

**CONSENT OF DIRECTORS  
OF THE  
HARTSOCK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being a majority of the Directors of the Hartsock Condominium Homeowners Association, Inc., a Colorado non-profit corporation (the "Association") at a meeting where a quorum is present, hereby consent to vote in favor of, and adopt the following resolution:

**WHEREAS**, the Board of Directors is empowered to govern the affairs of the Association pursuant to its Governing Documents and statute; and

**WHEREAS**, the Colorado Common Interest Ownership Act requires that the Association adopt a rule setting forth the procedure for addressing disputes arising between the Association and owners, and

**WHEREAS**, the Board of Directors desires to establish a rule that sets forth the procedure for addressing disputes arising between the Association and owners.

**IT IS THEREFORE RESOLVED** that the Rule attached hereto as Exhibit A shall be adopted and hereby established as the procedure for the addressing disputes arising between the Association and owners, and

**IT IS FURTHER RESOLVED** that this Rule shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

**IT IS FURTHER RESOLVED** that this policy shall take effect upon execution of this document.

Executed this 1<sup>st</sup> day of April, 2013

Brent Byrland  
Melody Jane Dates

[Signature]  
James M. Crowner  
Allie J. Wilson

**EXHIBIT A**  
**Procedure for Addressing Disputes**

At the Board's discretion, the Association may, but shall not be required to, submit any dispute between the Association and any Owner(s) to mediation, arbitration, or other alternative dispute resolution device; provided, however, that the Association reserves all rights to seek equitable and legal relief through any court having jurisdiction over the dispute.

This resolution is adopted this   1st   day of   April  ,   2013  , at an open Board meeting where a quorum of the Board was present and is effective immediately.

**CONSENT OF DIRECTORS  
OF THE  
HARTSOCK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being a majority of the Directors of the Hartsock Condominium Homeowners Association, Inc., a Colorado non-profit corporation (the "Association") at a meeting where a quorum is present, hereby consent to vote in favor of, and adopt the following resolution:

**WHEREAS**, the Board of Directors is empowered to govern the affairs of the Association pursuant to its Governing Documents and statute; and

**WHEREAS**, the Governing Documents and statute imposes the requirement for payment of assessments by all property owners, and

**WHEREAS**, the Governing Documents empower the Board to determine the dates in which Assessments are to be paid, and

**WHEREAS**, from time to time, Owners fail to bring timely resolution to activities which constitute a violation of the Governing Documents, and

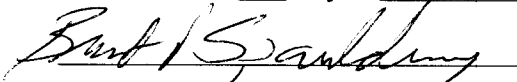
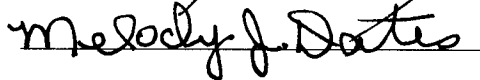
**WHEREAS**, the Board of Directors desires to establish a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and

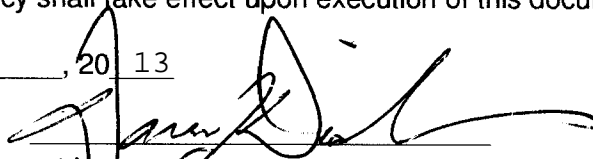

**IT IS THEREFORE RESOLVED** that the collection rule attached hereto as Exhibit A shall be adopted and hereby established as the procedure for the collections of assessments in accordance with the requirements and specifications outlines in the Governing Documents, and

**IT IS FURTHER RESOLVED** that this Rule shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

**IT IS FURTHER RESOLVED** that this policy shall take effect upon execution of this document.

Executed this 1st day of April, 2013

  
\_\_\_\_\_  
  
\_\_\_\_\_  
Melody J. Dates

  
\_\_\_\_\_  
Hank M. Cronover  
  
\_\_\_\_\_  
Alice J. Wilson

**EXHIBIT A**  
**Assessment Collection**

**1. Delinquent Assessments**

- (a) Assessments shall be collected as provided in the Association Documents. Payments are due on the first of each month and are delinquent if not received by the Association when due. Any payment which is not received within 15 days of the due date will be charged a late or administrative fee of \$50.00 and shall be owed by the Owner for each month such assessment is not paid. In addition, the Association shall be entitled to collect interest at 18% per annum if not paid within 30 days of due date, reasonable attorney fees, court costs, and all other expenses of collection on any delinquent payment.
- (b) Owners are responsible for making arrangements for the delivery of all payments whether by mail or direct deposits.

**2. Payment Priority**

All payments shall be applied to outstanding balances in the following order of priority: (a) late charges, (b) interest, (c) attorney fees and costs, (d) returned check charges, (e) unpaid assessments beginning with the oldest unpaid assessment.

**3. Checks**

- (a) The Association will impose an administrative fee (currently \$25.00) or other amount deemed appropriate by the Board for all returned checks. Returned check charges shall become effective on the same date any instrument is tendered to the Association for payment of sums due under the Association Documents or this Policy.
- (b) If notice is sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order (and said Owner) shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.
- (c) If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check or money order.
- (d) Checks containing conditional or restrictive endorsements may be either deposited without waiver of any right or remedy of the Association or may be returned to the owner and the amount tendered shall be considered unpaid.

**4. Failure to Pay Assessments**

- (a) Pursuant to the Association Documents, the Association may proceed by filing litigation against any Owner who has not paid his assessments and without

affecting that remedy may also file a lien against the delinquent property, which may be foreclosed as provided in the Association Documents. All attorney fees, costs, and other expenses of such collection activity will be the responsibility of the Owner.

