

SOUTHMOOR PARK EAST HOMEOWNERS ASSOCIATION

Adopted January 8, 2014

Amended February 12, 2014

Amended June 11, 2014

Amended November 9, 2016

ASSOCIATION POLICIES

The following Policies have been adopted by the “Association” pursuant to the Association Declaration and Colorado Revised Statute §38-33.3-209.5 for adoption and amendment of Association Policies (“Policies”):

DEFINITIONS

1. “Covenants” means the Amended, Restated and Consolidated Declaration and Agreement establishing Protective Covenants in Southmoor Park (Filings No. Two, Three, Four and Five) recorded on October 26, 2011, Reception No. 2011121226.
2. An “Owner” is the owner of record title, whether one or more persons or entities, to any Lot which is subject to the Covenants including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
3. The word “Lot” as the word is used herein is intended to mean and refer to any numbered plot of land shown upon the recorded plats of Southmoor Park, Filing No. Two, Filing No. Three, Filing No. Four, and Filing No. Five.
4. “Meetings of Owners or Owner Meetings” means any meeting of the owners of lots within the Southmoor Park, Filing No. Two, Filing No. Three, Filing No. Four, and Filing No. Five, as described in Article V of the 2012 Amended Bylaws.
5. “Meetings of the Board or Board Meetings” means any meeting of the Directors as described in Article VI of the 2012 Amended Bylaws.

CONFLICT POLICY

1. Directors will exercise their power and duties in good faith and in the interest of the Association.
2. Directors shall comply with all provisions of the Covenants, Bylaws, Rules and Regulations, and Policies.
3. A conflict of interest is any contract, decision, or other action taken by or on behalf of the Board, which would financially benefit any Director of the Board, or any person who is a parent, grandparent, spouse, child, or sibling of a Director of the Board or a parent or spouse of any of those person.
4. Any possible conflict of interest on the part of any Director shall be disclosed to the

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other Directors immediately upon discovery of a conflict. The disclosure will be made a record in the minutes of the Board meeting at the time the disclosure is made.

5. The interested Director will be allowed to state their position on the matter and answer any questions about the interested matter, but the interested Director may not participate in the discussion.
6. The interested Director will leave the meeting when the related topic is discussed and while the vote occurs. The minutes will reflect the absence of the interested Director.
7. Any breach of this policy by a Director must be brought to the attention of the Board for review.
8. If the Directors, by a majority vote, determine that a breach of this Policy has occurred it may impose a sanction on the offending Director. The Board may require the offending Director's resignation from the Board. However, the sanction must be appropriate and reasonable. The Board may consider the offending Director's willingness and participation in the Board's investigation in determining the severity of the sanction.

COLLECTION POLICY

1. Currently, the Covenants require that all Owners in the Association pay an assessment of \$25.00/year/Lot to pay annual expenses associated with the enforcement of the Covenants, the betterment of the community; to maintain a reserve to meet unexpected expenses and obligations; and any other expense authorized by the Covenants.
2. In January of each year, letters are sent via First Class Mail to each Owner requesting payment of current year dues plus any prior year unpaid dues plus interest and accumulated fees. This letter advises each Owner that current year dues are due January 1st and if unpaid on April 1st, become delinquent. It is the responsibility of the Owner to notify the Association of current contact information if it is different than the Lot address.
3. In April of each year, letters containing a second notice of unpaid dues are sent to the Owners of each Lot with an unpaid balance. Any unpaid dues after April 1 shall be assessed an administrative fee of \$2.50. These notices state the balances owed and inform the Owner that if the balance owed exceeds \$75.00 a lien may be placed on the property.
4. The Property Manager Association's bookkeeper keeps a tabulation of Owners that are delinquent in making the payment of the annual assessment. In December of each year, owners with a balance owed exceeding \$75.00, are reported to the Board of Directors.
5. After an Owner has been delinquent in the amount of \$75.00 the Association's bookkeeper shall notify the Owner an Assessment Lien will be filed in accordance with

