

**BOARD RESOLUTION**

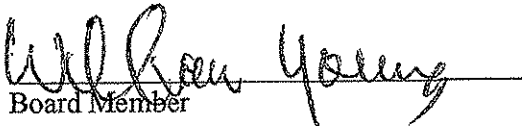
**AMENDING THE RESPONSIBLE GOVERNANCE POLICY OF  
THE VILLAS AT VALLEY COUNTRY CLUB HOMEOWNERS ASSOCIATION**

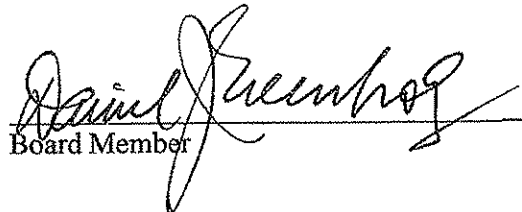
WHEREAS, there have been recent changes in Colorado law concerning how Community Associations collect past-due assessments and other delinquent payments and foreclose the Association's lien for assessments.

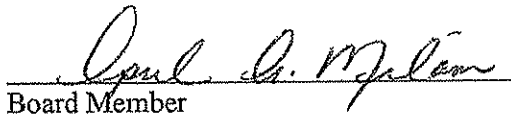
WHEREAS, the Board desires to incorporate the amended portion of the Responsible Governance Policy Section II. HANDLING CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS adopted on January 23, 2013 into the current policy for ease of reference.

BE IT RESOLVED that effective January 1, 2014, the VILLAS AT VALLEY COUNTRY CLUB HOMEOWNERS ASSOCIATION RESPONSIBLE GOVERNANCE POLICY STATEMENT attached hereto and incorporated by this reference, is hereby approved and adopted to entirely replace the prior Responsible Governance Policy adopted on November 20, 2006, and the amended portion of the Responsible Governance Policy Section II. HANDLING CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS adopted on January 23, 2013.

Done this 29<sup>th</sup> day of January, 2014.

  
Board Member

  
Board Member

  
Board Member

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Board Member

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Board Member

# POLICY STATEMENT

## RESPONSIBLE GOVERNANCE

In order to promote responsible governance, the Villas at Valley Country Club Homeowners Association shall maintain accurate and complete accounting records and adopts the following policies and procedures, effective January 1, 2014, including the attachments referenced herein:

### I. COLLECTION OF UNPAID ASSESSMENTS

- (a) Regular Assessments payable in monthly installments shall be due on the first day of each month. Any other assessments shall be paid to the Association on the due date set forth in Section IV below or the due date established by the Board. Assessments shall be considered past due and delinquent thirty (30) days after the due date. Assessments include regular and special assessments, compliance expenditures, and any associated fees, charges, late fee, attorney's fees, fines, and interest charged by the Association. (Declaration Article 4)
- (b) A late fee of not more than 10% of the delinquent assessment or \$50.00, whichever is greater, shall accrue on any past due and delinquent assessment and shall bear interest at the rate of 15% per annum commencing thirty (30) days after the due date. (Declaration Article 4)
- (c) The Association shall assess the Owner's account for any bank fees actually charged for returned checks or for ACH/electronic payments reversed due to nonsufficient funds.
- (d) All payments received shall be credited first to any delinquent balances, secondly to any current balances, and finally to any future balances due. These balances shall include any attorney's fees or costs, incurred by the Association. The Association, or its managing agent, has the discretion to return any Owner payment containing a restrictive endorsement or directing application of payments contrary to this provision.
- (e) Before the Association refers a delinquent account to a collection agency or refers the matter to an attorney for legal action, the Association, or its managing agent, shall send the Owner a **Notice of Delinquency** utilizing the form attached hereto and incorporated by this reference. The Association shall offer the Owner, who is eligible, a one-time opportunity to pay off the deficiency in equal installments over a period of at least six months utilizing the **Installment Payment Agreement** form attached hereto and incorporated by this reference.