- (b) The Association may charge for any notices sent to the Owners in connection with such delinquent assessments, but the Owners are responsible for ensuring that their payments are timely and fully made. Owners must notify the Association immediately of any change in mailing address or status.
- (c) The Association may also deny rights to use Association facilities, voting rights, or other rights in the Association until all assessments and other sums are paid in full. Any release of liens, restoration of voting or other rights, or termination of litigation shall require the payment in full of all assessments and other sums, including sums which arise after the collection process or after the Owner delivers a payment to the Association. The Association shall not be liable for any errors or omissions in any payment statement to the Owner.

## **5. Collection**

- (a) After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner shall be handled through the Association's attorney. Neither the manager, if any, nor any member of the Board of Directors shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.
- (b) Once accounts are turned over to the Association's attorney, Owners shall make payment to the Association at the address of the Association's attorney, and the Association shall be entitled to collect interest at the highest rate allowed by statute and/or the Association Documents, retroactive to the due date of such payments, as well as reasonable attorney fees, court costs, and all other expenses of collection on said delinquent payment. The reasonable attorney fees incurred by the Association shall be due and payable from the delinquent Owner on the date(s) such expense(s) are incurred by the Association.

## **6. Certificate of Assessment**

The Association shall furnish to an Owner or such Owner's designee a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Lot upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent. The statement shall be delivered within 14 calendar days after actual receipt of the request. The fee for the statement shall be assessed in accordance with the management company's fee schedule for such statements. If the Owner's account has been turned over to the Association's attorney, such statement shall be handled through the Association's attorney and shall include any attorney fees incurred in providing the statement. The statement shall not be binding upon the Association in the event of fraud, misrepresentation or mistake.

## 7. Collection Procedure

- (a) Nothing in this policy shall require the Board to take specific actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Association may modify the procedures contained herein as the Association shall determine appropriate under the particular circumstances.
- (b) Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Collection Policy.
- (c) The following is the usual chronology of the steps which the Board of Directors may take to collect any past due assessments:
- When any account reaches three (3) months in past due assessments, legal fees, late fees, assessments, fines, etc., the account will be turned over to the Association's legal firm.
  - A Demand Letter will be issued by the legal firm and the cost of that document is charged directly to the Owner's ledger (account).
  - In the Demand Letter, a 30-day time period is provided to satisfy the account in full.
  - If the deadline issued in the Demand Letter is not met, a Lien is then placed on the Lot and the cost of that service is added to the Owner's ledger.
  - The account is continually monitored for payment, and if necessary, the legal firm will pursue further action, including Foreclosing on the Association's lien.

This resolution is adopted this 1<sup>st</sup> day of April, 2013, at an open Board meeting where a quorum of the Board was present and is effective immediately.

**CONSENT OF DIRECTORS  
OF THE  
HARTSOCK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being a majority of the Directors of the Hartsock Condominium Homeowners Association, Inc., a Colorado non-profit corporation (the "Association") at a meeting where a quorum is present, hereby consent to vote in favor of, and adopt the following resolution:

**WHEREAS**, the Board of Directors is empowered to govern the affairs of the Association pursuant to its Governing Documents and statute; and

**WHEREAS**, the Colorado Common Interest Ownership Act §§38-33.3-209.5, requires the Association to establish a rule handling board member conflict of interest; and

**WHEREAS**, the Board of Directors, in an effort to comply with this statute, desires to establish a rule that shall establish a Code of Conduct for all individuals serving as a director on the Board.

**IT IS THEREFORE RESOLVED** that the rule attached hereto as Exhibit A (hereafter referred to as "The Board Member Conduct Rule") shall be adopted and hereby established as the rule of this Association;

**IT IS FURTHER RESOLVED** that this rule shall remain in effect until amended or hereby terminated by majority vote of the Board of Directors, and

**IT IS FURTHER RESOLVED** that this Rule shall take effect Immediately.

**EXECUTED** this 1st day of April, 2013.

*Brent P. Spaulding*      *Van Hal*  
*Melody J. Dates*      *Kevin M. Crowder*  
*Alvin J. Wilson*

**EXHIBIT A**  
**Conflicts of Interest**

1. The Board of Directors shall comply with all of Colorado's statutory provisions against conflicting interest transactions as found in the Colorado Revised Nonprofit Corporation Act and the Colorado Common Interest Ownership Act. A "*conflicting interest transaction*" is defined by the Colorado statutes, but generally means a contract, transaction, or other financial relationship between the Association and:
  - (a) a director of the Association; or
  - (b) a party related to a director (a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling); or
  - (c) an estate or trust in which the director or relative has a beneficial interest; or
  - (d) an entity in which a relative of a director, or officer, or has a financial interest.
2. Reimbursement of actual expenses shall not be deemed a financial benefit for purposes of this policy; and transactions that are of a general benefit to a group of homeowners that includes one or more directors shall not be considered a conflicting interest transaction.
3. Each individual Director is obligated by law to disclose, in an open Board meeting, any existing conflict of interest prior to any discussion or action on that issue, and the Director shall not vote on such issue. Such disclosure should be reflected in the minutes of the meeting or other written form.
4. The director should not take part in the discussion and should leave the room during the discussion and the vote on the matter. Notwithstanding the foregoing, a majority of the disinterested Directors may ask the interested Director to remain during any portion of the discussion and/or vote, provided that the Director does not vote.
5. The above notwithstanding, at any Board meeting, a Director with a conflict of interest may be counted "*present*" for the purpose of determining whether a quorum exists; and the foregoing requirements shall not be construed as preventing the interested Director from briefly stating his or her position in the matter, nor from answering pertinent questions of other Directors, since his or her knowledge may be of great assistance.
6. The contract, Board decision or other Board action must be approved in good faith by a majority of the disinterested Directors. No contract, Board decision or other Board action in which a Director has a conflict of interest shall be approved unless it is commercially reasonable to (and/or in the best interests of) the Association.
7. Any contract or action in violation of this policy shall be brought to the attention of the remaining Directors for appropriate action and shall be declared void and unenforceable, unless the transaction:



- (a) the material facts of the conflict are disclosed or are known to the Board or to the members entitled to vote thereon; and
  - (b) is approved or ratified in good faith by a majority of either:
    - (i) the disinterested Directors; and/or
    - (ii) the Members of the Association; or
  - (c) is fair to the Association
8. Any Director who violates this rule, or any other lawful provision of any Association Document, may be removed from the Board by the other Directors; and any contract entered into by the Association can be declared void and unenforceable, and the interested Director shall be responsible for any damages arising from the failure to disclose the conflict.
9. No loans shall be made by the Association to any director or officer. If any director or officer assents to or participates in the making of such a loan, he or she shall be liable to the Association for the amount such loan until repayment is made.
10. The Board will review and/or update this conflict of interest policy on a periodic basis.

This resolution is adopted this 1st day of April, 2013, at an open Board meeting where a quorum of the Board was present and is effective immediately.

**CONSENT OF THE DIRECTORS OF  
HARTSOCK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being a majority of the Directors of the Hartsock Condominium Homeowners Association, Inc., a Colorado non-profit corporation (the "Association") at a meeting where a quorum is present, hereby consent to vote in favor of, and adopt the following resolution:

**WHEREAS**, the Board of Directors is empowered to govern the affairs of the Association pursuant to its Governing Documents and statute; and

**WHEREAS**, the Governing Documents establish certain covenants, standards and restrictions related to the use of the Lots and the construction or modification of improvements located thereon, and;

**WHEREAS**, the Governing Documents and statute set forth the Association's rights and remedies for enforcement of the Governing Documents, and;

**WHEREAS**, per the Governing Documents, the Association may levy and collect fines for the violation of such rules and regulations, and;

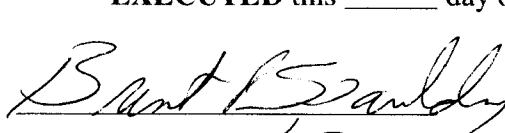
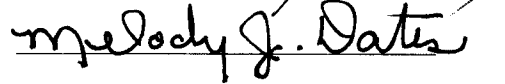
**WHEREAS**, from time to time, Owners, their guests and representatives, violate the provisions of these Governing Documents; and

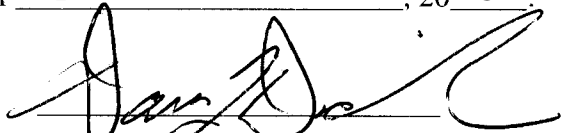
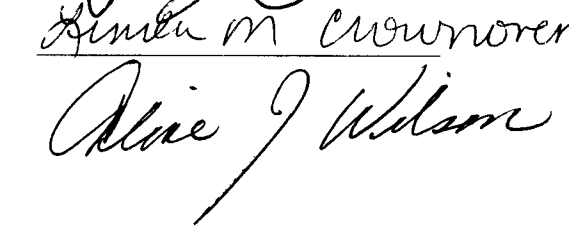
**WHEREAS**, it is the desire of this Board of Directors to delegate the day-to-day responsibilities of managing the governance of the Association to Management on behalf of the Board;

**IT IS THEREFORE RESOLVED** that a Covenant Management Rule be adopted which defines the procedure Management staff is to implement when verification has been made that a violation of the Governing Documents has occurred or does exist; and

**IT IS FURTHER RESOLVED** that the Association's Covenant Management Rule, attached hereto as Exhibit A, be adopted as of the date hereby executed, which shall remain in effect until amended, replaced or otherwise terminated.

EXECUTED this 1st day of April, 2013

  
Brent Beaudry  
  
Melody J. Dates

  
Andrew M. Crowner  
  
Alvin J. Williams

**EXHIBIT A**  
**Covenant Enforcement Policy**

This Rule shall apply to any alleged violation (“violation”) of the Association’s Declaration, Articles of Incorporation, Bylaws and Rules and Regulations, except and excluding non-payment of assessments or other sums.

**1. Complaints**

(a) Initial complaints of any violation may be presented to the Board in writing or orally by any person before or at any meeting, and shall be investigated by an Investigator such as the Property Manager or a Board Member(s) or committee who has been designated to investigate such complaint (the “Investigator”).

(b) It is recommended that anyone observing a violation of these Covenants should notify the Association in writing or Email, and include the name and address (if known) of the person(s) in violation (the “alleged rule violator”), and the date, time, and location of the violation. Notification should include name, address and phone number of the reporting party. Reports will be handled confidentially (within reason or unless disclosure is legally required), but the Board may require such information in order to validate any necessary legal actions.

(c) The Investigator shall, in its discretion, determine whether or not the complaint shows cause for further proceedings and is empowered to send courtesy letters concerning reported violations and/or warnings of possible sanctions, fines and/or suspension of privileges, and/or issue a 'cease and desist' order, to the alleged rule violator. If the Investigator is unable to convince the alleged rule violator that the offending practice should be ceased, then the Investigator shall make a formal report to the Board. The Board shall not decide the validity of the complaint at such meeting, but rather shall notify the Owner and shall set the matter for hearing at a later date (the “Notice”).

