

## **FOUR MILE RANCH HOMEOWNERS ASSOCIATION:**

### **POLICIES AND PROCEDURES AND RULES AND REGULATIONS**

The purposes of the Four Mile Ranch Homeowners Association are to maintain, preserve, enhance and protect the property value of the Four Mile Ranch, promote harmonious community living, and to preserve the common scheme and design of the subdivision.

The Colorado Common Interest Ownership Act (CCIOA) allows associations to adopt rules and regulations to facilitate these aims, and also requires Colorado homeowners associations to adopt certain responsible governance policies.

### **ADOPTION OR AMENDMENT OF POLICIES, PROCEDURES AND RULES**

The Board of Directors from time to time in accordance with Association's governing documents may in any open meeting amend, adopt or delete, Policies and Procedures and the Rules and Regulations of the Association with a majority vote from the Board. Should the Board make changes to the above, it shall give all members via electronic or regular mail, a copy within 30 days after adopting the change. Any part of governing documents that do not comply with CCIOA or Federal, State and Local law shall not be enforceable.

### **Guidelines for the Adoption or Amendment of Policies, Procedures and Rules**

Owners, residents and occupants are more likely to accept and cooperate with policies that have the following characteristics:

- The policy or rule must be reasonable. A reasonable policy or rule is just, sensible, not excessive (a policy or rule should be necessary and not more punitive than necessary), and intended to promote legitimate goals. Unreasonable policies or rules are illogical or unfair, or are too broad or severe.
- The policy or rule must be:
  - Consistent with applicable federal, state and local statutes.
  - Consistent with the governing documents.
  - Related to Purpose of the Association.
  - Fair. The policy or rule should not create a separate class or group of owners, residents or occupants.
  - Clear and unambiguous.
  - Uniformly enforced. This means there must be no selective enforcement or exceptions.

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## **POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING COLLECTION OF UNPAID ASSESSMENTS**

### **POLICY**

Members of the Four Mile Ranch Association, Inc. (the "Association") are required to pay assessments in accordance with Restated and Amended Declaration of Protective Covenants for Four Mile Ranch (the "Declaration").

The Association may record a Notice of Delinquent Assessment or charge against any Lot as to which an Assessment or charge is delinquent. The Notice shall be executed by an officer of the Board, shall set forth the amount of the unpaid Assessment, the name of the delinquent Owner and a description of the Lot and shall, upon recording, constitute an Assessment Lien. The Board may establish a fixed fee to reimburse the Association for the Association's cost in preparing and recording such notice, processing the delinquency and recording a release of said lien, which fixed fee shall be treated as part of the delinquent Assessment secured by the Assessment Lien. The Association may bring an action at law against the Owner personally obligated to pay the delinquent Assessment and/or foreclose the lien against said Owner's Lot.

### **PROCEDURES**

#### **Due Date**

Annual Assessments as determined by the Board and as allowed for in the Declaration shall be due and payable in quarterly installments due on the first day of each quarter, or more frequently if the Board shall so determine (the "Due Date"). Assessments not paid to the Association within thirty (30) days of the Due Date shall be considered past due and delinquent.

#### **Late Fees and Interest**

Any delinquent Assessment or installment thereof shall bear interest from the Due Date until paid at the annual rate of ten percent (10%).

#### **Return Check Charges**

A fee of \$20.00 shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. Such return check charge shall be considered an Assessment due and payable immediately, upon demand.

