a copy of their Unit's key to the Association to be used in the instance of an emergency; this key will be accessible to a Manager, a Board Member and/or emergency services provider only. In the event of an emergency, which means a situation in which a swift response will lessen, or make less likely, damage to the Common Elements, Limited Common Elements, or Unit(s) the Association may enter the Unit(s) to take reasonable steps to address the emergency. In such case, the Association will as promptly as practical notify the Owners of the Units involved. An Owner who fails to cooperate as provided herein waives their right to make a claim against the Association for costs or damages that are caused at the Owners failure to cooperate.

**2. Parking**

- a. Owners who have parking garages shall to use their garages for parking before using an open space. This applies to renters and guests as well.
- b. Owners' guests and contractors may also park directly in front of the garage doors for buildings 1, 2, 3, and 4 and as long as any vehicle parked in front of any garage door does not block or impede use of the Terraces driveway.
- c. Subject to section 2.a above, Owners or guests may park in the guest parking area west of Building 1. Any vehicle parked in a parking space at the Terraces must have a current Terraces parking permit displayed on the dashboard. (Owners are provided 2 parking passes each year by the Property Management) Parking is not permitted except as noted above. In particular, there is no parking in the U-turn/Fire Lane areas at the end of the Terraces driveway or in any area or space that is not specifically identified with parking space lines.
- d. Trailers and other recreational vehicles must be parked in lined and marked parking spaces and must fit completely within such space without encroaching on adjacent parking spaces or into the driveway. Trailers and RV's may not be parked at the Terraces for more than two (2) consecutive days. Trailers must also display a current Terraces parking permit.

- e. Any vehicle that is not parked in accordance with this section may be towed at the vehicle owner's expense. Owners are responsible for notifying their property managers, guests and tenants of the parking rules.

### **3. Pets**

- a. Pets are allowed only by Owners and Owner's families and shall be subject to these Rules and Regulations and other provisions of the Governing Documents. Except as may be required by law, no pets are allowed in Terraces by guests, renters contractors, etc.
- b. Owners are responsible for the actions of their pets including, but not limited to property damage.
- c. Owners must have complete control of their pets when outside either by voice command or on a leash. Pets must not be outside on Association grounds without direct control of a responsible person.
- d. Pets are not to be left unattended on decks.
- e. No pets may unreasonably disturb other occupants or guests of the Terraces or otherwise be a nuisance.
- f. Barking and other obnoxious pet behavior must be controlled. Barking between 10 pm and 7 am, or for more than 15 minutes, shall be considered a nuisance.
- g. Owners must direct the toilet activities of their pets away from the entrances of all buildings. Toilet activities of pets is strictly prohibited from any paved area or cleared trail.
- h. Owners are responsible for immediately picking up solid wastes of their pets and disposing of such waste in pet waste bags and then in a proper trash receptacle.
- i. After three (3) violations, where for each violation the Owner has been given notice of the violation and an opportunity to be heard and found to have violated this section of the Rules and Regulations, the Owner may be required to remove the pet permanently.

### **4. Renters and Guests**

- a. Owners are responsible for the actions of their guests, renters and other invitees. Any violation of these Rules and Regulations by a renter or guest will be enforced against the Owner(s) of the Unit. Owners who rent their Unit shall provide the Association's Manager with contact information for their Unit's property and/or rental manager and are encouraged to notify, or have their manager notify, the Association's manager of, each occupancy, including arrival and departure dates and contact information for the occupants. ...
- b. Owners are required to provide a copy of these Rules and Regulations to renters at the time of booking their Unit for rent. Owners failure to provide this information to their renters resulting in renters failure to comply with Terraces HIOA rules and regulations are subject to a \$250 fine being assessed against the Unit and its Owner.
- c. Owners must provide renters and guests with storage for skis, boots, snowboards, sleds, bicycles, coolers and other bulky items. Skis, boots, snowboards, bicycles and other bulky items are not to be stored on the decks or in the common areas of any building pursuant to Section 5, Décor, below.
- d. Owners will provide or post for their guests and tenants with a site parking map of designated available parking spaces as well as parking permit placards and a list of alternative off-property parking options. These will be part of any

renter's agreement and will be included with the signed and returned Unit Rental Documents given to the Association prior to the arrival of any renter.

