

**COTTONWOOD GREEN ASSOCIATION, INC.
RESPONSIBLE GOVERNANCE POLICIES
ADOPTED PURSUANT TO THE REQUIREMENTS OF
THE COLORADO COMMON INTEREST OWNERSHIP ACT (“CCIOA”)
Adopted October 3, 2023**

I. INTRODUCTION

The Colorado Common Interest Ownership Act, as amended (“CCIOA”) provides as follows:

38-33.3-209.5 Responsible governance policies - due process for imposition of fines

(1) To promote responsible governance, associations shall:

(a) Maintain accurate and complete accounting records; and

(b) Adopt policies, procedures, and rules and regulations concerning:

(I) Collection of unpaid assessments;

(II) Handling of conflicts of interest involving board members, which policies, procedures, and rules and regulations must include, at a minimum, the criteria described in subsection (4) of this section;

(III) Conduct of meetings, which may refer to applicable provisions of the nonprofit code or other recognized rules and principles;

(IV) Enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines;

(V) Inspection and copying of association records by unit owners;

(VI) Investment of reserve funds;

(VII) Procedures for the adoption and amendment of policies, procedures, and rules;

(VIII) Procedures for addressing disputes arising between the association and unit owners; and

(IX) When the association has a reserve study prepared for the portions of the community maintained, repaired, replaced, and improved by the association; whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and whether the reserve

study is based on a physical analysis and financial analysis. For the purposes of this subparagraph (IX), an internally conducted reserve study shall be sufficient.

In order to implement these statutory requirements and other requirements of CCIOA, Cottonwood Green Association, Inc. (the "Association"), by resolution of the Board of Directors of the Association (the "Board"), adopts the following responsible governance policies as part of the Association Rules (the "Rules"). CCIOA and the Association's Bylaws authorize the Association to adopt Rules, and CCIOA mandates the adoption of responsible governance policies. These Rules regarding responsible governance policies shall be deemed to supplement the Declaration of Covenants and Restrictions for Cottonwood Green Subdivision, recorded January 11, 2005 in the Chaffee County Clerk and Recorder's office at Reception No. 348398, and any and all supplements and amendments thereto (the "Declaration"), the Articles of Incorporation and the Bylaws of the Association, and other Rules adopted by the Association, as amended. To the extent these Rules are inconsistent with the Declaration, Articles or Bylaws, as they may be amended, the Declaration, Articles, and Bylaws shall control, as applicable, except where otherwise required by CCIOA or the Colorado Revised Nonprofit Corporation Act (the "CRNCA"). The records of the Association kept by the Secretary of the Association will include a notebook or an e-version on a portable electronic device containing all the currently adopted Rules, and the Rules will also be posted on the Association's website, if there is one.

II. POLICIES

A. COLLECTION OF UNPAID ASSESSMENTS.

The following Policy is adopted in accordance with C.R.S. § 38-33.3-209.5 (1.7) (a), C.R.S. § 38-33.3-209.5 (5), C.R.S. § 38-33.3-209.5 (6), C.R.S. § 38-33.3-209.5 (7), C.R.S. § 38-33.3-209.5 (8), and C.R.S. § 38-33.3-316.3.

1. **Assessments.** The annual assessment for common expenses (as defined in CCIOA and/or the Declaration) is assessed annually and is payable in the amount and due as specified in the most recent written notice from the Association until the Association notifies an Owner in writing of a different amount. Notices of the amount of the annual assessment and the date that the payment of the annual assessment is due will typically be sent to all the Owners within ninety (90) days of ratification by the Owners of the proposed budget. Assessments may be paid in one lump sum, or in biannual or quarterly installments, or in monthly installments as determined by the Board.

2. **Delinquent Assessments.** If a monthly installment (or other installment set forth in the notice) of the annual assessment is not paid by the Owner of a Lot within thirty (30) days after the due date, the Owner shall be deemed in default, shall be assessed a late fee of fifty dollars (\$50.00) shall be assessed. If payment is not received within sixty (60) days of the original due date, an additional late fee of fifty dollars (\$50.00) shall be assessed, and the assessment and late fees shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum or the maximum amount permitted by Colorado law, whichever is lower. Partial payments received by the Association shall be applied first to the principal amount of the assessment, then to any late charges or fines, then to attorney fees and costs of collection, and then to accrued interest. There shall be a returned check charge of fifty dollars (\$50.00) for any check that is not honored or is returned for nonsufficient funds.