#### **Notice of Delinquency**

Within forty-five (45) days of the Due Date, the Board or managing agent shall issue a courtesy notice (the "Notice of Delinquency") reminding such Owner the Due Date has passed and the

account is late, and bearing an interest charge of ten percent (10%), which the Board is authorized and directed to charge to and collect from any delinquent owner on behalf of the Association. The Notice of Delinquency sent by the Board or managing agent to the delinquent owner shall also state:

1. The total amount due, with an accounting of how the total was determined;
2. Whether the opportunity to enter into a payment plan exists pursuant to C.R.S. § 38-33.3-316.3 and instructions for contacting the Board to enter into such a payment plan;
3. 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; and
4. That action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquency account being turned over to the Association's attorneys, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

#### **Circumstances and Terms of Payment Plan**

Unless the Owner does not occupy the Unit and has acquired the Unit as a result of (a) a default of a security interest encumbering the Unit or (b) foreclosure of the Association's Lien, the Association shall make a good-faith effort to coordinate with the Owner to set up a payment plan. However, in the event the Association and the Owner have previously entered into a payment plan, the Association is under no obligation to negotiate another payment plan. Any payment plan must permit the Owner to pay off the deficiency in equal installments over a period of at least six (6) months. The Owner shall sign a document describing the payment plan and the effective date of the first payment. In the event an Owner fails to comply with the terms of his or her payment plan, the Association may immediately begin pursuing legal action against such Owner. An Owner's failure to remit payment of an agreed-upon installment, or to remain current with the regular Assessments as they come due during the six-month period, constitutes a failure to comply with the terms of his or her payment plan.

#### **Lien for Assessments**

The Association may record a Notice of Delinquent Assessment or Charge against the property of any delinquent Owner in accordance with the terms and provisions of the Declarations, Articles and/or Bylaws. The Association may foreclose on its lien if the balance of Assessments secured by its lien equals or exceeds six months of common expense assessments based on the Association's budget and the Association's board has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific Unit on an individual basis.

## **Legal Remedies**

If, after the expiration of the period specified in the Notice of Delinquency, an account remains delinquent and without a payment plan embodied in a signed agreement, or in the event of a default under the terms of such agreement, Association counsel is authorized to take such further action as counsel, in consultation with the Board, believes to be in the best interest of the Association, including but not limited to any one or more of the following:

1. Filing suit against the delinquent Owner for money due pursuant to the Declaration and Colorado law;
2. Instituting a non-judicial action for foreclosure of the Association's lien pursuant to the Declaration and Colorado law;
3. Filing a proof of claim in bankruptcy; and/or
4. Instituting a judicial action for foreclosure of the Association's lien pursuant to the Declaration and Colorado law.

## **Application of Payments**

Any payments received on account of a delinquent Owner shall be applied to payment of any and all attorneys' fees and costs, expenses of enforcement and collection, interest charges, return check charges, lien fees and other costs owing or incurred with respect to such Owner pursuant to the Declaration, prior to application of the payment to any Assessment due or to become due with respect to such Owner.

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS  
REGARDING THE HANDLING OF  
CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS AND BOARD CODE  
OF CONDUCT**

**POLICY**

If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a member of the Board or a parent or spouse of any of those persons, that member of the Board shall declare a conflict of interest for that issue. The member shall declare the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member shall recuse him or herself, may not participate in the discussion, and shall not vote on that issue.

**PROCEDURES**

**Board Members shall disclose conflicts of interest:**

Board Members shall immediately disclose to the Board any perceived or potential conflict of interest regarding any aspect of the business operations of the Association.

Board Members serve for the benefit of the entire community, and shall, at all times, strive to do what is best for the Association as a whole. Board Members shall not use their positions as such for private gain, for example:

- No Board Member shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value from a person who is seeking a contractual or other business or financial relationship with the Association.
- No Board Member shall seek preferential treatment by the Board, any of its committees, or any contractors or suppliers.
- No Board Member shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.
- No Board Member shall receive any compensation from the Association for serving on the Boards.
- No Board Member shall willingly misrepresent facts to advance a personal cause or influence the community to advance a personal cause.
- No Board Member shall use his/her position to enhance his/her financial status through the use of certain contractors or suppliers.

Board Members who recuse themselves from a matter shall not participate in the discussion nor vote on that subject, but may be counted present for purposes of a quorum if necessary.