- e. Owners will clearly identify where all trash and recycling receptacles are located in the Terraces and direct renters and guests to use all available receptacles. Owners will direct renters and guests to physically remove their rubbish and recycling from the Terraces property if all trash and recycling receptacles are full.
- f. The number of renters in a Unit must not exceed the maximum occupancy allowed pursuant to local zoning ordinances. Owners must inform the Association of their Unit's maximum occupancy prior to any further rentals of their Unit. This occupancy limit will be kept on file by the Association in order to confirm that no rental of any Unit exceeds the maximum allowable occupancy.

#### **5. Décor**

- a. Interior window coverings are to be horizontal wood blinds of a medium wood tone. No white window coverings of any kind are permitted.
- b. Deck furniture must be wood or metal of a dark brown or black color (glass table tops are permitted). White or plastic furniture must not be used. Decks are to be used exclusively for deck or patio furniture and barbeque units. Decks may not be used for storage, for children's toys, pet enclosures or other such uses.
- c. Small wooden planters of a dark brown or black color may be placed on the deck surfaces provided proper drainage is provided to allow proper water drainage.
- d. Barbeque units on decks must be completely covered with a dark colored cover when not in use. Smokers and charcoal grills are prohibited.
- e. Skis, boots, snowboards, bicycles and other bulky items are not to be stored on the decks or in the common areas of any building.

#### **6. Quiet Hours**

- a. Owners, renters and their guests shall observe quiet hours from 10 p.m. to 7 a.m., during which time all noise from a Unit, including, but not limited to, voices, music, television, or outdoor activities, shall be kept to a level that cannot be heard by neighbors.
- b. No construction or maintenance work shall be performed prior to 8 a.m. or after 7 p.m. except in the case of an emergency.

#### **7. Trash and Recycling**

All garbage and recycling must be placed into trash and recycling receptacles provided or approved by the Association and must be kept locked shut at all times. Construction debris including but not limited to flooring carpeting, etc. May not be disposed of in the Association's trash receptacles.

The foregoing Rules and Regulations were adopted by the Board effective August 20, 2019.

ATTEST:

The Terraces Homeowner's Association, Inc.

By: \_\_\_\_\_

Rick Makely, President

## **Responsible Governance Policy for For Collection of Unpaid Assessments**

1. Assessments. Pursuant to the ARTICLE 7 of the Declaration, the Association shall levy Common Expense Assessments. As used herein, the term "assessments" includes all assessments for Common Expenses, including but not limited to Annual Assessments, assessments attributed to fewer than all Units, as well as special assessments, late charges, fines and any other amounts assessed by the Association against a Unit or Units and all interest thereon. Invoices are sent to Unit Owners on a monthly basis, or as they may otherwise become due as determined by the Board, and payment is due within ten (10) days.

2. Past Due Assessments. Assessments or other charges not paid in full to the Association within ten (10) days of their due date shall be considered past due and delinquent and shall incur late fees and interest as provided below. Failure to invoice or timely invoice any Unit Owner of an installment of Common Expense Assessments or any other assessment shall not relieve or release any Unit Owner from liability for payment.

3. Late Charges and Interest on Delinquent Payments. The Association shall impose a late charge equal to twenty-five dollars (\$25.00) payments not received within ten (10) days of the due date. The Association shall also impose interest from the past due date at the rate of eighteen percent (18%) per annum until paid. The Board shall have authority to waive all or a portion of a late charge(s) and interest.

4. Lien for Assessments and Other Amounts. Pursuant to the Declaration and the Act the Association shall have a lien against each Unit to secure payment of any assessment amounts due and owing to the Association. Such lien may be foreclosed in any manner provided by Colorado law and/or the Governing Documents.

5. Return Check Charges. In addition to any and all charges imposed under the Governing Documents, or this Policy, a fifty dollar (\$50.00) fee and any charges assessed by the Association's bank or other amount deemed appropriate by the Board shall be assessed against a Unit Owner in the event any check or other instrument attributable to or payable for the benefit of such Unit Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. If two or more of a Unit Owner's checks are returned unpaid by the bank within any twelve (12) month period, the Association may require that all of the Unit Owner's future payments, for a period of one year, be made by certified check or money order. The return check charge shall be in addition to any late fees or interest incurred by a Unit Owner.

6. Attorney Fees on Delinquent Accounts. Unit Owners with delinquent accounts may be assessed all reasonable attorneys' fees and collection costs incurred by the Association in the collection of the delinquent Unit Owner's past due amounts.