- (f) Before the Association's lien may be foreclosed, the balance of the assessments and charges secured by the lien must equal or exceed six (6) months of common expense assessments based on a periodic budget adopted by the association and the Board must formally resolve, by a recorded vote, to authorize the filing of a foreclosure action against the specific unit, utilizing the **Board Resolution** form attached hereto.
- (g) Legal Remedies Available to the Association: The Association may accelerate the Common Expense Assessments for the remainder of the fiscal year, may initiate legal action against the Owner, may foreclose the assessment lien against the property, may bid on or purchase any unit at foreclosure, may take possession and rent the unit or apply for appointment of a receiver, and such other remedies as specifically stated in the Declaration and as provided by Colorado law. Regardless of whether a legal action is filed, the Association may recover attorney's fees, court filing fees, and service costs.

## II. HANDLING CONFLICTS OF INTEREST INVOLVING BOARD MEMBERS

### Definitions:

*"Conflict of interest"* means circumstances under which a Board member may be unduly influenced in his/her decision-making process in favor of or against any particular action.

*"Conflicting interest transaction"* means any contract, transaction, or other financial relationship between the Association and a Board member; or between the Association and a party related to a Board member; or between the Association and an entity in which the Board member is a director or officer or has a financial interest.

*"Party related to a Board member"* means a spouse, a descendant, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board member or a party related to a Board member has a beneficial interest, or an entity in which a party related to a Board member is a director, officer, or has a financial interest.

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**General Duty** - All Board members shall exercise their powers and duties in good faith and in the best interests of, and with loyalty to, the Association. Board members shall avoid the appearance of impropriety and shall avoid conflicts of interest and conflicting interest transactions in their dealings with and representation of the Association.

**Disclosure** – If a conflict of interest or conflicting interest transaction presently exists or may potentially arise in the future concerning an Association matter, the interested Board member shall disclose the details that may constitute a conflict to the Board, and if the other Board members concur, then shall recuse himself or herself from discussing or voting on the issue. However, the interested Board member may be counted as present for purposes of establishing a quorum at a meeting of the Board of Directors or committee which authorizes, approves, or ratifies the conflicting interest transaction.

**Validity of Action** – No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the conflicting interest transaction involves a Board member of the Association or a party related to the Board member or an entity in which an Association Board member is a director or officer or has a financial interest or solely because the Board member is present at or participates in the meeting of the Association's Board of Directors, or committee thereof, that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Board member's vote is counted for such purpose if:

(a) The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors 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; or

(b) The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon; or

(c) The conflicting interest transaction is fair as to the Association.

**Applicable Statutes** – Any conflict of interest policy adopted by the Association must be in accordance with Colorado Revised Statute §38-33.3-310.5 which states:

Section 7-128-501, C.R.S. shall apply to members of the Board, except that as used in that section:

- (a) "Corporation" or "Nonprofit Corporation" means the association.
- (b) "Director" means a member of the association's Board.
- (c) "Officer" means any person to who the board delegates responsibilities under this article, including, without limitation, a managing agent, attorney, or accountant employed by the board.

**Periodic Review** – The Association Board shall review this conflict of interest policy in the year 2014 and every second year thereafter and shall amend this policy, as necessary and appropriate, in the best interests of the Association.

**III. CONDUCT OF BOARD MEETINGS** – All meetings shall be conducted by the duly elected president of the Board, or the vice-president in absence of the president, using Robert’s Rules of Order.

See Policy Statement re: Homeowners Association Meetings

**IV. COVENANT AND RULES ENFORCEMENT**

(a) First Offense/Violation – Written notice/warning letter to Owner(s). Violation must be corrected within ten (10) days of the date of the notice or a second violation notice will be sent and fine may be assessed.

(b) Second Offense/Violation – Written notice/fine letter to include twenty-five dollar (\$25.00) fine assessed against Owner(s). Violation must be corrected within ten (10) days of the date of the notice or a third violation notice will be sent and an additional fine may be assessed.