**2. Notice and Scheduling Hearings**

(a) The Board, or its officers or agents, shall send the Notice by personal delivery, regular mail and/or certified U.S. Mail, return receipt requested, to the Owner, and a copy may be sent to the alleged violator (if the name has been furnished to the Association), such as a tenant, contractor, guest or family member of the owner. The Notice shall be deemed received by the Owner three (3) days after mailing. The Notice may be sent to the Unit if the owner has failed to register a current mailing address. The Notice may also be sent to the complaining party.

(b) The Notice should advise the Owner that if the Owner desires a hearing to challenge or contest any violations and/or the sanctions, fines and/or suspension of privileges, and/or to discuss any mitigating circumstances, the Owner must request such hearing, in writing, to the Board, within five (5) days of receipt of the Notice. If a request for hearing is made, the hearing shall take place at the next regularly scheduled meeting of the Board of Directors. The request for hearing or other written response from the

Owner must describe the basis for challenging the alleged violation or the mitigating circumstances.

(c) At the hearing, the Owner has the right to have the matter heard by the Board Members, except for the Investigator or any Board Member who would receive a greater benefit or detriment from the outcome of a hearing than the general membership of the Association who will recues themselves from acting as Members of the Board during any hearing. However, it shall be conclusively presumed that all of the Board Members, except the Investigator, are impartial decision makers.

(d) Any written statement from the Owner must be received by the Board at least 24 hours before the hearing, and must be served by personal delivery or US Mail, postage prepaid, addressed to the Association in care of its registered agent, as maintained with the Colorado Secretary of State, or such other address as the parties may be advised of in writing. Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed shall be deemed received on the fifth day following the date of mailing. If the Owner plans to be represented by legal counsel, the Owner must give the Board at least five (5) days prior written notice. If the time requirements set forth above conflict or the Board deems appropriate in its discretion, the hearing may be re-scheduled to the next regularly scheduled meeting of the Board of Directors. Any hearing or request for hearing shall not stay the other enforcement procedures described below, unless otherwise directed by the Board of Directors.

### **3. Hearing**

(a) The primary purpose of hearings before the Board is to resolve covenant enforcement matters as early as possible, without the expense of litigation. As a result, any owner or alleged violator who appears at a hearing is encouraged to discuss resolution in lieu of or in addition to the hearing. If the Board believes that the owner/violator is acting good faith and that there is a realistic chance of resolution, the Board may reschedule the hearing and attempt to use the remainder of the time that was originally scheduled for a hearing for the alternative dispute resolution described in Exhibit D. However, if at any time the Board, in its sole judgment, believes that delay will harm the interests of the Association, it may proceed with the hearing.

(b) Hearings shall be conducted by Board Members, except the Investigator. As a result, any Board Members who would receive a greater benefit or detriment from the outcome of a hearing than the general membership of the Association shall recues themselves from acting as Members of the Board during any 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 may appoint an impartial Association Member, in good standing, to serve as a voting Member of the Board for that hearing.

(c) Hearings shall be held in executive session because they may involve privacy and/or possible litigation issues. The Board may exclude any person other than the owner or alleged violator and witnesses, when testifying.

(d) At the hearing, the Board may consider any written or oral information produced by the owner, the alleged violator or other interested party. Any legal or statutory rule of evidence or procedure shall not apply to the hearing, and the Board may restrict testimony or proceed in any manner or order which it deems appropriate in its discretion. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence shall be sufficient in itself to support a finding. The Board may tape record or otherwise transcribe the hearing. The Board may proceed with the hearing even if the owner fails to appear or refuses to participate or to submit information. The owner may be represented by legal counsel so long as said owner gives the Board at least five (5) days prior written notice, in which case the Board's attorney may be present as well. Any participant may question any witnesses and examine any documents presented at the hearing.

(e) After hearing any information, witnesses, or documents presented at the hearing, the Board's decision shall be made by majority vote of the Board Members present. If requested by the Owner, the Board will furnish a brief summary of the decision and the sanction, if any, which may be sent by regular mail to the owner and, if requested or the Board deems it necessary, to the alleged violator. The Board may also issue and record a Notice of Finding of Violation with the County Clerk and Recorder, and release same upon satisfactory compliance with the Association Documents.

#### **4. Extent of Violations**

Each incident or each day of a continuing violation shall be considered a separate violation for which any maximum fine may be imposed. For example, each day during which a pet or a sign is permitted to remain is a separate violation. The Board may in its discretion impose increased fines for repeated or intentional violations.

#### **5. Parties to Violations**

Owners shall be responsible for violations committed by their contractors, guests, family members, and tenants, for example, pets kept by tenants or signs placed by real estate agents. The Board may proceed against both the owner and the alleged violator, simultaneously or separately, and actions against one shall not bar action against the other. The Board may contact the police, any regulatory or licensing authorities or other third parties regarding the alleged violation, but any action or decision by those parties shall not bar the Board from proceeding.

#### **6. Fines and Sanctions**

(a) Any violation of the Association Documents will subject the Owner to a reasonable fine assessment imposed by the Association as follows:

- First time or minor violations between \$25 and \$75
- Repeated minor violations between \$50 and \$100

- Repeated or flagrant violations between \$100 and \$500

In the event of a continuing violation, each day is a separate violation and a daily fine may be levied, but only if the Association's agent performs a daily inspection to verify the violation is continuing. Fines may not exceed \$1,000.00 for any finding of violation.

(b) This schedule is not intended to cover all possible violations and there are instances where the amount of fines may vary depending on the circumstances. The amount of the fines are intended to bear a reasonable relationship to the actual harm that is being caused; the potential risk of loss to the Association if compliance does not take place; the costs of investigative demand letters and hearings to ensure compliance; and the cost of remedial measures (if used).