**BOARD MEMBER CODE OF CONDUCT:**

**Board Members shall comply with the governing documents and relevant law:**

Board members shall use their best efforts at all times to make reasonable decisions that are consistent with the Declaration, Bylaws, and other governing documents of the Associations, and to be familiar with all such documents. Board members shall likewise comply with and make decisions that are consistent with all applicable laws, including, but not limited to, refraining from discriminating against any person on the basis of race, color, religion, national origin, gender, family status, or mental or physical disability.

**Board Members shall set high standards for themselves as a member of the Four Mile Ranch Homeowners Association:**

Board Members shall hold themselves to the highest standards as members of the Association, and shall in all ways comply with the provisions of the Association's governing documents.

**Board Members shall work within Four Mile Ranch Homeowners Association's framework and refrain from unilateral action:**

Board Members shall at all times work with the Association's framework and abide by the systems of management established by the Association's governing documents and shall act upon decisions duly made, and no Board Member shall act unilaterally or contrary to such decisions. Board Conduct is based on the provisions as set forth the Nonprofit Act of the Colorado Revised Statutes.

**Board Members shall behave professionally at meetings:**

Board Members shall conduct themselves at all meetings, including board meetings, annual meetings of the members, and committee meetings, in a professional and businesslike manner. Personal attacks against other board members, Association members, residents, officers, management, or guests are not consistent with the best interests or the community and will not be tolerated. Language at meetings shall be kept professional. Though differences of opinion are inevitable, they must be expressed in a professional and businesslike manner.

**Board Members shall maintain confidentiality when appropriate:**

Board Members shall at all time maintain the confidentiality of all legal, contractual, personnel and management matters involving the Association, including all matters discussed in executive session, unless the majority if the Board agrees to disclose such matters. Board Members shall also maintain the confidentiality of the lives of other Board Members, Association members, residents and management staff.

**Board Members shall refrain from harassing Association member or Residents Board**

Members shall not in any way harass, threaten, or otherwise attempt to intimidate any other board member, Association member, or resident.

**Violations of Code**

Members acting in contravention of the above policies shall be deemed to have violated the Code of Conduct. Violations of the Code of Conduct shall be brought to an Advisory Hearing Board

comprised of other board members, as well as the Association attorney, manager, and/or accountant, and after such hearing the Board may take such additional legal steps as it deems appropriate in order to abate or enjoin a violation, including seeking judicial removal of the Board Member in violation.



## **POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING CONDUCT OF MEETINGS**

### **POLICY**

The Association conducts meetings of the Members and the Board of Directors in accordance with the Bylaws of the Association, as amended from time to time (the "Bylaws"). Meetings are also held and conducted in accordance with applicable requirements of the Colorado Common Ownership Interest Act and the Colorado Nonprofit Corporation Act.

The Bylaws provide that annual meetings of the Association shall be held at such place and time as determined by the Board of Directors. The Board of Directors meets in advance of the annual meeting. All other Board meetings are held by phone or email as needed, depending on the work required and the schedules of the Board members.

All meetings of the Association and Board of Directors are open to every Owner of the Association, or to any person designated by an Owner in writing as the Owner's representative, and all Owners or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings. The Board may place reasonable time restrictions on those persons speaking during the meeting and shall provide for a reasonable number of persons to speak on each side of any issue.

### **PROCEDURES**

#### **Notice of Board of Directors' Meetings**

Notice of regular board meetings shall be distributed with the first quarter invoices to lot owners showing dates, times and location of scheduled meetings of the Board of Directors. If a property owner plans to attend it is recommended they RSVP and confirm the meeting they wish to attend. Meetings may be cancelled or rescheduled without notice.

#### **Board Executive Session**

Executive or closed-door sessions of the Board shall be conducted for personnel, legal issues and other subjects permitted by CCIOA. Board members and other invitees of the Executive Session are bound not to disclose information discussed in the Executive or closed-door session to any other person or persons. If the Board warrants action, the Board may take that specific action in a form of a motion, in open session, with great care of not disclosing the confidential discussion of the executive discussion. 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.