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paragraph 7. Fifteen days (15) after notice an Assessment Lien shall beis prepared, notarized, filed and recorded with the office of the Clerk & Recorder, City & County of Denver, for properties owing more than \$75.00. All Administrative costs and fees including the fees for the preparation and filing of the liens will be added to the Owner's account and included in the lien. Any delinquency, as defined in the Association's Declaration, entitles the Association to an Assessment Lien on the Owner's real property and the Association, through its managing agent and/or attorney, may record such Assessment Lien with the County Clerk and Recorder's Office

6. The Owner will be responsible for any returned check charges the Association incurs and a \$20 returned check fee.
7. The Owner shall be provided with a notice of delinquency by certified letter or by first class mail prior to the filing of an Assessment Lien or other legal action. The notice will state the following:
 - a. The total amount of the arrearage with a list of accumulated charges;
 - b. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into a payment plan. Payment plans for eligible Owners can be made for payments in equal installments for up to six months, so long as the Owner remains current with regular assessments;
 - c. The name and contact information that the Owner may contact to request a copy of the Owner's ledger to verify the amount of the debt; and
 - d. That action is required to cure the delinquency and failure to do so within 30 days may result in the account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property if the amount past due is greater \$75.00, and any other remedies available under Colorado law.
8. The Association is entitled to recover its reasonable attorneys' fees and collection costs incurred in the collection of assessments and other charges incurred on behalf of the delinquent Owner. These fees shall be payable when incurred and will be charged as an additional assessment to the delinquent Owner's account. The Association is also entitled to recover attorneys' fees and collection costs through any collection action that the Association brings and is not limited to recovering such attorneys' fees and costs through judicial action. Reasonable attorneys' fees include any communications from the Association's attorney to or with the Owner.
9. Payments received will be applied in the following sequence:
 - a. Attorneys' fees and costs associated with the delinquent Owner;

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- b. Late charges, Fines and Interest;
 - c. Return check charges;
 - d. Assessments.
10. The Board may ask for appointment of a receiver or a judicial foreclosure of the Association's lien to obtain payment of current assessments, past assessments, or preserve the property.
 11. When a property is sold, a title company will typically request a Status Letter from the HOA stating, among other things, any balance of dues owed by the property Owner to the HOA. The total amount of balance owed is normally paid to the HOA as a seller's expense at the time the property is closed, at which time a Release of Assessment Lien is prepared and filed.

ENFORCEMENT & DISPUTE POLICY

1. In case of any notice of alleged violation, other than non-payment of dues, of any provision of the Declaration, Bylaws, Rules and Regulations, Policies, and non-compliance with Design Standards shall be provided to the Owner as soon as possible following receipt of a complaint by the Association ~~or Management Agent~~ of a violation. The Board ~~or Managing Agent~~ may also provide a copy to a non-Owner violator. The Notice shall describe the nature of the violation and state how the Board may protect its rights under the governing documents and provide the date, time, and place of hearing.
2. Notice of hearing may be served by personal delivery to the Owner; or by U.S. Mail addressed to the last known address of the Owner as contained in the records of the Association. The Board will send notices to all parties significantly impacted by the either alleged violation or proposed action.
3. Notices of hearing to be served upon the association may be sent to the current registered agent of the association, or the President of the Association.
4. The Board is responsible for hearing and deciding cases set for hearing. The Board may appoint an Owner or Director to act as presiding officer.
5. Any Director who is unable to be objective and provide a disinterested perspective shall disclose this bias to the President as soon as possible. This Director will be disqualified from the hearing. If this results in a tie in the decision-making process, the Presiding Officer will decide the tie.
6. The Board will inform the Owner of the time and place of the hearing. The Presiding

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Officer may grant a continuance for good cause. Each party may present their evidence through an opening statement, testimony, witnesses, and closing statements. The decision of the Board at the hearing will be based on the evidence presented, the Notice and the Request for a hearing. Hearings may be open to other Owners or closed at the Board's discretion.