(c) Third Offense/Violation – Written notice/fine letter to include fifty dollar (\$50.00) fine assessed against Owner(s). Violation must be corrected within ten (10) days of the date of the notice or a fourth violation notice will be sent and fine may be assessed.

(d) Fourth and Subsequent Offenses/Violations - Written notice/fine letter to include an additional one hundred dollar (\$100.00) fine against Owner(s).

(e) Notice and Hearing - Effective with the second offense/violation notice, the Owner(s) may request a hearing. The written request shall be served upon the Association, or its managing agent, by registered or certified mail within ten (10) days of the date of the offense/violation notice. The hearing shall be scheduled within sixty (60) days from the date of the offense/violation. Each hearing shall be conducted by a hearing committee consisting of three members appointed by the Board, or from the Board, who qualify as “impartial decision makers.”

“*Impartial decisions makers*” means a member who has no direct personal or financial interest in the outcome of the hearing and will not receive, as a result of the outcome, any greater benefit or detriment than the general membership of the Association.

After hearing all information pertaining to the offense/violation, the hearing committee or Board will send the Owner(s) a written decision within ten (10) days. All decisions shall be final. Once a hearing has been completed regarding a specific offense/violation and a final determination has been issued, no further hearings shall be required by the Board to assess additional fines in accordance with this fine schedule. If the Owner does not appear or respond in writing, an automatic default may be entered.

(f) Collection of Fines – Fines shall be due on the date assessed by the Association, or its managing agent, via a written notice/fine letter or on the date of the written decision by the hearing committee or the Board. Fines shall be considered past due and delinquent ten (10) days after the due date and subject to collection as provided in Section I. - Collection of Unpaid Assessments.

(g) Additional Fees and Costs - Owners are responsible for any fees and costs incurred in the collection of any fines or for enforcement of any rules, regulations, policies, Bylaws, or Declarations. Said fees and costs to include, but not be limited to attorney's fees, court filing fees, and service costs. These fees and costs shall be recoverable by the Board regardless of whether a lawsuit is filed against the Owner.

#### V. INSPECTION AND COPYING OF ASSOCIATION RECORDS

*See* Policy Statement re: **Association Records** amended January 2013.

#### VI. INVESTMENT OF RESERVE FUNDS – The officers and members of the Board shall be subject to the standards set forth in C.R.S. §7-128-401; except that, as used in that section:

- (a) "Corporation" or "Nonprofit Corporation" means the Association.
- (b) "Director" means a member of the association's Board.
- (c) "Officer" means any person designated as an officer of the association and any person to whom the Board delegates responsibilities under this article, including, without limitation, a managing agent, attorney, or accountant employed by the Board.

**VII. PROCEDURES FOR ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES** – By request of the President, Board majority, or Owners having **20%** of the votes, the Board must consider proposed adoptions and amendments of the policies, procedures, and rules governing the Association. After reasonable consideration, the Board has the discretion on whether to adopt or amend such policies, procedures, and rules.

**VIII. PROCEDURES FOR ADDRESSING DISPUTES BETWEEN THE ASSOCIATION AND OWNERS** – Upon written request of any Owner, the Board shall convene to address a pending dispute. The date, time, and place shall be scheduled so the Owner and a majority of the Board may be in attendance. The Owner will be given reasonable opportunity to be heard regarding the dispute, subject to any time limitations set by the Board. After deliberation, the majority vote of the Board will be the final resolution of the dispute. By consent of all parties, any dispute between the Association and Owner may be submitted to mediation prior to the commencement of any legal proceeding. If an agreement is reached, it shall be submitted to the court as a stipulation for approval and if ordered subject to enforcement.

**IX. DISCLOSURE OF LEGAL MATTERS** - Upon final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board has the discretion to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about this matter in an open meeting.

**X. STANDARD OF CARE** - If appointed by the declarant, in the performance of their duties, the officers and members of the Board are required to exercise the care required of fiduciaries of the Owners. If not appointed by the declarant, no member of the Board and no officer shall be liable for actions taken or omissions made in the performance of such member's duties except for wanton and willful acts or omissions.