#### **Executive Board Meeting**

Owners are encouraged and welcome to attend all board meeting and owner's comments are also encouraged. The President of the Association may at her/his discretion set a time limit on the comments from each property owner.

## **Annual or Special Meetings**

All Owners will get notice of Annual or Special Meeting as described in the governing documents for the Association. Owners are urged to attend these meetings to protect their interests as Homeowners and the well being of the Association. Homeowner's comments are encouraged at Annual or Special Meetings and will be allowed on each issue prior to a vote of the Membership. The board president may at her/his discretion set a time limit on the individual topics.

Association members that wish to have membership business included on the Agenda must submit the business in writing to the board president or other board member 40 days prior to the meeting. The Order of Business, unless otherwise provided by the Association Documents, will be established as follows:

1. Call the Meeting to Order
2. Establish a Quorum
3. Approve Minutes
4. Financials Review
5. Committee Reports
6. Old Business
7. New Business
8. Announcements
9. Adjournments

The Board at its discretion may alter the order of business for any meeting.

## **Voting**

Voting on Association business shall follow the processes outlined in the Association's Bylaws. Written proxies may be used. Proxy forms shall be distributed with the annual meeting notice and agenda. Homeowners may send proxy votes in to the Board Secretary prior to the annual meeting or with another homeowner at the time of the meeting. Must be done on the Board approved proxy forms and must comply with the governing documents of the Association.

## **Acceptance or Rejection of Voting Instruments**

The Association Board of Directors has the right to reject a vote, consent, waiver, proxy appointment or validity of the signatory's authority to sign for the unit owners when the authenticity is in question. The Association and its officers or agent who accepts or rejects any of the above must be done in good faith and is not liable from any damage that may result for the acceptance or rejections of these instruments. Unless a court decides otherwise, any action taken on the acceptance or rejection of any of the above will be deemed valid.

## **Required Personal Conduct**

No person in attendance shall interrupt anyone who has the floor. All discussion and comments should be relevant to the Agenda items. All people in attendance, at any meeting, will behave

with common courtesy and civility. All people shall refrain from personal attacks/abuse as in, but not limited to, profanity, rude and threatening language. The Board Chair may establish such rules of decorum as necessary to ensure the peaceful and orderly conduct of business.

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS  
REGARDING ENFORCEMENT OF COVENANTS AND RULES, INCLUDING  
NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES**

**POLICY**

Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges, and other provisions (collectively referred to as the "Covenants and Rules") contained in the Declaration, the Bylaws, and the Rules and Regulations of the Association, all as amended, and the Articles of Incorporation of the Association, shall be by any proceeding at law or in equity against any person or persons, including the Association, violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain, and/or prosecute any such proceedings, and the Association shall further have the right (after Notice and Hearing, as defined below) to levy and collect fines for the violation of any provision of the aforesaid documents.

**PROCEDURE**

**Alternative Dispute Resolution**

If the Board believes an Owner has committed a violation of any provisions of the Declaration or in the case of a dispute between the Board and an Owner, a Notice of Violation letter shall be sent to the "Violator" explaining the nature of the violation or issue, setting forth the potential penalty, and invoking the alternative dispute resolution process (ADR) found in the Declaration.

Should the ADR process be unsuccessful the Board may choose to invoke the notice and hearing and fine procedures described herein, or the Board may proceed directly to District Court for Garfield County Colorado seeking to enjoin the violation.

**Imposition of Fines**

If the Board seeks to impose a fine the Board shall send a Notice of Fine to the alleged Violator. The notice shall describe the nature of the violation, the applicable fine, and provide notice that the Violator may request a hearing before the Board. The notice shall further state that the Board may seek to protect its rights as they are specified in the governing legal documents.