(c) Repeat offences and/or repeat offenders will justify higher fines. Fines should also be commensurate with the time and effort of the various board members in investigating and gathering evidence of violations, sending demand letters and conducting hearings. The above schedule is (at most) an attempt in order to ensure uniformity for routine violations.

(d) Fines will be due and payable within thirty (30) days of the date of the imposed fine, and shall be considered delinquent after the due date. A delinquent fine will result in a lien being filed on the property for nonpayment and will bear interest at eight percent (8%) per annum, calculated from the date of the fine, as well as late fees and legal fees.

(e) Any fine shall be both a personal obligation of the owner or the violator or both and shall also be an assessment creating a lien which may be recorded against the unit and may be foreclosed as provided in the Declaration. The Board may notify any lender and credit agency of such obligation and lien. Additionally, the Board may bring legal action to enforce the violated provision and to recover the fine.

(f) Any violation shall entitle the Board to recover from the owner or violator or both, its reasonable attorneys fees, court costs, interest, and any other collection expenses, regardless of whether litigation is instituted or is successfully concluded. The Board may seek to recover such fees and costs by all legal remedies, including without limitation, charging such fees and costs to the owner's account with the Association.

(g) The Board, in its discretion, may "adjust" fines and/or costs as more specifically defined above if such adjustment is appropriate under the circumstances. Additionally, the Board may condition adjustment of the entire fine, or any portion thereof, upon the violator coming into compliance with the Declaration, Bylaws or rules.

(h) The Board reserves the right to fine for first violations of rules that involve health and safety issues and other violations where a warning may not be deemed necessary by the Board in its reasonable discretion. Additionally, upon prior written notice, the Board reserves the right to levy fines in excess of the above schedule, if the Board determines that the fines set forth in the schedule are not likely to provide effective incentives to induce compliance.

- (i) Payment of an assessed fine does not relieve the violator from the responsibility of correcting the violation.

## **7. Other Enforcement Actions**

If the actions described above do not cure the default, or in the event of emergency, health or safety reasons, the Association will thereafter have the right (but not the obligation) to undertake whatever actions are reasonably necessary to remedy such violation, including:

- (a) The right to enter any portion of a Unit for the purpose of correcting the default, in which case the party performing such action shall not be liable for any losses, costs or damages to any tenant or Owner of any Unit on account of its performance of such action except for any such loss, cost or damage caused by the party's gross negligence or willful misconduct. Said right of entry shall include, but is not limited to, the right to make repairs, perform maintenance, remove any nuisance or otherwise undertake action to cure the breach or otherwise bring the Unit into compliance; and/or

- (b) The right to file an action in any court of competent jurisdiction to evict any tenant in violation of these covenants or to obtain injunctive relief against any Owner or tenant, any of their agents, contractors or assigns, enjoining any activity which is in violation of the Covenant. If any such action is brought by the Association, it shall not be required to post any bond as a condition to the granting of any injunctive relief (including a preliminary injunction or temporary restraining order), nor shall the Association's right to such injunctive relief be affected by an arbitration provisions in any contract executed by such Owner, tenant or their agents.

## **8. Other Remedies for Failure to Pay Fines/Charges**

In the event the Association elects to make repairs, perform maintenance or take other action pursuant to Sections 3 through 7 above, the Association will submit all charges incurred for same to the Owner or persons responsible for the property upon which or for whose benefit such costs were incurred. If the Association's fines or costs have not been paid after expiration of thirty days after the date they become due, the Association may thereafter, in addition to all other remedies;

- (a) deny rights to use the Association facilities, and/or voting rights, or other rights in the Association (including the right to inspect records and documents); and/or

- (b) record a lien against the Unit (including improvements thereon) for all fines and charges, as well as all costs (including reasonable attorneys' fees) incurred by the Association in collecting such costs and foreclosing upon the lien. This portion of any assessment lien shall be junior to all other liens or encumbrances of record with respect to the Unit on the date this lien is recorded. This lien may thereafter be foreclosed upon in the manner provided by Colorado law for foreclosing upon real estate mortgages. This lien shall provide all sums expended by the Association (including reasonable attorneys' fees) shall be additional indebtedness secured by the lien

## **9. Responsibility**

Owner(s) shall be responsible for violations committed by their guests, visitors, contractors, family members, agents or tenants. The Board may proceed against the Owner, the individual violating the Covenants, or both, and may suspend the rights of said Owner(s) for so long as a violation continues or the fines or costs assessed pursuant to this Rule or the Association Documents remain unpaid.

#### **10. Rights**

All rights and remedies set forth hereinabove shall be in addition to, and not in lieu of, any other rights and remedies which any Owner may have to personally enforce the Covenants. All such rights and remedies shall be cumulative, and the exercise of any one or more of such rights and remedies shall not be deemed an election precluding the exercise of any of the others.

#### **11. Substantial Compliance**

Technical irregularities or defects in the complaint, Notice or other compliance with this Rule shall not invalidate the proceedings or any fine or sanction imposed. This Rule shall be liberally construed to accomplish prompt, effective enforcement of the Association's Declaration, Articles of Incorporation, Bylaws and Rules.

#### **12. Board Resolves Questions of Construction**

If any doubt or questions shall arise concerning the true intent or meaning of any of the Covenant or these Rules, the Board shall determine the proper construction of the provision in question, and shall set forth in a written statement the meaning, effect and application of the provision. These determinations will thereafter be binding on all parties so long as it is not arbitrary or capricious, and they may be filed for record with the Clerk and Recorder of El Paso County.

This resolution is adopted this 1<sup>st</sup> day of April, 2013, at an open Board meeting where a quorum of the Board was present and is effective immediately.