3. **Notice of Default; Payment Plans.** At any time after a default in the payment of assessments by an Owner, the Board may provide a written notice of default ("Notice of Default"), which shall be posted on the front door of the Owner's Lot and sent to the Owner by certified mail, return receipt requested, at the address of the Owner found in the records of the Association or, if none is found, then to the address of the Owner as may be found in the records of the Chaffee County Assessor's Office. The Board shall also provide the Notice of Default by one of the following methods: (a) first-class mail; (b) text message to a cellular number that the Owner has provided to the; or (c) e-mail to an e-mail address that the Owner has provided to the Association. The Notice of Default will be deemed to be effective five (5) days from the date of posting, mailing, text message or email (or the latest date if not the same), irrespective of whether or when the letter, text message, or email is delivered or received.

a. **Notice of Default.** An Owner has the right to notify the Association if the Owner prefers to receive correspondence and notices in a language other than English. If the Owner has notified the Association in writing, the Association shall send correspondence and notices in the Owner's preferred language. If the Owner has not given written notice to the Association of a preferred language, correspondence and notices shall be in English. An Owner also has the right to identify a designated contact for the Owner to be contacted on the Owner's behalf. Such designated contact shall be identified in writing, which shall include the name, mailing address, cellular phone number and/or email address for the designated contact. Such designated contact shall receive the same correspondence and notices as the Owner would receive under these policies and Colorado law.

i. The Notice of Default shall specify:

- the due date and the amount of the unpaid assessment(s);
- the late fees, fines (if any) and all costs of collection;
- the interest accrued as of a specified date and the per diem interest thereafter;
- whether the opportunity to enter into a payment plan exists pursuant to section 38-33.3-316.3 and instructions for contacting the entity to enter into such a payment plan;
- the name and contact information for the individual the unit owner may contact to request a copy of the unit owner's ledger in order to verify the amount of the debt;
- that action is required to cure the delinquency and that failure to do so within thirty days may result in the unit owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the owner, the filing and foreclosure of a lien against the unit owner's property, or other remedies available under Colorado law; and
- that the delinquent account will not be turned over to a collection agency or referred to an attorney for legal action unless a majority of the Board has voted to do so at a properly noticed meeting.

- ii. The Notice of Default shall require the Owner to either:
- make payment in full within thirty (30) days of the effective date of the Notice of Default; or
 - make a written request for a payment plan to the Association's Treasurer at the Association's principal address and/or by email to the Treasurer at an email address provided in the Notice of Default, within thirty (30) days of the effective date of the Notice of Default.
- iii. The Notice of Default shall further state that if payment in full is not made within such thirty (30) day period or in accordance with a written payment plan:
- the Association may record a notice of lien amount against the Lot in the Office of the Clerk and Recorder of Chaffee County, Colorado;
 - the Owner is liable for costs of enforcement as defined by the Declaration and which includes all fees, costs, expenses and attorneys' fees incurred by the Association in connection with the collection of the assessment;
 - all unpaid assessments, late fees, costs of collection and interest are secured by the assessment lien against the Owner and the Owner's Lot; and
 - the Association may pursue any and all legal remedies available to it to collect the amounts due, including but not limited to, turning the account over to a collection agency or attorney to take legal action to collect the delinquent assessments, the foreclosure of the Association's assessment lien, and/or commencement of a civil action against the Owner in any court with jurisdiction.

b. **Payment Plan.** The Notice of Default shall also advise the Owner that the Owner may request a payment plan by making a written request and submitting it to the Treasurer of the Association within thirty (30) days of the effective date of the Notice of Default. The written request may be delivered by hand, or by U.S. Mail to the principal address of the Association, and/or by email to the Treasurer's email address as stated in the Notice of Default. If the Owner makes such a request during the thirty (30) day period set forth in the Notice of Default, the Association shall make a good faith effort to set up a payment plan with the Owner. Any payment plan shall be in writing, and shall permit the Owner to pay off the delinquent amount in no less than eighteen (18) equal monthly installments; provided that each monthly payment must be in an amount of at least twenty-five dollars (\$25) until the balance of the amount owed is less than twenty-five dollars (\$25). This section does not apply if 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. Furthermore, the Association or a holder or assignee of the Association's debt is not obligated to negotiate a payment plan with a unit owner who has previously entered into a payment plan that complies with CCIOA.