Upon written request to the Board not later than ten (10) days after the date of the Notice of Fine the Violator must request a hearing in writing. Failure to timely request a hearing shall forever waive the right to one and shall immediately result in the imposition of the applicable fine.

## **SCHEDULE OF FINES**

In addition to any other remedies available to it, the Board may levy fines in accordance with the following schedule for any act or omission deemed a violation by the Board:

<b><u>Number of violations in a 12 month period</u></b>	<b><u>Fine Amount</u></b>
First violation:	\$50
Second violation:	\$100
Third violation:	\$250
Fourth violation:	\$500

In addition, habitual offenders (more than 4 violations in a 12-month period), continuing violations, or violations which have an indefinite commencement or termination date, shall all be subject to a fine of up to \$100 per day until the violation is corrected, in addition to any other remedy determined by the Board, which may include suspension of membership privileges or the imposition of additional fines.

### **Appeals/Hearings**

If a hearing is requested the Board shall send the Violator a notice informing him/her of the date, time, and place of the hearing. By written request no later than five (5) business days prior to the date of hearing the Violator shall be entitled to:

- obtain the names of witnesses, to the extent known to the Board, and
- inspect and make copies of any statements, writings and investigative reports relative to the case contained in the Association's records.

Nothing in this section shall, however, authorize the inspection or copying of any writing or other thing that is privileged from disclosure by law or otherwise made confidential or protected, such as attorney work product.

The Board shall hear and decide cases set for hearing pursuant to these Policies and Procedures. The Board may appoint an officer or other Owner to act as the presiding officer (the "Presiding Officer") at any of the hearings.

### **Participation on Hearing Board**

It shall be the responsibility of each Board member to make a determination as to whether s/he is able to function in a disinterested and objective manner in consideration on each hearing before the Board. Such decision rests with the individual Board member, unless there is a conflict of interest as described in the adopted policies of the Board. Any Board member who has a conflict of interest or determines that they are incapable of objective and disinterested consideration on any hearing before the Board shall disclose such to the President of the Association prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and said Board member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board member(s) results in an even number of

remaining Board members eligible to hear a case, the Presiding Officer shall appoint an Association member, in good standing, to serve as a voting member of the hearing board.

### **Hearing Process**

Each hearing shall be held at the scheduled time, place and date, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board by reading the notice of hearing. The Board shall appoint a designated representative to present evidence of the alleged violation. The general procedure for hearing shall consist of:

- Opening statements by each party;
- Presentation of testimony and evidence, including cross-examination of witnesses by each party; and
- Closing statements by each party.

Notwithstanding the foregoing, the Board may exercise its discretion as to the specific manner in which a hearing shall be conducted and shall be authorized to question witnesses, review evidence and take such other reasonable action during the course of the hearing which it may deem appropriate or desirable to permit the Board to reach a just decision in the case. Either side may be represented by legal counsel or other authorized representative, but rules of law regarding trials and presentation of evidence and witnesses shall not be applicable to the hearing; provided that any relevant evidence should be admitted and considered if it is the sort of evidence on which responsible persons are accustomed to rely in the course of serious affairs. The decision of the Board at each hearing shall be based on the matters set forth in the notice of hearing; request for hearing and such evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings shall be open to attendance by all members of the Association.

### **Hearing Decision**

The Board shall render its decision within ten (10) days after the hearing. A decision, either a finding for or against the Violator, shall be by a majority of the Board. The Board shall issue written findings of fact and conclusions, and, if applicable, shall impose a reasonable fine. Any fine imposed shall be payable within thirty (30) days of its imposition, unless a longer time and/or a payment plan or schedule is permitted by the Board in its sole discretion.

Appeals or enforcement of the Board's decision shall be made by filing an action in the District Court for Garfield County.