7. Application of Payments. All sums collected on a delinquent account shall be applied to payment of any and all fees and costs (including attorneys' fees), expenses of enforcement and collection, late charges, returned check charges, recording fees, and other costs owing or incurred with respect to such Unit Owner pursuant to the Governing Documents including this Policy, prior to application of the payment to any special or regular assessments due or to become due with respect to such Unit Owner.



## 8. Collection Process.

- a. First Notice. After an installment of an assessment or other charges due to the Association becomes more than sixty (60) days delinquent, the Association shall send a written notice (the "**First Notice**") of non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment. This First Notice shall be sent via U.S. mail, certified, return receipt requested, with a copy sent via E-mail. Such First Notice shall contain the following information:
  1. The total amount due, with an accounting of how the total was determined, including principal, late charges and interest (the "**Delinquent Amount**").
  2. A statement that, unless within ten (10) days of the date of the First Notice, the Unit Owner either pays off the Delinquent Amount, or enters into a payment plan to pay off the Delinquent Amount as set forth below, that the Association will arrange a Board hearing to authorize formal legal action to collect the Delinquent Amount, plus interest, attorneys fees and costs incurred, which may include foreclosure of the Unit.
  3. The name and contact information of the individual the Unit Owner may contact to request a copy of the Unit Owner's account status in order to verify the Delinquent Amount.
  4. A statement that action is required to cure the delinquency and that failure to do so within ten (10) days may result in a formal notice of Board hearing to authorize a lawsuit being filed against the Unit Owner, the foreclosure of a lien against the Owner's Unit, or other remedies available under Colorado law.
  5. A statement informing the Unit Owner that they are entitled to enter into a payment plan as provided herein.
- b. Payment Plan. The Association shall make a good-faith effort to coordinate with the Unit Owner to enter into a written agreement setting up a payment plan. Such payment plan negotiated between the Association (or a holder or assignee of the Association's debt, and the Unit Owner pursuant to this section shall permit the Unit Owner to pay off the deficiency in equal installments over a period of at least six (6) months. The Unit Owner shall be assessed \$200.00 for the cost of preparing the payment plan, which charge shall be added to the Delinquent Amount. Nothing in this section prohibits the Association or a holder or assignee of the debt from pursuing legal action against the Unit Owner in the event the Unit Owner fails to comply with the payment plan. A Unit Owner's failure to remit payment of an agreed-upon installment, or to remain current on paying assessments as they come due during the payment plan period, shall constitute a failure to comply with the terms of the payment plan. The requirement for the Association to attempt to arrange a payment plan with the Unit Owner does not apply if:
  1. The Unit Owner does not occupy the Unit and has acquired the property as a result of a default of a security interest encumbering the Unit or foreclosure of the Association's lien; and/or
  2. The Unit Owner has previously entered into a payment plan under this section.
- c. Second Notice; Formal Action. In the event despite good faith efforts the Association is unable to coordinate with the Unit Owner to enter into a written payment plan, the Association shall issue a written notice ("**Second Notice**") to the Unit Owner, notifying the Unit Owner that the Board shall be convening a meeting to authorize legal action to collect the Delinquent Amount. Such Second Notice shall

be issued at least ten (10) days prior to the Board meeting and shall state that if the Delinquent Amount is paid in full prior to the Board meeting, the agenda item to authorize such legal action shall be canceled. If the Delinquent Amount is not paid in full as of the meeting date, the Board may refer the delinquent account to collections or refer it to an attorney for enforcement of all available remedies, which may include without limitation; legal proceedings to collect a money judgment against the Unit Owner(s), judicial foreclosure of the Association's lien for assessments, bankruptcy court filings, and appointment of a receiver. The Board may also suspend any Unit Owner's voice and vote at any meeting and from participation in any Association activities if such Unit Owner has an existing past due assessment, to the Association, unless such Unit Owner is complying with their payment plan. Such suspended member shall not be entitled to receive a proxy from any member or grant a proxy to anyone. The failure of the Association to comply with any provision of this policy shall not relieve the Unit Owner of its obligation to pay the outstanding assessments.