**CONSENT OF DIRECTORS  
OF  
HARTSOCK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being a majority of the Directors of the Hartsock Condominium Homeowners Association, Inc., a Colorado non-profit corporation (the "Association") at a meeting where a quorum is present, hereby consent to vote in favor of, and adopt the following resolution:

**WHEREAS**, the Board of Directors is empowered to govern the affairs of the Association pursuant to its Governing Documents and statute; and

**WHEREAS**, the Governing Documents and statute requires the payment of assessments by all property owners; and

**WHEREAS**, the Board of Directors desires to establish a procedure for managing the accounts receivable and accounts payable for the Association, and


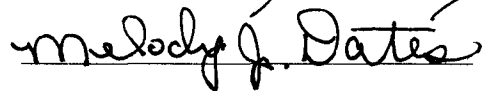
**WHEREAS**, the Board of Directors desires to establish a rule regarding the management of reserve funds of the Association;

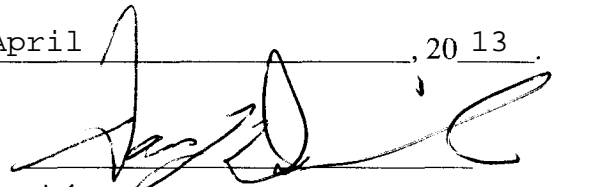
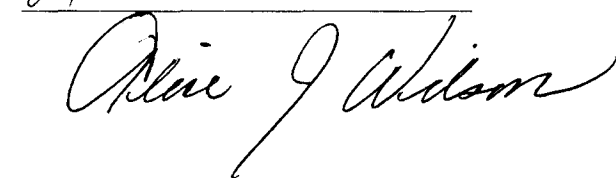
**IT IS THEREFORE RESOLVED** that the Financial Management Rule attached hereto as Exhibit A shall be adopted and hereby established as the procedure for the management of Association funds in accordance with the requirements and specifications outlined in the Governing Documents, and

**IT IS FURTHER RESOLVED** that this Rule shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

**IT IS FURTHER RESOLVED** that this rule shall take effect upon execution of this document.

EXECUTED this 1st day of April, 2013.

  
Bart G. Arby  
  
Melody J. Dates

  
Anne M. Crowner  
  
Anne J. Adams

**EXHIBIT A**  
**Investing Reserve Funds and Reserve Studies**

**1. General Standards**

The directors and officers of an Association should meet the standards of care required for Colorado non-profit corporations when investing reserve funds. Those standards require directors and officers to act:

- (a) in good faith;
- (b) with the care an ordinarily prudent person in a like situation would exercise under similar circumstances; and
- (c) in a manner the director or officer reasonably believes to be in the best interest of the association.

**2. Reliance Upon Professionals**

In discharging this duty, directors and officers may rely on people who the directors or officers reasonably believe have professional or expert competence, such as property managers.

**3. Reserve Accounts**

The board of directors should establish the amount to be transferred to reserve funds on an annual basis. Reserves may be invested in certificates of deposit, money market deposit accounts, money market funds, U.S. treasury and government obligations, municipal bonds and other state obligations, and other investments recommended by a financial advisor pursuant to the Association's investment goals. No funds shall be deposited or invested except in authorized investment funds. All investments must be insured by FDIC, SIPC or comparable insurance.

**4. Investment of Reserves**

The reserve funds shall be invested to achieve the following goals, in descending order of importance:

- (a) Promote and ensure the preservation of principal;
- (b) Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;
- (c) Mitigate the effects of interest rate volatility upon reserve assets;

- (d) Seek the highest level of return that is consistent with preserving the principal and accumulated interest;
- (e) Minimize investment costs.

The board of directors may consider the following circumstances in investing reserve funds:

- (a) General economic conditions;
- (b) Possible effect of inflation or deflation;
- (c) Expected tax consequences;
- (d) Role that each investment plays in the overall investment portfolio;
- (e) Other resources of the Association.

## **6. Board Review**

All accounts, instruments and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the board of directors as appropriate, and shall be reviewed at least once per year.

## **7. Authority**

The President, Treasurer or Manager, if authorized by the Board, shall be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals in paragraph 4; and to enter into agreements, controls and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. To withdraw or transfer funds, the signature of two of the aforementioned persons shall be required.

## **8. Fidelity Insurance**

The Association shall carry fidelity insurance to protect against theft or dishonesty from anyone with access to the reserve funds.

## **9. Monthly Statements**

The Association's manager or other person designated by the Board shall maintain monthly statements, including detailed accounting of current values, income and all transactions.

## **10. Reserve Studies**

The Association may have one or more reserve studies performed in the future. Such reserve studies shall be available for inspection in accordance with the Association's records policy. The Association intends to review annually whether or not to have further reserve studies. The plan for any work recommended by any reserve study shall be derived from the annual and special assessments of the Association as set forth in the Association Documents and as determined by the Board of Directors or the Members of the Association. Any reserve study may or may not be based upon a physical analysis and financial analysis of the Association.

This resolution is adopted this 1<sup>st</sup> day of April, 2013, at an open Board meeting where a quorum of the Board was present and is effective immediately.