c. **Failure to Cure.** If the assessment default is not cured and paid in full, including late fees, interest and other costs and expenses incurred by the Association, either within the thirty (30) day period set forth in the Notice of Default or in accordance with a payment plan established

with the approval of the Association, the Association may then proceed as stated in the Notice of Default. If a delinquent account is subject to an approved payment plan, an Owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the eighteen (18) month period, constitutes a failure to comply with the terms of the payment plan and shall subject the Owner to collection action as set forth in the Notice of Default. A delinquent account shall not be turned over to collections or referred to an attorney for legal action unless a majority of the Board has voted to turn the account over to collections or refer the account to an attorney at a properly noticed Board Meeting. The Board may meet in executive session to discuss and make a decision regarding a delinquent account.

d. **Small Claims Court Jurisdiction.** In accordance with C.R.S. § 13-6-403, as amended, a party may bring an action in small claims court:

- i. to enforce rights and responsibilities arising under the Declaration, Bylaws, Rules, Policies, or other governing documents of the Association, in relation to disputes arising from assessments, fines, or fees owed to the Association, so long as the amount at issue does not exceed the jurisdictional limits of the small claims court, currently seven thousand five hundred dollars (\$7,500), exclusive of interest and costs;
- ii. to enforce a restrictive covenant on residential property and the amount required to comply with the covenant does not exceed the jurisdictional limits of the small claims court, currently seven thousand five hundred dollars (\$7,500), exclusive of interest and costs;
- iii. for replevin if the value of the property sought does not exceed the jurisdictional limits of the small claims court, currently seven thousand five hundred dollars (\$7,500), exclusive of interest and costs; and
- iv. to enforce a contract by specific performance or to disaffirm, avoid, or rescind a contract.

e. **Foreclosure.** Any foreclosure of the statutory lien for unpaid assessments shall comply with C.R.S. § 38-33.3-316, as amended, and all other provisions of Colorado law, notwithstanding any conflicting provision in the Declaration.

B. HANDLING OF BOARD MEMBER CONFLICTS OF INTEREST.

This policy is adopted in accordance with C.R.S. § 38-33.3-209.5 (4), C.R.S. § 38-33.3-310.5, and C.R.S. § 7-128-501.

The Association and Board shall utilize the above cited statutory provisions, Section 7.4 of the Bylaws, and the provisions above, as they may be amended, to review and address any potential conflicts of interest relating to the Officers and Directors of the Association. In accordance with 38-33.3-209.5 (4) (a) (III), the Board shall periodically review these statutory provisions, Bylaws and any other policies, procedures, and rules and regulations that it adopts concerning conflicts of interest.

1. As used in this section, "conflicting interest transaction" means: A contract, transaction, or other financial relationship between a the Association and a Director 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 of the Association is a Director or officer or has a financial interest.

2. No loans shall be made by a corporation to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the corporation for the amount of such loan until the repayment thereof.

3. 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 of the Association or a party related to a Director or an entity in which a Director of the Association is a Director or officer or has a financial interest or solely because the Director is present at or participates in the meeting of the Association's board of Directors or of the committee of the board of Directors that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Director's vote is counted for such purpose if:

a. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the board 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 Director'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 to the Association.

4. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the board of Directors or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

5. For purposes of this section, 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 a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a Director, officer, or has a financial interest.

6. A Director must disclose a conflict of interest to the Board during a Board meeting in open session and cannot vote on the conflicting decision or contract. The conflicted Director may nevertheless participate in the discussion about a conflicting decision or contract unless a majority of the Directors who are not conflicted determine such discussion would not be appropriate.

C. CONDUCT OF ASSOCIATION AND BOARD MEETINGS.

1. **Notice.** See Articles IV and VI of the Bylaws. The provisions of the Bylaws, CCIOA and the CRNCA shall govern and control voting and notice requirements for Owners and Board meetings.

2. **Open Board and Association Meetings.** All regular and special meetings of the Board and the Association will be open to attendance by all Owners and Owner's representatives. An "Owner's representative" shall mean a person designated in writing by a proxy or other document executed by an Owner and authorizing the Owner's representative to act for such Owner as designated in the authorization. Unless otherwise limited in scope, any such authorization shall remain in effect until withdrawn in writing by the Owner and the Board shall retain all such proxies or other documents. All members are encouraged to attend and participate in the Board meetings or to provide written comments to the Board on pending issues prior to any such meeting. Association meetings shall be scheduled per the Declaration, Bylaws and as otherwise determined by the Board.

3. **Contents of Notice/Agendas.** The notice of any meeting of the Board and of the Owners will be in accordance with the Bylaws. Any information on the agenda provided by the notice of Meeting shall not be deemed to exclude (i) other issues that the Board may wish to consider at Board meetings or (ii) other issues that the Board or Owners may wish to consider at Association meetings, provided, however, an Owners shall have the right to request that any items not included on the agenda be addressed at a Special Meeting or at the next regularly scheduled Meeting. Owners desiring further information or copies of an agenda should contact an Officer of the Association.