9. **Certificate of Status of Assessment.** The Association shall furnish to a Unit Owner or such Unit Owner's designee (i.e. title company, attorney, lender, broker, etc.) upon written request to the Association, and payment of a fee of \$25.00, a written statement setting forth the amount of unpaid assessments currently levied against such Unit Owner's Unit.

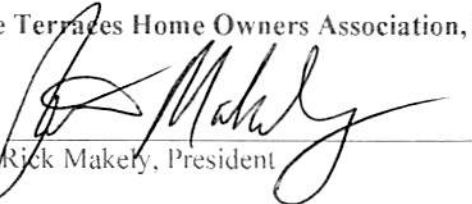
10. **Waivers.** The Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Board shall determine appropriate under the circumstances.

**Responsible Governance Policy for Collection of Unpaid Assessments** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc.

By:

  
Rick Makely, President

## Responsible Governance Policy for Conflicts of Interest

1. **Definition.** A “**conflicting interest transaction**” means: A contract, transaction, or other financial relationship between the Association and a Director (i.e. a member of the Board) of the Association, or between the Association and a party related to a Director, or between the Association and an entity in which a Director is a manager, director or officer or has a financial interest. “**Officer**” means any person appointed as an officer of the Association and any person to whom the Board delegates responsibilities, including a managing agent or Association committee member.

2. **Loans.** No loans shall be made by the Association to its Board members (“**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.

3. **Procedures.** The following procedures shall be followed when a conflict of interest exists. Common or interested Directors, and Officers as applicable, may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction. 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 Officer or a party related to a Director or Officer has a beneficial interest, or an entity in which a party related to a Director or Officer is a manager, director or officer, or has a financial interest.

- a. The conflicted Director or Officer must disclose to the Board in detail the material facts as to the Director’s relationship or interest regarding the conflicting interest transaction.
- b. The conflicted Director or Officer may be present and participate in the meeting of the Association’s Executive Board or of the committee of the Executive Board that authorizes, approves, or ratifies the conflicting interest transaction, but the conflicted Director may not participate in the final deliberations of the Board or committee, nor may the conflicted Director vote on the conflicting interest transaction.
- c. 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 a member or by or in the right of the Association, solely because the conflicting interest transaction involves a Director or a party related to a Director or an entity in which a manager, director or officer or has a financial interest or solely because the Director or Officer is present at or participates in the meeting that authorizes, approves, or ratifies the conflicting interest transaction if:
  1. The material facts as to the Director’s or Officer’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; and
  2. The conflicting interest transaction is fair as to the Association.



**Responsible Governance Policy for Conflicts of Interest** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

**The Terraces Home Owners Association, Inc.**

By: 

Rick Makely, President

## **Responsible Governance Policy for Conduct of Meetings**

1. **Conduct of Meetings.** Association meetings shall be conducted in accordance with the following protocols:
  - a. The President of the Association shall chair all Unit Owners and Board meetings. If the President is unavailable, the Vice President shall chair. If the Vice President is unavailable, the Board shall appoint an alternate chair. Committees shall select a meeting chair of one is not selected by the Board or present at the committee meeting.
  - b. Roll call shall be taken, and any proxies shall be noted.
  - c. Anyone wishing to speak must first be recognized by the Chair. Only one person may speak at a time. Each person who speaks shall first state his or her name and Unit owned. Those addressing the meeting shall be permitted to speak for a reasonable period of time without interruption as long as these rules are followed. The Chair may place reasonable restrictions on the length of comments and the number of Unit Owners making comments if the comments are duplicative, as determined by the Chair based upon the number of individuals wishing to speak, the length of the agenda and other time constraints. Unit Owners supporting prior comments may simply reference the fact without further discussion. 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. Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the meeting.
  - d. All actions and/or decisions will require a first and second motion.
  - e. Once a vote has been taken, there will be no further discussion regarding that topic unless authorized by the Chair.
  - f. Any motions must be seconded prior to discussion and voting. Because the nature of a motion and vote may be outside the Unit Owners' authority, the Board reserves the right to determine whether a motion will be considered binding on the Association or rather a recommendation for proceeding.
  - g. Meetings may be recorded by audio or video, except during executive sessions.
  - h. Minutes of the meeting shall be taken and shall be a concise summary of topics and major discussion points, and motions made, including the movant and the second, and the conclusion of the motion.
2. **Electronic Participation.** Directors, Unit Owners and committee members may participate in meetings via electronic means, including via telephone and/or Internet. Votes cast in such a manner shall be valid and shall be counted as if such Director, Unit Owner and/or committee member were present in person at the meeting.
3. **Voting and Proxies / Unit Owners Meetings.** In the event of multiple Unit Owners of one Unit, only one vote from each Unit will be counted for each ballot item. All written ballots will be counted by a neutral party appointed by the Board. In the event of an election for Director, voting shall be by secret ballot, and the ballot counter shall not be a candidate, and results of votes will be reported without reference to names, addresses or other identifying information of those casting ballots. All votes taken at a meeting of the Unit Owners shall be taken in such method as determined by the Board including by hand, by voice, by ballot or by electronic means. A Unit Owner may appoint a representative to vote on behalf of said Unit