### **Resolution of Conflicts**

If disputes occur between the Association and an Owner for issues not related to the enforcement of covenants the Board will make every effort to resolve those disputes with the Owner. The Board does reserve the right to consult their attorney for advice on any dispute. If the dispute cannot be resolved informally the Board may invoke the Alternative Dispute Resolution

provisions of this policy or take any action they deem necessary to enforce the governing documents and protect the well being of the Association.

## **POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING INSPECTION AND COPYING OF ASSOCIATION RECORDS BY OWNERS**

### **POLICY**

Members of the Association are entitled to inspect and copy Association records in accordance with the procedures and requirements set forth in the Colorado Nonprofit Corporation Act and the Colorado Common Ownership Interest Act. Such rights include the following:

1. All records required by C.R.S. §38-33.3-317 shall be made reasonably available for examination by any Owner or such Owner's authorized representative(s) during normal business hours and under other reasonable circumstances. As used herein, "reasonably available" means available during normal business hours, upon notice of ten (10) business days, to the extent that (i) the request is made in good faith, and (ii) the request describes with reasonable particularity the records sought.
2. A reasonable fee, not to exceed the Association's actual cost for labor and copying per page, may be charged for copies of Association records.
3. The Association is not required to disclose certain documents to owners. This includes documents subject to attorney-client privilege ... owner lists if intended to be used for purposes unrelated to ownership of a unit ... architectural drawings without the consent of the person who owns them ... documents relating to transactions to purchase goods and services that are under negotiation ... documents relating to units not owned by the requesting owner ... specific personnel, salary, or medical records ... and documents with personal identification and account information.

### **PROCEDURES**

Deliberations and votes (emails) for action taken outside a meeting must be kept and allowed to be inspected.

#### **Records required to be kept for Inspection**

Many Association records are open to the members of the Association and all members have a right to inspect the Association records. Many of these records are kept on the Association's Google Docs page for review.

Only records as listed below must be retained and provided to the members:

- Records of all actions taken by board members outside of meetings: emails, written communications and votes
- Governing documents (declaration, articles of incorporation, bylaws, rules and regulations and policies and procedures)
- Records as identified in the governing documents
- Contact information on board members: names, physical mailing addresses, email addresses



- Receipts and expenditures
- Records of claims and settlements of construction defects
- Minutes of member, board and committee meetings
- Resolutions of the board related to rights of classes of owners
- List of owners that includes a physical mailing address ☐ and a vote allocation (one vote per lot)
- Financial statements for the past 3 years
- Tax returns for past 7 years
- Annual report as filed with the Colorado Secretary of State
- Assessment records for each unit to permit preparation of a statement of ☐ account
- Reserve study (Asset Management Plan)
- Current written contracts
- Contracts over the past 2 years
- Architectural approvals and denials (drawings of professionals are not required to be released without the consent of the owner of the drawing)
- Ballots and proxies of owners (for one year)
- All general communications to lot owners (for the past 3 years) ☐

### **Inspection and Copying**

The records maintained (as listed above) are available for inspection and copying during normal business hours or the next regularly scheduled meeting of the board, on request with at least 10 days notice.

A written request describing the record(s) sought should be submitted to any board member who will provide the lot owner with an estimated cost of producing and copying the records. The response should also include an anticipated date for receipt of the records.

- Copying charges may cover labor and material but may not exceed the estimated cost of production and copying

### **Uses of membership lists are restricted**

Homeowner memberships are for business and other HOA-related use only. They shall not be used for:

- Commercial use
- Sale to third parties
- Use unrelated to a homeowner's interest

### **Records that may be withheld**

- Architectural drawings, plans, etc. (consent of the owner of the plans may be required)
- Contracts, leases, bids or other records under negotiation
- Communications with legal counsel or otherwise protected communications
- Disclosures which would violate other law

- Disclosures which would violate other law
- Records from or that give rise to executive sessions
- Individual owner records (other than the owner's own records) ☐

#### **Records that must be withheld**

- Personnel, salary or medical information of specific individuals
- Personal information on owners
- Personal identity information
- Bank account information
- Telephone numbers
- Email addresses
- Driver's license ☐
- Social security numbers

The Association is under no obligation to create records that do not exist or compile records in any particular order.