4. **Participation by Owners at Board Meetings and Owners' Meetings.** At an appropriate time determined by the Board, but before the Board votes on an issue under discussion at a Board meeting that requires a vote of the Board, an Owner or an Owner's representative desiring to speak on the issue will be reasonably permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the Board 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. Similarly, at meetings of Owners, if it becomes necessary, as determined by the reasonable discretion of the President of the Association, the President may set reasonable limits on the time an Owner may speak and the number of Owners who may speak regarding a particular issue. While free and open discussion is encouraged and desired at all times, the President and the Board may always consider other concerns affected by such discussion, including but not limited to, the impacts of such discussion on the other Owners and persons present at any meeting and the need for other business to be conducted at a meeting. The President of the Association will be the presiding officer at all meetings of the Board and of the Owners. In the absence of the President, the other Officers and Directors attending the meeting will designate another member of the Board to be the presiding officer for the meeting.

5. **Executive Sessions.** The Board may, in its discretion, hold private or confidential executive sessions in accordance with C.R.S. § 38-33.3-308, Section 6.5 of the Bylaws, and other applicable Colorado law.

6. **Secret Ballot.** To the extent required, the Association will comply with C.R.S. § 38-33.3-310 regarding the need and procedure for a secret ballot. See Sections 4.10 and 5.6 of the Bylaws. Uncontested elections of Directors, defined as elections in which the number of candidates is equal to or less than the positions to be filled, and all other votes taken at a meeting of the Owners shall be taken by such method as determined by the Board including acclamation, by hand, by voice or by ballot.

7. **Rules of Order.** The Board shall determine all procedures and disputes related to the conduct of its own meetings. The President or other presiding officer shall determine all procedures related to the conduct of Association meetings, provided such procedures are reasonable and non-discriminatory.

D. ENFORCEMENT OF COVENANTS, RULES and REGULATIONS; NOTICE AND HEARING; SCHEDULE OF FINES.

This policy is adopted in accordance with C.R.S. § 38-33.3-209.5 (1.7) (b) and C.R.S. § 38-33.3-209.5 (2) and (3).

The Notice and Hearing procedure provided for in the Bylaws and in these Responsible Governance Policies and as conducted by the Board shall comply with the foregoing requirements of CCIOA. The Declaration, the Association's Bylaws and CCIOA authorize the Board to adopt rules for the regulation and management of the Common Elements and the Property, as defined in the Declaration. The Declaration also creates restrictions on the use of Units or Units and the Common Elements, prohibits certain actions, and creates responsibilities and liabilities for Owners and other persons. The Declaration, the Association's Bylaws, and CCIOA also authorize the Board to enforce the Declaration and Rules, and levy and collect fines and assessments and recover costs of collection, including interest, costs and attorneys' fees against an Owner who violates the Declaration or the Rules. CCIOA also provides that an Owner may be entitled to recover costs and attorneys' fees if the Association wrongfully deprives the Owner of certain rights.

1. **Enforcement Procedures.** Subject to the requirements of CCIOA, the Declaration, and the Bylaws, as they may be amended, the Association, by its Board, will follow the procedures outlined below with respect to enforcement in addressing violations of the Declaration and other Rules of the Association, except for those violations with regard to payment of assessments which are addressed in and governed by CCIOA and/or the Declaration and in Section II A of these Responsible Governance Policies.

a. **Reporting Violations.** Complaints regarding alleged violations may be reported either in writing or orally by an Owner or group of Owners within the community, Director(s), committee member(s) or other agents or designees of the Board. Complaints shall contain the information listed below in order to be investigated. At the discretion of the Board, written or

oral complaints failing to include any of the information required in this provision may or may not be investigated or pursued:

- i. identity and address of the complainant;
- ii. address of the alleged violator and name of the alleged violator if complainant knows this;
- iii. description of the alleged violation and reference to the applicable Section of the Declaration or Rules of the Association that is allegedly being or has been violated; and
- iv. date violation was observed and any other pertinent or helpful information that will assist the Board in its investigation.

b. **Investigation.** Following receipt of a complaint by the Board, two Directors or its designees will investigate the alleged violation. If additional information is needed, the complaint may be returned to the complainant or may be investigated further by the Board or by a designated individual or committee. The Board shall have sole discretion in appointing an individual or committee to investigate the matter.

c. **Written Notices of Violations.** If, based on their investigation, the Directors believe a violation has occurred or is occurring, the Board will give notice of any violation of the Declaration or Rules of the Association in the following manner:

- i. **Informal Contact.** The Board or its agent will contact the Owner of the Lot where the alleged violation is occurring or who is alleged to be responsible for the violation to make sure the Owner is aware of the violation and to ascertain the Owner's plan to abate the violation. If the Board or its agent, in its sole discretion, believes that the Owner is already aware of the violation and will not abate the violation in a satisfactory manner, the Board may proceed immediately to "Demand for Abatement" procedure set forth below without informal contact.
- ii. **Demand for Abatement.** A notice (the "Demand for Abatement") will be mailed by certified mail, return receipt requested to the Owner who is alleged or believed to be responsible for the violation. The notice shall be mailed to the Owner at the Owner's address as set forth in the records of the Association, or if no current address is found in the records of the Association, at the mailing address of the Owner as found in the records of the Chaffee County Assessor's Office. The Board shall also provide the notice by one of the following methods: (a) first-class mail; (b) text message to a cellular number that the Owner has provided to the; or (c) e-mail to an e-mail address that the Owner has provided to the Association. The Demand for Abatement will be deemed to be effective five (5) days from the date of posting, mailing, text message or email (or the latest date if not the same), irrespective of whether or when the letter, text message, or email is delivered or received. If the Lot is rented or leased under contract, and the tenant/occupant is responsible for the violation, it is the responsibility of the Owner to inform the tenant/occupant of the Demand for Abatement and to assure that the

tenant/occupant complies with the Demand for Abatement. The Board, in its sole and absolute discretion, may also elect to provide notice of the violation to the tenant/occupant of the Lot by certified mail, return receipt requested or by hand delivery. The Demand for Abatement shall contain the following information:

- the alleged violation with reference to the particular provisions of the Declaration or the Rules of the Association, as may be applicable;
- the action required to abate the violation;
- a time period, during which the violation may be abated without further sanction, if such violation is a continuing one. If such violation is not a continuing one, a statement that any additional similar violation could result in the imposition of a sanction after Notice and Hearing. For any violation that the Board reasonably determines to be a threat to the public safety or health, such cure period shall be seventy-two (72) hours. For any violation that the Board reasonably determines not to be a threat to public safety or health, the cure period shall be thirty (30) days.
- the Association's website, if there is one, for information on current Board membership; and
- a Certificate of Mailing stating the date that the Demand for Abatement was mailed to the Owner.

d. **Follow-up Process.** Two Directors or their delegates shall verify whether corrective action was made by the Owner within the time period required in the Demand for Abatement. Findings will be written and filed in the records of the Association. A copy of the Demand for Abatement and complaint record shall be maintained by the Board in written or electronic form in the records of the Association. If the Directors or their delegates determine that a violation has not been cured within the time period required in the Demand for Abatement, fines may be imposed as set forth herein.

e. **Notice of Hearing.** If the violation continues past the time period required for correction in the Demand for Abatement or if the same violation subsequently occurs within a twenty-four (24) month time period from the date of the previous violation, the Board or its agent shall serve the violator with a Notice of Hearing to be held by the Board. A Notice of Hearing will be mailed by certified mail, return receipt requested to the Owner. If mailed, the notice shall be mailed to the Owner at the Owner's address as set forth in the records of the Association, or if no current address is found in the records of the Association, at the mailing address of the Owner as found in the records of the Chaffee County Assessor's Office. The Notice of Hearing shall contain:

- i. a description of the alleged violation;
- ii. date of Demand for Abatement letter;
- iii. date of hearing, which shall be no less than fifteen (15) days from the date of the Notice of Hearing;
- iv. place of hearing;
- v. time of hearing;

- vi. invitation to the Owner to attend the hearing and produce any statement, evidence, and witness on his/her/their/its behalf;
- vii. the proposed sanction to be imposed on the Owner if the Board determines that a violation has occurred, and the Owner shall be held responsible for the violation;
- viii. the address of the Association's website, if there is one, for information on current Board membership and the Association's Governing Documents; and
- ix. a Certificate of Mailing stating the date the Notice of Hearing was mailed to the Owner.

A copy of the Notice of Hearing shall be maintained by the Board in written and/or electronic form in the records of the Association.

f. **Hearing.** The hearing shall be held pursuant to the Notice of Hearing and in accordance with the requirements of the Bylaws, the Responsible Governance Policies and CCIOA, affording the Owner a reasonable opportunity to be heard before an impartial decision maker. Members of the Association may attend hearings (like any other meeting of the Board) and provide evidence and information to the Board as part of the hearing conducted by the Board. Hearings will require a quorum of the Board, consisting of a simple majority of the Board, to attend in person.