**CONSENT OF DIRECTORS  
OF THE  
HARTSOCK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

The undersigned, being a majority of the Directors of the Hartsock Condominium Homeowners Association, Inc., a Colorado non-profit corporation (the "Association") at a meeting where a quorum is present, hereby consent to vote in favor of, and adopt the following resolution:

**WHEREAS**, the Board of Directors is empowered to govern the affairs of the Association pursuant to its Governing Documents and statute; and

**WHEREAS**, the Colorado Common Interest Ownership Act §§38-33.3-209.5, requires the Association to have a rule regarding meetings policies and procedures; and

**WHEREAS**, the Board of Directors, in an effort to comply with this statute, desires to establish a rule that shall govern the Association's procedures pertaining to meetings of the membership and the board of directors;

**IT IS THEREFORE RESOLVED** that the rule attached hereto as Exhibit A (hereafter referred to as "The Meeting Rule") shall be adopted and hereby established as the rule and procedures for meetings of this Association;

**IT IS FURTHER RESOLVED** that this rule shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

**IT IS FURTHER RESOLVED** that this rule shall take effect immediately.

**EXECUTED** this 1st day of April, 20 13.

Burt S. Gaudy

[Signature]

Melody J. Dates

James M. Crowner

[Signature]

## **EXHIBIT A**

### **Meetings**

#### **1. Conducting Meetings**

(a) Association meetings shall be conducted in accordance with the Association Documents, especially the Association Bylaws, and in accordance with the Colorado Common Interest Ownership Act and the Colorado Revised Nonprofit Corporation Act. In addition, all meetings may be conducted in accordance with the most recent version of *Robert's Rules of Order* at the option of the chair.

(b) At all meetings, Members are expected to maintain proper behavior and decorum.

If a member fails to observe the above standard, demonstrating inappropriate behavior which negatively impacts the Association's meeting(s), the Chair shall issue one warning to the Member. If inappropriate behavior continues, the Member may be asked to remove him or herself from the meeting. If the Member refuses to comply, the meeting may be adjourned at that time, even though there are agenda items not yet heard; or the Chair may take other action, at the sole discretion of the Chair, including request for police assistance.

#### **2. Owner Participation at Board Meetings**

(a) All meetings of the Board of Directors, except the Executive Session, are open to attendance by any Owner or any person designated in writing by that Owner as the Owner's Representative.

(b) Any member of the Board may create agendas for Board meetings, but no agenda will be required unless requested by a member of the Board. If an agenda is created for a Board meeting, it may be posted on the Association's website or shall otherwise be provided to any Owners who request a copy.

(c) The Board shall designate an appropriate period of time at the beginning of the meeting, prior to any vote by the Board, for Owners or their representatives to speak on any matter, including shown on the agenda, which shall be conducted as follows:

(i) there will be a list at a sign in table for persons to enter their names if they wish to speak at this meeting;

(ii) only those persons who have entered their names on the list of speakers shall speak;

(iii) speakers will be called upon to speak in the same order in which they entered their names;

- (iv) speakers will be subject to the rules of conduct described in ¶ 1(b) above;
  - (v) each person shall have three (3) minutes to speak;
  - (vi) such period shall not exceed a total of 20 minutes;
  - (vii) priority will be given to items shown on the agenda, if any; and
  - (viii) 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, and the President shall allocate the time permitted among the various Owners or designated representatives who wish to speak.
- (d) After the designated time, Owners who are not Board members shall not participate in any deliberation or discussion of the Board unless expressly authorized by a vote of a majority of a quorum of the Board so present.
- (e) Owners who wish to discuss a certain issue, complaint, or request shall submit such, in writing, at least five days prior to the Board meeting. No action shall be taken upon such matters unless a motion is made stating the proposed action and is seconded by members of the Board prior to discussion. The Board reserves the option to respond to any new business at the next Board meeting, in order to investigate and/or obtain advice to respond to the Owner.

### **3. Owner Participation at Annual and Special Meetings of Owners**

- (a) The Board shall determine the agendas for the meetings, subject to any requirements in the Association's Documents, and distribute such agendas with notices of the meetings. Owners who wish to call a special meeting shall submit such petition, in writing, at least 20 days prior to the meeting.
- (b) The President (or such other person as may be designated by the Board) shall preside over all meetings. Items of business and/or discussion must be presented by Motion and such Motion must be seconded prior to discussion.
- (c) Any Owner or designated representative of Owner may speak at the designated time in the agenda upon any issue requiring a vote of the Owners (prior to any vote). Upon being recognized, the Member must state his/her name and address.
- (d) The total length of any time for Owners or designated representatives speaking on a single issue of any meeting of the Owners shall not exceed the time set forth by the president at the beginning, but not exceeding a time limit of 20 minutes total, and the President shall pro-rate that time among the various Owners who speak.
- (e) Each member who wishes to speak will be given 5 minutes to speak, provided the chair may impose reasonable time limits to facilitate Member participation. Members may not speak a second time until everyone who wishes to speak has been given an opportunity to speak once. Members may not speak more than twice on any one topic, subject to the chair's discretion.

(f) All issues that an Owner wishes to discuss at the annual meeting shall be submitted to the Board in writing five days prior to the annual meeting. Any motions must be seconded prior to discussion and voting.

(g) In any case where the nature of a motion and vote may be outside the Members' authority, the Board reserves the right to determine whether a motion will be considered binding on the Association; or the Board may adjourn to obtain a recommendation whether to proceed; such determination may be made following consultation with legal counsel.

#### **4. Notice of Meetings**

(a) Board Meetings: Notice of Board Meetings should be given in accordance with the Association Documents.

(b) Owners Meetings: Notice of Owners Meetings should also be given in accordance with the Association Documents, but in addition, notice of such shall be physically posted on in a conspicuous place (to the extent such posting is feasible and practical) and may be given by electronic posting on the Association's web site or electronic mail notices pursuant to C.R.S. § 38-33.3-308. If a Member requests notice by e-mail only and provides an e-mail address, the Board shall make an effort to provide e-mail notice to that member.