Owner by written proxy. Proxies must be signed and dated. Proxies are not valid for any other meeting. Proxies must be provided to the Association prior to the commencement of the meeting. Proxies shall be counted for determination of quorum. The Board may suspend any member's voice and vote at any meeting and from participation in any Association activities if such Unit Owner has an existing indebtedness of any assessment. Such suspended member shall not be entitled to receive a proxy from any member or grant a proxy to anyone.

4. Voting at Board Meetings. Votes taken by the Board shall be taken in such method as determined by the Board including by hand, by voice, by written ballot or by electronic means. Proxies shall not be permitted at Board Meetings.
5. Board Meetings. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Unit Owners or their representatives. Unit Owner comments are subject to the limitations set forth in section 1.c. above. Agendas for meetings of the Board shall be emailed to all Unit Owners who have provided their email address to the Association. Such notice shall be given at least twenty-four hours (24 hrs.) before the meeting.
6. Unit Owner Participation in Board Meetings. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Unit Owners or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue. After such time, non-Board Members may not participate in deliberations or discussions unless the Chair allows it.
7. Executive Session. The Board or any committee thereof may hold an executive or closed-door session and may restrict attendance to Board members and such other persons requested by the Board during a regular or specially announced meeting or a part thereof.
  - a. The matters to be discussed at such an executive session shall include only matters as follows:
    1. 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;
    2. 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;
    3. Investigative proceedings concerning possible or actual criminal misconduct;
    4. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters Upon the final resolution of any matter for which the Board received from public disclosure;
    5. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and/or
    6. Review of or discussion relating to any written or oral communication from legal counsel.
  - b. 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

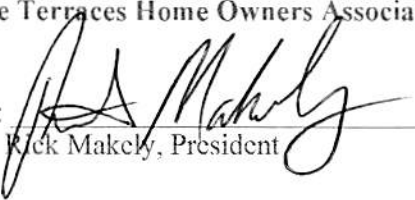
- attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.
- c. Prior to the time that the Board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion as enumerated in section (a), above.
  - d. No rule or regulation of the Board or any committee thereof shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session.
  - e. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.
  - f. Meetings in executive session shall not be recorded.

**Responsible Governance Policy for Conduct of Meetings** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

**The Terraces Home Owners Association, Inc.**

By:

  
Rick Makely, President

**Responsible Governance Policy for  
Enforcement of Governing Documents**

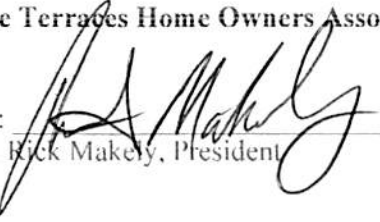
1. Complaints. Any Unit Owner within The Terraces may send the Board a formal, written complaint of a violation, with as much information as is known. The complaint shall be emailed to the Association Manager and/or sent U.S. mail to the Association at its mailing address of record with the Colorado Secretary of State's office. Complaints may also be initiated by any member of the Board. The Board shall have no obligation to consider oral complaints or anonymous complaints that cannot be independently verified. The Board shall have the discretion to determine whether a written complaint is justified before following the Notice and Hearing Procedure.
2. Notice and Hearing. If the Board determines that any Unit Owner, or their tenant, guest, occupant or other invitee, has violated or is violating any non-monetary provision of the Governing Documents, the Association shall deliver written notice, via U.S. mail, certified, return receipt requested, with a copy via E-mail (provided the Unit Owner has provided an E-mail address to the Association) demanding that such violation cease. The Association may assess against the Unit Owner the Association's attorney fees and costs incurred in connection with conferring with counsel and having the notice issued. The notice shall describe the violation and the possible consequences, fines, etc. for such violation. If a Board meeting is being noticed to address the violation, the notice to the Unit Owner shall include the date, time and place of the meeting, and shall inform the Unit Owner that the Unit Owner may participate in the meeting, and may also have their attorney participate, via telephone or other electronic means, which can be arranged and notice shall be given not less than ten (10) nor more than fifty (50) days before the date of any Board meeting/hearing for the violation.
3. Procedure. At the hearing meeting, the affected Unit Owner shall have the right to give testimony orally, in writing or both, subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but it is not binding in making the decision. The affected Unit Owner(s) shall be notified of the Board decision at the meeting, or if the Board wishes to consider the matter further, in the same manner in which notice of the meeting was given.
4. Fines; Action. The Board may not assess fine without first providing the Unit Owner with the opportunity for a hearing at a Board meeting. If the Board determines that the Unit Owner should not be held responsible for the alleged violation, the Association shall not assess the Unit Owner for the Association's costs or attorney fees incurred in connection with the purported violation, other than for the Unit Owner's allocated share of such expenses as a member of the Association. If at the Board meeting/hearing the Board concludes that a violation has taken place, the Board may, pursuant to Section 8.02 of the Bylaws, assess fines in its discretion, of up to \$500.00 per day for every day the violation has occurred, costs of repair or related damages, as well as the Association's attorneys fees and costs incurred in connection with the violation. If the violation is continuing, and the Board has reason to believe the Unit Owner is refusing to cease the violation, the Board may also authorize legal action against the Unit Owner for injunctive and other appropriate relief, including damages, attorneys' fees and costs incurred.

**Responsible Governance Policy for Enforcement of Governing Documents** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

**The Terraces Home Owners Association, Inc.**

By: \_\_\_\_\_

  
Rick Makely, President



**Responsible Governance Policy for  
Maintenance, Inspection and Copying of Association Records by Unit Owners**

1. Records Maintained. The Association shall maintain the following records as required by Colorado law:
  - a. Detailed records of receipts and expenditures affecting the operation and administration of the Association;
  - b. Records of claims for construction defects and amounts received pursuant to settlement of those claims;
  - c. Minutes of all meetings of the Unit Owners and the Board, a record of all actions taken by the Unit Owners or the Board without a meeting, and a record of all actions taken by any committee of the Board;
  - d. Written communications among, and the votes cast by, Board members that are: (i) directly related to an action taken by the Board without a meeting pursuant to C.R.S. sec.7-128-202; or (ii) directly related to an action taken by the Board without a meeting pursuant to the Association's Bylaws;
  - e. The names of Unit Owners in a form that permits preparation of a list of the names of all Unit Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Unit Owner is entitled to vote;
  - f. The current Governing Documents;
  - g. Financial statements as described in C.R.S. sec. 7-136-106 for the past three years and tax returns of the Association for the past seven years, to the extent available;
  - h. A list of the names, electronic mail addresses, and physical mailing addresses of the current Board members and officers;
  - i. The most recent annual report delivered to the Colorado Secretary of State;
  - j. Financial records sufficiently detailed to enable the Association to comply with C.R.S. sec. 38-33.3-316(8) concerning statements of unpaid assessments;
  - k. The Association's most recent reserve study, if any;
  - l. Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;
  - m. Records of Board or committee actions to approve or deny any requests for design or architectural approval from Unit Owners;
  - n. Ballots, proxies, and other records related to voting by Unit Owners for one year after the election, action, or vote to which they relate;
  - o. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Unit Owners or any class or category of Unit Owners; and
  - p. All written communications within the past three years to all Unit Owners generally as Unit Owners.
2. Inspection/Copying Association Records. In accordance with Section 10.05 of the Bylaws, a Unit Owner or such Unit Owner's authorized agent is entitled to inspect and copy any of the books and records of the Association, subject to the exclusions, conditions and requirements set forth below:
  - a. The inspection and/or copying of records of the Association shall be at the Unit Owner's expense;