7. The Board will provide a written finding and impose an appropriate fine within 20 days after the hearing. The written finding may be issued and recorded with the County Clerk and Recorder. The finding may be released upon compliance with the violation in accordance with the governing documents.
8. The following fine schedule is the default schedule. Any violation of the governing documents may be subject to the following fines: up to \$50 a day.
9. The Association may use any legal means to pursue these fines in accordance with the Collection Policy.
10. If there is a dispute other than payment of assessments between an Owner and the Association, the Owner may request a hearing to resolve the dispute.
11. The Association and Owner if unable to reach a resolution are encouraged and may agree to submit the dispute to a form of alternative dispute resolution as an alternative or a precursor to filing a legal action.

CONDUCT OF MEETINGS

1. Meetings of Owners are open to all Owners in the Association or any proxy or representative of an Owner.
2. Meetings of the Board are open to all Owners in the Association or any proxy or representative of an Owner. However, there can be closed door Board Meetings or a Committee of the Board to address the following issues:
 - a. Consulting with legal counsel on matter.
 - b. Employment matters.
 - c. Investigative proceedings related to criminal activity.
 - d. Any matters that the Board deems related to an individual's privacy that would be best discussed without other Owners, at the Board's discretion.
3. The Board will allow any Owner at Meetings of Owners to speak, but generally, the speaker's time will be limited to 10 minutes. This time period may be extended or shortened at the discretion of the President.

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4. The Board will not allow any Owner to participate in discussions at Board Meetings, unless the Board votes to authorize the discussion. The Owners will be allowed to address other issues not on the agenda at the beginning of the meeting, which is allotted for a maximum of 15 minutes, but may be extended at the President's discretion.
5. An Owner will be given the opportunity to speak before any formal action is taken on an item under discussion.
6. Owner Meetings will be announced via posting near mailboxes on the property and the association web-site at least 15 days prior but no more than 50 days prior to the meeting. Notice of meetings will be mailed to Owners at least 15 days prior to the meeting, but no more than 50 days prior. All Meetings will be conducted in compliance with all provisions of the Association's Declaration, Bylaws, and Policies. At no times will the voice recording of any meeting be permitted by anyone other than the individual responsible for drafting minutes for the purposes of record-keeping. Should a meeting be recorded for record keeping that voice recording may not be published or distributed without Board approval.
7. If an Owner's behavior becomes obnoxious and unruly, and the Owner will not respond to requests to observe decorum, the President or acting President may call a law enforcement officer to remove the offending Owner from the meeting.

INVESTMENT & RESERVE POLICY

1. The Treasurer of the Association is responsible for investigating investment options for the Reserve Funds. The Board is responsible for deciding the investment option for the Association Reserve Funds.
2. The Treasurer must evaluate the options based on the following criteria:
 - a) Risk to principal;
 - b) Liquidity;
 - c) FDIC;
 - d) Growth Potential;
 - e) Diversification;
 - f) Any other factors deemed relevant.
3. The Treasurer and Board may and are encouraged to rely upon the expertise of

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accountants and attorneys, and other investment experts in forming their opinions on which investment strategy to choose for the Association.

4. The Board must consider the following when deciding on an Investment Option:
 - a) Minimize loss through diversification;
 - b) Maximize Yield, but limit investments to traditionally conservative forms of investing;
 - c) The impact of interest rates;
 - d) Minimal liquidity required to meet all planned expenditures;
 - e) Penalties for selling or withdrawing funds prematurely;
 - f) No more than the current FDIC insurance limit as adjusted may be held in any one bank account at the current time of this policy the limit is \$250,000.
5. The Board has control with regard to opening bank accounts and establishing accounts for the custody of securities. A minimum of two signatures must be required for all transfers of money, unless the transfer is between two Association accounts.
6. The Board shall review investment performance on a regular basis, at least quarterly, and shall adjust the investments as needed to comply with the terms of this policy. Reserve policy.
7. The Board shall maintain a Reserve Fund that it determines is necessary to defend and enforce the Covenants; promote the betterment of the neighborhood; and to meet unexpected expenses for all the purposes authorized by the Covenants. The Board will review the reserve policy at least once every three years.