(c) The notice of any meeting should state the time and place of the meeting and the items on the agenda. If the meeting will include any of the following actions, the Notice, agenda or some other method (such as the website) should include:

- i. the general nature of any proposed amendment to the Declaration or Bylaws;
- ii. any budget changes; and
- iii. any proposal to remove an officer or member of the Board.

(d) Notice will only be sent to Members in good standing who are entitled to vote at a meeting. If mailed, such notice shall be deemed delivered when received by the recipient or three days after it is deposited in the United States mail, addressed to each Member at such Member's address as it appears in the records of the Association, with postage thereon prepaid.

(e) Any Member may waive notice of any meeting before, at or after such meeting. The attendance in person or by proxy of a Member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.



(f) Any notice that conforms to the above requirements is fair and reasonable, but other means of giving notice may also be fair and reasonable when all the circumstances are considered.

(g) If an annual, regular, or special meeting of Members is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed under C.R.S. 7-127-106, however, notice of the adjourned meeting must be given under this section to the Members of record as of the new record date.

(h) The Board may fix the record date for determining the Members entitled to notice or to vote at any Members' meeting or to exercise any rights in respect to any lawful action pursuant to C.R.S. 7-127-106 or otherwise. Such record date may not be more than seventy (70) days before the meeting or action requiring a determination of members occurs. Unless otherwise directed by the Board, the Association shall not be required to prepare the list of names described in C.R.S. 7-127-201.

## **5. Proxies.**

(a) Votes allocated to a Unit may be cast pursuant to a proxy duly executed by an Owner. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association or as otherwise provided below. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven months after its date, unless it provides a shorter term.

(b) A Member may appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, or other electronic transmission providing a written statement of the appointment to the proxy, to a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy or to the Association; except that the proxy must be received by the individual designated on the notice of meeting no later than 11:59 p.m. the day before the meeting date, with written evidence from which it can be determined that the Member transmitted or authorized the transmission of the appointment.

(c) An appointment of a proxy is revocable by the Member. Appointment of a proxy is revoked by the person appointing the proxy:

(i) By attending any meeting and voting in person; or

(ii) By signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of

the proxy is revoked or a subsequent appointment form.

(d) Such proxy shall be filed with the secretary of the Association before or at the time of the meeting. A proxy shall not be valid if obtained through fraud or misrepresentation. The association is entitled to reject a proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Member.

## **6. Voting.**

(a) Only those Owners of a Unit who are in good standing are eligible to vote and only one vote is allowed per Unit. For purposes of this policy, the Board may suspend the Vote allocated to a Unit and the right of an Owner to cast such Vote, or by proxy the Vote of another, during any period in which such Owner is in default in the payment of any Assessment, or, after notice and a hearing, during any time in which a Owner is in violation of any other provision of the Association Documents.

Each Member will sign in prior to the meeting for himself/herself and for any proxies he/she holds. If an election or vote is to be held, the Member will be given the appropriate number of ballots, unless the voting rights have been suspended, in which case Members shall not be given ballot.

(b) Any ballot for the contested election of directors shall be a secret ballot. At the discretion of the Board or upon the request of twenty percent of the Unit owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the Association on which all Members are entitled to vote shall be by secret ballot. If secret balloting is not required, the Association may indicate the number of proxies held on the ballot itself.

(c) Each voting Member is entitled to one vote on each matter submitted to a vote of the Members entitled to vote thereon. Cumulative voting shall not be allowed. The right to vote of any Member which is a corporation or unincorporated association may be exercised by such officer, agent or proxy as the bylaws, constitution or other governing instrument of such corporation or association may prescribed or, in the absence of such provision, as the board of directors of such corporation or association may determine.

(d) If only one of the multiple owners of a Unit is present at a meeting of the association, such owner is entitled to cast the one vote allocated to that Unit. If more than one of the multiple owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the multiple owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit.

(e) The Association Secretary shall be in charge of providing secret ballots, which protect the voters' privacy, but also provide for the security of the election. Either the Association Secretary, or the Managing Agent, or both, shall constitute a neutral third party to count the ballots. If no neutral party is available, the ballots may be counted by a committee of volunteers, who shall be Owners selected or appointed at an open meeting, in a fair manner, by the Chair of the Board or another person presiding during that portion of the meeting, provided however, that said volunteers shall not be Board members and, in the case of a contested election, shall not be candidates.

(f) The results of a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of Owners participating in such vote.

(g) As used in the Bylaws, the term "*Majority Vote*" shall mean fifty-one percent (51%) of the combined votes cast by all Members present at a meeting containing a quorum.

## **7. Executive Sessions**

The Association's Board may meet in executive closed sessions to discuss matters pertaining to employees, the managing agent's contract, consultation with legal counsel, investigative proceedings concerning possible or actual criminal misconduct, matters which are subject to specific constitution and statutory or judicially imposed requirements protecting the proceedings, any matter of disclosure which would constitute an unwarranted invasion of individual privacy, and a review and/or discussion relating to any written or oral communication from legal counsel.

Prior to holding an executive session, the President or other person designated to preside over the meeting, shall announce the general matter of discussion as stated above. The Board will take no final action in executive session, but it may give direction to legal counsel therein. Any proposed Rule or Regulation discussed during an executive session may only be validly adopted only during a regular or special meeting, or after the Board returns from its executive session.

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. The Board Members and other members shall preserve attorney-client privilege regarding consultation and communications from legal counsel.

This resolution is adopted this 1st day of April, 2013, at an open Board meeting where a quorum of the Board was present and is effective immediately.