Prior to the effectiveness of any sanction imposed by the Board, proof of the Notice of Hearing and the service of it on the Owner shall be placed in the minutes of the hearing. Such proof shall be deemed adequate if a copy of the Notice of Hearing, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered such Notice. The notice requirement shall be deemed satisfied if the Owner appears at the hearing.

If, at the close of the hearing, the Board requires more time to reach a decision and provide a written decision to the Owner, the Board shall render its decision and provide written notice of its decision to the Owner not more than thirty (30) calendar days from the date of the close of the hearing.

g. **Minutes/Decision.** The minutes of the hearing shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The decision of the Board shall be final. A written copy of the Board's decision shall also be provided to the Owner within ten (10) calendar days of the hearing. A copy of the hearing minutes shall be maintained by the Board in written and/or electronic form.

h. **Schedule of Fines.** In the event it is determined that a violation of the Declaration or the Rules has occurred, then the Board shall have the right to impose the fines for the violations listed in the Schedule of Fines in Section D 2 below. Any fines imposed by the Board on an Owner as a result of a hearing must be paid and collected within the time period determined by the Board at the hearing. When the Board has deferred its decision to a later date, the written decision will include the amount of the fine, the time for payment of the fine, and the address to submit payment. All fines are payable by cash or check payable to: "Cottonwood Green Association, Inc."

i. **Waiver of Fines.** The Board may waive all, or any portion, of the fine if, in its sole discretion, such waiver is appropriate under the circumstances.

j. **Other Enforcement Means.** This fine schedule and enforcement process is adopted in addition to all other enforcement means available to the Association through the Declaration, the Bylaws, the CCIOA and other Colorado law, as may be amended. The use of this process does not preclude the Association from using any other enforcement means.

k. **Supplement/Conformance to Law.** The provisions of this enforcement policy shall be in addition to and supplement the terms and provisions of the Declaration and the Bylaws, in particular the Notice and Hearing procedure outlined in Article X of the Bylaws. It is intended that the procedures specified herein shall comply with the “due process” requirements stated in Section 38-33.3-209.5 (1.7) (b) and (2) of CCIOA and other applicable requirements of CCIOA and other Colorado law that govern the Association.

l. **Small Claims Court Jurisdiction.** In accordance with C.R.S. § 13-6-403, as amended, a party may bring an action in small claims court:

- v. to enforce rights and responsibilities arising under the Declaration, Bylaws, Rules, Policies, or other governing documents of the Association, in relation to disputes arising from assessments, fines, or fees owed to the Association, so long as the amount at issue does not exceed the jurisdictional limits of the small claims court, currently seven thousand five hundred dollars (\$7,500), exclusive of interest and costs;
- vi. to enforce a restrictive covenant on residential property and the amount required to comply with the covenant does not exceed the jurisdictional limits of the small claims court, currently seven thousand five hundred dollars (\$7,500), exclusive of interest and costs;
- vii. for replevin if the value of the property sought does not exceed the jurisdictional limits of the small claims court, currently seven thousand five hundred dollars (\$7,500), exclusive of interest and costs; and
- viii. to enforce a contract by specific performance or to disaffirm, avoid, or rescind a contract.

2. **Schedule of Fines.** The Board, after Notice and Hearing as described in the Bylaws and these Responsible Governance Policies, has the right to levy and collect fines against an Owner for actions, omissions or other activities of the Owner which are in violation of the Declaration. Such fines are deemed assessments and are enforceable and collectable as such in accordance with the Declaration and CCIOA. Before the Board assesses any fines against an Owner, it will provide the Owner with the Notice and Hearing procedure specified in Article X of the Bylaws and this Section D. Fines for violations of the Declaration or any of the Rules of the Association (the “Governing Documents”) will be assessed against an Owner who is found to be in violation of the Governing Documents in accordance with a written Schedule of Fines. By the adoption of these Responsible Governance Policies, the Board

establishes the following Schedule of Fines, which the Board may amend in its discretion, in accordance with the procedures for adopting and amending Rules set forth herein.