- b. The inspection and/or copying of records of the Association shall be conducted by appointment during regular business hours of 9 a.m. to 4 p.m. at offices of the Association or its manager; and
  - c. The Unit Owner shall give the Association a written request describing with reasonable particularity the records sought, at least ten (10) business days before the date on which the Unit Owner wishes to inspect and/or copy such records.
- 3. Purpose/Limitation. Without the written consent of the Board, a Unit Ownership list or any part thereof 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 Unit Owners in an election to be held by the Association;
  - b. Sold to or purchased by any person; or
  - c. Obtained or used by any person for any purpose unrelated to a Unit Owner's interest as a Unit Owner.In no event shall the Association records be used for any commercial purpose.
- 4. Exclusions. Pursuant to Colorado law, certain records may be withheld from inspection and/or copying, and certain records must be withheld from inspection and/or copying, as follows.
  - a. Without the written consent of the Board, records maintained by the Association shall be withheld from inspection and/or copying to the extent that they are or concern:
    - 1. Architectural drawings, plans, and designs, unless such drawings, plans, or designs; have been presented to the Board or any Committee appointed by the Board.
    - 2. Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;
    - 3. Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine;
    - 4. Records of an executive session of the Board; and/or
    - 5. Individual Units other than those of the requesting Unit Owner.
  - b. The following records shall not be available for inspection and/or copying:
    - 1. The E-mail address of a Unit Owner, unless the Unit Owner has provided a written consent authorizing the release of the Unit Owner's email address to other Unit Owners.
    - 2. Any documents that are confidential under constitutional, statutory or judicially imposed requirements;
    - 3. Personnel, salary, or medical records relating to specific individuals;
    - 4. Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy, including but not limited to social security numbers, dates of birth, bank account information, telephone numbers and driver's license numbers; or
    - 5. Records that the disclosure of which would be in violation of the law.
- 5. Fees/Costs. Any Unit Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association, which have been determined to be \$40.00 per hour for the time to search for, retrieve, and copy such records, and

\$0.25 per page for copies. For copy requests estimated to be \$10.00 or more, the Association may require a deposit equal to the anticipated actual cost of the requested records. Failure to pay such deposit shall be valid grounds for denying an Unit Owner copies of such records. If after payment of the deposit it is determined that the actual cost was more than the deposit, the Unit 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 Unit Owner with the copies.

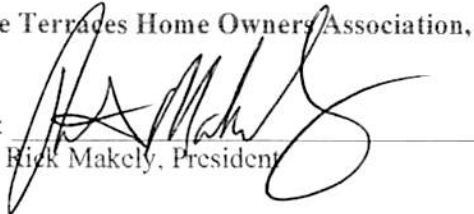
6. Inspection. The Association reserves the right to have a third party present to observe during any inspection of records by a Unit Owner or the Unit Owner's representative such third party costs of forty dollars (\$40) per hour shall be assessed to the respective Unit Owner(s).
7. Originals, Means. No Unit Owner shall remove any original book or record of the Association from the place of inspection nor shall any Unit Owner alter, destroy or mark in any manner, an original book or record of the Association. The right to copy records under this Policy includes the right to receive copies by photocopying or other means, including the receipt of copies through an electronic transmission, if available, upon request by the Unit Owner, or at the discretion of the Association's Manager.
8. Creation of Records. Nothing contained in the Policy shall be construed to require the Association to create records that do not exist, compile records or information in a particular format or order or synthesize information.

**Responsible Governance Policy for Maintenance, Inspection and Copying of Association Records by Unit Owners** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc.

By:

  
Rick Makely, President

**Responsible Governance Policy and Procedures for  
Adoption and Amendment of Policies, Procedures and Rules**

1. Notice and Comment. Unit Owners shall have the right to receive notice of a proposed Association rule, regulation or policy, and any amendments thereto and the right to comment orally or in writing prior to the time the Board takes formal action on them. Notice of the meeting at which the rule, regulation or policy will be presented for Board adoption, together with a copy of the proposed rule regulation or policy shall be given to the Unit Owners in writing, delivered personally, or by U.S. mail, at such address as appears in the records of the Association, or via E-mail (provided the Unit Owner has supplied an E-mail address) not less than ten (10) days before date on which the proposed action is to be taken. The notice shall invite comment to the Board orally or in writing. Unit Owners may declare in writing not to receive notices of such regular or special Unit Owner or Board meetings by United States mail and request email notifications as their primary means of communications.