#### **Audit/Review**

It shall be the determination of the Board whether or not an audit or review will be performed for the Association. The Association will conduct an audit if its annual revenue or expenditures exceeds \$250,000 or if at least 1/3 of Association members request it. The Association must make available the audit or review upon request of the lot owners no later than 30 days after its completion. These documents may also be copied at the Associations cost per page cost.

## **POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING INVESTMENT OF RESERVE FUNDS**

### **POLICY**

It is the policy of the Association that reserve funds, if any there shall be, shall be invested in such a manner as to generate the highest yield with the highest security in the Board's reasonable opinion.

### **PROCEDURE**

The Association will hold in a separate account from the operation account any reserves that the Association has accumulated. The reserve account must be placed in an FDIC account or guaranteed investment with at least an AAA rating that the Board approves.

The principal represents the reserve funds for the maintenance, repair, and replacement of those items for which the Association is responsible and that must be periodically maintained, repaired or replaced. Reserve funds are to be invested in a manner that assures maximum safety and appropriate liquidity and secondarily, maximizes yield within such constraints.

#### **Investment Eligibility Guidelines:**

- Certificate of deposit,
- Money Market deposit accounts,
- Money Market Funds,
- U.S. Treasuries bills, and
- Bank savings accounts.

## **POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING RESERVE STUDY**

### **POLICY**

The Board of Directors shall conduct a reserve study at such times as in its sole discretion it determines is necessary, but at least every five (5) years, to determine the necessity and amount of reserves required to maintain, repair, replace and restore the Association's common elements. The reserve study shall be based on a physical and financial analysis. The reserve study shall be reviewed at least annually to determine if reserves are sufficient. The Board shall, in its discretion, have the authority to and shall make any adjustments deemed necessary to maintain reserves.

Reserve funds for the Association's common elements shall be maintained in a reserve (the "Reserve Fund") and shall be used for major capital repairs, replacements, maintenance, care, restoration and improvements, as the Board shall determine.

The Reserve Fund shall be funded primarily from assessments and the generation of investment income from the Reserve Fund in accordance with the Association's policy for Investment of Reserve Funds.

### **PROCEDURES**

In order to determine funding of the reserve account, the Board of Directors may determine, with the assistance and advice of professionals, the life expectancy of those portions of the community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those areas. The Board will periodically review the reserve study and make adjustments as necessary in order to keep the reserve study current.

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS  
REGARDING ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND  
RULES**

**POLICY**

It is the policy of the Association that policies, procedures and rules are adopted by the Board of Directors at noticed meetings of the Board or by unanimous written consent of the Board of Directors in lieu of a special meeting. All policies, procedures and rules and regulations are subject to ongoing review. The Members of the Association are advised of the adoption, repeal or amendment of any policies, procedures, rules and regulations through the minutes of meetings or other correspondence distributed to Owners. All adopted policies, procedures, rules and regulations shall be kept on file in the office of the Association.

**PROCEDURE**

The Board of Directors from time to time in accordance with Associations governing documents may in any open meeting Amend, Adopt, or Delete the Rules and Regulations, Policies and Procedures of the Association with a majority vote from the Board. Should the Board make changes to the above, it shall give all members via regular or electronic mail a copy within 30 days after adopting the change. Any part of governing documents that do not comply with CCIOA or Federal State and Local law shall not be enforceable.

The Undersigned hereby certifies that the forgoing Policies were adopted by the Board of Directors of the Association at a duly called and held meeting of the Association on

December 18, 2013

Four Mile Ranch Homeowners Association, Inc.

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

Title \_\_\_\_\_

*Howard Jay*  
*Sec / TRES*