RECORDS POLICY

To the extent there is any conflict with the bylaws in this policy, this policy controls as it is written in compliance with C.R.S. §38-33.3-317 as amended.

1. An Owner or authorized agent of the Owner is entitled to inspect and copy, at their expense any of the records or papers of the Association.
2. In order to conduct the inspection:
 - A. The Owner must give the Association Secretary a written demand at least ten days prior to the date on which the Owner wishes to inspect and copy the records;

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- B. The request may be granted either after ten days or at the next Board meeting, if the Board is scheduled to meet within thirty days after the request.
- 3. In order to protect Owners' interests, membership lists or any part cannot be used for any purpose unrelated to the Owner's interest without the consent of the Board. Specifically there is a prohibition on using Owners' information:
 - A. 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;
 - B. for any commercial purpose; or
 - C. for sale or purchase.
- 4. The Following Records MAY be withheld from inspection by Owners:
 - A. Architectural drawings, plans, and designs, unless released upon the written consent of the legal Owner of the drawings, plans, or designs;
 - B. Contracts, leases, bids, or records related to transactions to purchase or provide goods and services that are currently in or under negotiation;
 - C. Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine;
 - D. Disclosure of information in violation of law;
 - E. Records of an executive session of a Board;
 - F. Individual Owners other than those of the requesting Owner.
- 5. The following records are Not Available for Inspection to Owners:
 - A. Personnel, salary, or medical records relating to specific individuals; or
 - B. Personal identification and account information of members, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers.
- 6. Owners will be charged the actual cost of making copies.
- 7. The Association shall maintain the following records in written form or another form capable of conversion into written form within a reasonable time:

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- 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 Owners and Board, a record of all actions taken by the Owners or Board without a meeting, and a record of all actions taken by any committee of the Board;
- D. Written communication among, and the votes cast by Directors that are:
 - i. Directly related to an action taken by the Board without a meeting pursuant to C.R.S. §7-128-202; or
 - ii. Directly related to an action taken by the Executive Board without a meeting pursuant to the Association's Bylaws;
- E. The names of Owners in a form that permits preparation of a list of the names of all Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Owner is entitled to vote;
- F. Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, Policies, and any other Policies adopted by the Board;
- G. Financial Statements as described in C.R.S. §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 names, electronic mail addresses, and physical mailing addresses of the current Board members and officers;
- I. The most recent annual report delivered to the Secretary of State, if any.
- J. Financial records sufficiently detailed to enable the Association to comply with §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 immediate preceding two years;
- M. Records of Board or committee actions to approve or deny any requests for design or architectural approval from Owners;
- N. Ballots, proxies, and other records related to voting by Owners for one year after

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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 Owners; and
- P. All written communications within the past three years to all Owners generally as Owners.

AMENDMENT POLICY

1. Adoption or amendment of any Policy shall be performed only at a meeting of the Board of Directors open to all Owners.
2. Proposed Policies will be posted on the website and listed on the agenda, and mailed or delivered to Owners. Comments will be accepted at least 5 days after notice has been provided.
3. The Board shall consider the following criteria when adopting or amending a rule or policy:
 - a. Necessity and reasonableness;
 - b. Easy to understand;
 - c. Reasonably related to the preservation, protection, and enhancement of the Association's property values;
 - d. Consistent with Colorado and Federal law, local law, and the Association's governing documents.
4. Adoption or amendment of a Policy requires an affirmative vote of a majority of Board of Directors in attendance at the meeting.
5. Any new Policy shall be effective immediately after the delivery, in writing, of notice of the adoption or amendment of any Policies. The Secretary shall record any new Policies.

CERTIFICATION

The undersigned, being the President of Southmoor Park East Homeowners Association certifies that the Board of Directors of the Association, at a meeting held this 11th day of June, 2014, amended the Policies adopted by the Board on January 8, 2014.

Southmoor Park East Homeowners Association

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By: _____
President

Certification:

By: _____
Secretary