- a. In the event the Board finds that the Owner has failed to abate the violation as requested, the fine for a first violation shall be one hundred dollars (\$100.00).
- b. In the event the Owner abates the violation as requested, but the Board finds that the Owner has committed a repeat violation within twenty-four (24) months of a first violation, the fine for such repeat violation shall be one hundred fifty dollars (\$150.00).
- c. In the event the Board finds that the Owner has failed to abate a violation and that the Owner has committed a repeat violation within twenty-four (24) months of a first violation, the fine for a repeat violation shall be two hundred dollars (\$200.00).
- d. In addition to the fines for a first violation and for repeat violations as set forth above, if the Board finds that the Owner is committing an ongoing violation, the Board may assess additional fines for violations which continue beyond the time for correction set forth in the Demand for Abatement. Such fines shall not be imposed daily, but may be imposed every other day, in the amount of twenty-five dollars (\$25.00).
- e. The total fines imposed for any single violation that does not threaten the public health and safety shall not exceed five hundred dollars (\$500.00).
- e. If an Owner fails to pay the fine by the due date for payment specified by the Board, the Owner shall be liable for and obligated to pay costs and expenses reasonably incurred by the Association in collecting the fine along with interest at the rate of eight percent (8%) interest per annum on any unpaid balance of the total of fines and costs of collection.

3. **Curing Violations.** If an Owner cures a violation within the time set forth in the Demand for Abatement, the Owner may, but shall not be required to give notice that the violation has been cured. If the notice includes visual evidence that the Directors or their delegates deem sufficient, the violation shall be deemed cured. If there is no visual evidence or the visual evidence is deemed not sufficient, the Directors or its delegates shall inspect the Lot within seven (7) days of the cure period to determine if the violation has been cured. Upon a determination that a violation has been cured, whether during or after the cure period, the Association shall send written notice to the Owner that the Owner will not be fined for the violation after the cure date. The notice shall also state any outstanding fine balance the Owner owes the Association.

4. **Enforcement and Collection Costs.** In addition to the imposition of fines, enforcement actions available to the Association are provided for in CCIOA, the Declaration, the Bylaws, and the Association Rules, including these Responsible Governance Policies. Subject to the mediation requirements set forth in Section H of these Responsible Governance Policies, in the case of a violation that threatens the public health or safety, as reasonably determined by the Board, the Association may take legal action against a violating Owner if a violation is not cured within seventy-two (72) hours. Subject to the mediation requirements set forth in Section H of these Responsible Governance Policies

In the case of a violation that does not threaten the public health and safety, as reasonably determined by the Board, the Association may take legal action against a violating Owner if the violation is not cured within sixty (60) days (two consecutive thirty (30) day cure periods). Notice and a hearing by the Board is not a prerequisite to taking legal action, although notice and hearing are a requirement for the imposition of fines. Notwithstanding, the Board may, in its discretion, give notice and hold a hearing prior to bringing legal action against a violating Owner. A violating Owner may be liable to the Association for all costs and expenses incurred by the Association, including reasonable attorneys' fees, to compel compliance with the Declaration or the Association Rules. All monies due to the Association shall be included in the amount of the statutory lien against the Owner's Lot pursuant to the Declaration and CCIOA. Owners are cautioned to comply promptly, as, in the event of any enforcement proceeding, the costs of enforcement for which an Owner is liable may be substantial.

E. INSPECTION AND COPYING OF RECORDS.

1. **Records.** The Association's current records (those which are from at least the three calendar years previous to the current calendar year) relating to minutes of meetings and certain financial information and the Association's Governing Documents will be available from the Association's Secretary.

2. **Inspection and Copying.** See Article XI of the Bylaws regarding an Owner's right to inspect and copy records.

3. **Limitations on Use of Membership Lists.** In accordance with C.R.S. § 38-33.3-317(2), membership lists may not be obtained or used by any Owner for:

- a. any purpose unrelated to an Owner's interest as an Owner without consent of the Board;
- b. soliciting money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;
- c. any commercial purpose; or
- d. selling or purchasing by any person.

F. INVESTMENT OF RESERVE FUNDS.

1. **Purpose.** The purpose of the Association's reserve fund is to acquire and maintain adequate funds for the periodic maintenance, repair and replacement of portions of the Common Elements and to have adequate funds for a cash reserve for emergencies and other unanticipated contingencies.

2. **Investment; Standard of Care.** With regard to the investment of reserve funds of the Association, the Board and the Officers of the Association shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Director or Officer reasonably believes to be in the best interests of the Association

in accordance with the CRNCA and the Bylaws. Generally, reserve funds shall be invested in a mixture of short term and long-term investments in FDIC insured institutions or other investments guaranteed by the U.S. Government. While the Association will always seek a reasonable rate of return on the investment based on the current market, safety of principal and accessibility of monies without undesired penalties will always be primary considerations. The Board may periodically hire or consult with a qualified investment counselor to assist the Association in formulating investment strategies.