**Responsible Governance Policy and Procedures for Adoption and Amendment of Policies, Procedures and Rules** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

**The Terraces Home Owners Association, Inc.**

By: \_\_\_\_\_

Rick Makely, President

**Responsible Governance Policy and Procedures  
for Addressing Disputes Arising Between the Association and Unit Owners**

1. **Disputes Other Than Enforcement of Covenants.** This Policy concerns disputes between the Association and one or more Unit Owners other than issues concerning violations of the Governing Documents by a Unit Owner.<sup>1</sup>
2. **Notice of Dispute.** In the event of a dispute between the Association and one or more Unit Owner, the aggrieved party (i.e. the Association or the Unit Owner(s)) shall issue written notice (the “**Notice of Dispute**”), via U.S. mail, certified, return receipt requested, with a copy via E-mail (provided the Unit Owner has supplied an E-mail address). Notices to the Association shall be sent to the Board and to the Association Manager. The written notice shall describe the nature of the dispute in detail, and the requested relief.
3. **Board Meeting.** Within not less than ten (10) nor more than fifty (50) days of the date the Notice of Dispute was issued; the Board shall notice and arrange a Board meeting (noticed to all Unit Owners pursuant to standard Board meeting procedures). The notice of meeting shall generally describe the purpose of the meeting and reference the dispute. The Unit Owner(s) involved in the dispute shall also be sent a copy of the meeting notice via U.S. Mail and shall have the right to appear at the Board meeting, with counsel if the Unit Owner(s) so elect.

**Responsible Governance Policy and Procedures for Addressing Disputes Arising Between the Association and Unit Owners** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

**The Terraces Home Owners Association, Inc.**

By: \_\_\_\_\_

Rick Makely, President

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1. Responsible Governance Policy for Enforcement of Governing Documents above, addresses procedures for dealing with Governing Document violations.

**Responsible Governance Policy  
For Reserves**

1. Reserve Study. Common Elements and Limited Common Elements typically have limited but reasonably predictable useful lives. The Association may have one or more reserve studies performed for all or portions of the Common Elements and Limited Common Elements. Reserve studies may be updated by the Association as determined by the Board. The reserve study may be based on a physical analysis and a financial analysis. The Association may consider implementing a funding plan for work recommended by the reserve study. The Association budget shall collect "Reserve Funds" in such amounts, categories and proportions as the Board and the Unit Owners shall determine via the Association budget approval process.
2. Investment of Reserve Funds. The Board's decisions with regards to management and investment of the reserve funds shall be made in a fiscally responsible manner so as to ensure safety and liquidity and to provide the best return within a reasonable level of risk. Professional investment advice may be sought. Investments shall be made to avoid inappropriate concentrations. The Board may hire one or more qualified investment advisors to assist in formulating investment strategies. The Board shall review the Association's investments periodically to ensure that the funds are appropriately managed and shall make prudent adjustments as needed.

**Responsible Governance Policy for Reserves** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

**The Terraces Home Owners Association, Inc.**

By: \_\_\_\_\_

Rick Makely, President



**Responsible Governance Policy and Procedures  
For Budget Ratification**

1. Pursuant to Sections 3.03(c) and 7.04 of the Declaration, the Executive Board shall adopt a budget each year for revenues, expenditures and reserves based upon cash requirements needed by the Association to provide for the administration and performance of its duties during such assessment year.

2. Notice of Budget to Unit Owners. Within 90 days after adoption of a proposed budget, the Board shall cause a copy summary of the budget to be mailed, by first-class mail, to the Unit Owners and emailed to those Unit Owners who have provided their email address to the Association, and shall set a date for a meeting of the Owners to consider the budget. The meeting must occur within a reasonable time after mailing or other delivery of the summary. The Board shall give notice to the of the Unit Owner meeting as provided for in the Governing Documents.

3. Budget Approved Unless Vetoed. The budget proposed by the Board does not require approval from the Unit Owners and it will be deemed ratified by the Owners in the absence of a veto at the noticed meeting by a majority of all Unit Owners, whether or not a quorum is present. If the proposed budget is vetoed, the periodic budget last adopted by the board and not vetoed by the Unit Owners must be continued until a subsequent budget proposed by the Board is not vetoed by the Unit Owners.

**Responsible Governance Policy and Procedures for Budget Ratification** was adopted by the Executive Board effective August 20, 2019.

ATTEST:

**The Terraces Home Owners Association, Inc.**

By: \_\_\_\_\_

Rick Makely, President