3. **Reserve Studies.** The Board will obtain reserve studies on a regular basis, but not less often than every five (5) years, to determine the adequacy of current and the amounts of future reserve funds needed or desired for the Association.

4. **Certain Investments Prohibited.** The Board may not invest Association funds in any business, property or investment in which any Officer or Director (including and aggregated with the interests of any relative or affiliate thereof) holds any interest except where such investment is a share or interest in a company or fund traded on a recognized national exchange and the interest of such Officer or Director (including and aggregated with the interests of any relative or affiliate thereof) is less than one percent (1%) of the total ownership in such business, property or investment.

G. ADOPTION AND AMENDMENT OF ASSOCIATION RULES.

These Responsible Governance Policies may be amended by the Board in the same manner that other Rules may be amended. At such time as the Board proposes adopting or amending Rules, the Board shall provide written notice of the proposed Rules to all Owners. The notice will also be posted on the Association's website, if there is one. The notice shall include a copy of the text of the proposed Rules and the date of the Board meeting at which the Board proposes to adopt the Rules, which date shall be not less than ten (10) days following the date the notice of the proposed Rules is sent to the Owners. The notice will also request that the Owners review the proposed Rules and provide comments on them to the Board at or in advance of the Board meeting specified in the notice.

H. ALTERNATIVE DISPUTE RESOLUTION.

This policy is adopted in accordance with C.R.S. § 38-33.3-124.

All disputes between the Association and Owners (other than disputes or claims specifically exempted from alternative dispute resolution, including the collection of assessments or other monies owed to the Association) will be addressed and resolved in compliance with the following procedures:

If a dispute or deadlock arises between parties in their capacities as Owner/Member, Director, Officer, or the agents, representatives or employees of any of them, concerning any material provision of the Declaration, the Association's Articles of Incorporation or Bylaws, the Association Rules or any decision of the Board, and the parties are unable to resolve the dispute within a reasonable time, the dispute shall be referred to mediation by request made in writing by one party upon the other. Within ten (10) days of the receipt of such request, the parties shall select a single trained and impartial mediator. Unless otherwise agreed upon in writing by all parties to the dispute, the venue shall be in Chaffee

County, Colorado. The cost of the mediator shall be borne equally by the parties regardless of outcome. Mediation shall then proceed in accordance with the following guidelines.

1. The purpose of the mediation is to (a) promote discussion between the parties; (b) assist the parties to develop and exchange pertinent information concerning the issues in dispute; and (c) assist the parties to develop proposals which will enable them to arrive at a mutually acceptable resolution of the controversy.

2. The mediator may meet with the parties and their counsel jointly or ex parte. The parties agree that they will participate in the mediation process in good faith and expeditiously, attending all sessions scheduled by the mediator. Representatives of the parties with settlement authority will attend mediation sessions as required by the mediator.

3. All information presented to the mediator shall be deemed confidential and shall be disclosed by the mediator only with the consent of the parties or their respective counsel. The mediator shall not be subject to subpoena by any party. No statements made or documents prepared for mediation sessions shall be disclosed in any subsequent proceedings or construed as an admission of a party.

4. Neither party shall be obligated to continue the mediation process beyond a period of sixty (60) days from the date of receipt of the initial request or if the mediator concludes that there is no reasonable likelihood that continuing mediation will result in a mutually agreeable resolution of the dispute.

5. In the event either condition expressed in subparagraph 4 above occurs, and the parties are unable to resolve the dispute through mediation, then the parties shall be entitled to pursue whatever appropriate legal recourse they have to resolve the dispute.

III. COMPLIANCE WITH COLORADO LAW

These Responsible Governance Policies are intended at all times to comply with, and at all times possible, shall be interpreted to be consistent with, Colorado law. In the event that these Responsible Governance Policies do not comply with any provision of Colorado law, such provision of Colorado law shall be deemed a part of these Responsible Governance Policies until the Board takes action to amend or supplement the same.

APPROVAL AND ADOPTION OF POLICIES

The Board, by Resolution, hereby approves and adopts these Responsible Governance Policies as reflected by the Directors' signatures below.

IN WITNESS WHEREOF, the Directors of Cottonwood Green Association, Inc. has set forth their hands this 3 day of OCTOBER, 2023.

TIMOTHY F. DONNELLY
Printed Name

Timothy F. Donnelly
Signature

Thomas Mafera
Printed Name

Thomas Mafera
Signature

Sandra Baur
Printed Name

Sandra Baur
Signature

MARGY BROWN
Printed Name

Margy Brown
Signature

Michael Lloyd
Printed Name

ML Lloyd
Signature