

Homestead in the Willows

Governing Policies



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Homestead in the Willows Homeowners Association
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Revised October 2010
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To Our Homestead Community

Having written policies in place helps ensure that with each HOA Board, the Association's business of maintaining our community's property and assets is conducted in a consistent, equitable, and transparent manner.

The following is a brief listing of our current policies adopted by the Board with the full policy printed afterward.

Adoption and Amendment of Policies

Within the guidelines of the Association's governing documents, the Board has authority to create, adopt, enforce, amend and repeal policies, procedures, rules and regulations.

Collection Policy

All Homeowners are obligated under our Article of Incorporation to pay all assessments. This policy outlines the steps our HOA must take to ensure that annual assessments are paid in a timely manner.

Conduct of Meetings

It is important that meetings be conducted in a courteous manner and all Homeowners may be heard at meetings. This policy ensures that our meetings are conducted well.

Covenant Enforcement Policy and Procedures

Covenant violations cover two primary situations; property use and maintenance, and architectural control compliance. This policy helps ensure that homeowners maintain their property and follow the guidelines for making external changes to property or homes.

Dispute Resolution Policy

This policy outlines the Association's procedure for addressing disputes between the Association and owners.

Director Conflict of Interest Policy

Any Board Member must disclose to the Board any potential benefits that the Board member or

anyone in his/her extended family might gain from a contract, decision or action taken by the Board.

Home Occupation

This policy ensures that any residence used for home occupation does not change the quality and character of our community.

Inspection and Copying of Association Records Policy

A Homeowner under certain circumstances may inspect records. The circumstances and procedure to do this is contained in this policy.

Records Retention

This policy outlines the various Association documents that will be kept and for how long. Some documents will be part of permanent records.

Reserve Study and Funding

This policy outlines the Association's reserve study practice and the funding of those reserves.

Reserve Fund Investment

The purpose of this policy is to ensure the safety of the assets.

These policies are very important to the continued effective operation of the Association for the benefit of all Homeowners.

Adoption And Amendment Of Policies Policy

Adopted November 30, 2005

Revised January 16, 2013

The following procedures have been adopted by the Homestead in the Willows Homeowners Association, Inc. (“Association”) pursuant to the provisions of C.R.S. 38-33.3-209.5, at a meeting of the Board of Directors.

Purpose: To adopt a policy setting forth procedures for the adoption and amendment of policies, procedures, and rules.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing adoption and amendment of policies, procedures and rules:

1. Pursuant to the Association’s governing documents and C.R.S. 38-33.3-302, the authority to create, adopt, enforce, amend and repeal policies, procedures, rules and regulations (hereinafter collectively referred to as a “Rule”) lies with the Board of Directors of the Association.
2. When the Board, in the exercise of its discretion, determines that a Rule should be adopted, amended or repealed, as appropriate, it shall do so either at a meeting of the Board or by written consent in lieu of a meeting, or by any other method authorized by the Association’s

governing documents or pursuant to Colorado law.

3. The Board shall then give notice of the adoption, amendment, or repeal of the Rule in writing to each homeowner of the association via publication in the Homestead Herald. The Board shall also publish the Rule by any reasonable means available, including but not limited to posting the Rule in the community or on its website, by email, newsletter or personal delivery. The Rule, along with all other Rules of the Association, shall be available for inspection and copying in accordance with the Association’s policy regarding inspection and copying of Association records. The Board has the right, but not the obligation, prior to adopting any new Rule, to conduct an informational meeting of the Homeowners and solicit their input regarding any new or existing Rule.

4. Any Homeowner’s failure to receive the Rule shall not be a defense to any attempt by the Association to enforce the Rule or to levy fines, expenses, or attorneys’ fees as a result of a violation of the Rule.

Collection Policy

Adopted February 13, 2006

Revised July 14, 2009

Revised November 12, 2013; Effective January 1, 2014

The following procedures have been adopted by Homestead in the Willows Homeowners Association, Inc. (“Association”) pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic procedure for collecting assessments, other charges and fines of the Association. Effective collection ensures sufficient funds to maintain the community property and on-going community activities and ensuring the financial wellbeing of the Association.

Collection Philosophy: All Homeowners are obligated by the Declaration of Restrictions of Homestead in the Willows Homeowners Association (“Declaration”) to pay all assessments and charges in a timely manner. Failure to do so jeopardizes the Association’s ability to pay its bills to maintain community property and assets and is also unfair to the Association’s other Homeowners who do. Also, fines may be charged for severe violations governing covenants, policies and procedures as outlined in the “Covenant Enforcement Policy and Procedures” document. Accordingly, the Association, acting through its Board of Directors, must take steps to ensure timely payment of assessments, charges and fines.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. Due Dates.

- a. Statements for the payment of the annual dues assessment shall be mailed to Homeowners by first-class mail no later than January 15th in the year they are due. The annual dues assessment, as determined by the Association Board, shall be due and payable upon receipt of the statement and no later than the first (1st) day of March or they shall be considered past due and delinquent.
- b. Other special assessments for capital improvements, voted on and approved by the members according to the Declaration shall be due and payable upon receipt of the statement and must be paid no later than 45 days of the original statement date or they shall be considered past due and delinquent. Statements shall be mailed to homeowners 45 days prior to the due date.
- c. Fines for severe violations of covenants, policies and procedures follow the schedule as published in the Covenant Enforcement Policy and Procedures policy and are due and payable upon receipt of notification.

2. Late Fees and Interest.

- a. Any annual dues assessment shall be past due and delinquent if not paid by March 1st. The Association then shall be entitled to impose a late charge of twenty-five dollars (\$25.00) on each delinquent account. Additionally, the amount due shall bear interest at a rate of ten percent (10%) per annum from March 1st until paid. All late charges and interest charges shall be due and payable immediately, without notice, in the manner provided for payment of assessments. Any dues and late charges not paid in full by April 15th will incur an additional twenty-five dollars (\$25.00) administrative fee plus the stated interest.
- b. Other special assessments shall be past due and delinquent if not paid on or before 45 days of the original statement date. At that time, the Association shall be entitled to impose a late charge of twenty-five dollars (\$25.00) on each delinquent account and bear interest at a rate of ten percent (10%) per annum from the 46th day past the original statement date forward until paid. If the assessments and charges remain unpaid for an additional 45 days, a total of 90 days past the original statement date, an additional twenty-five (\$25.00) late charge will be imposed.
- c. Fines are due and payable upon receipt of notification.

3. Return Check Charges. A twenty dollar (\$20.00) fee shall be assessed against an owner in the event any check or other instrument attributable to or payable for the benefit of such owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to, insufficient funds. Such amount shall be in addition to any charges made by the bank due to the dishonored check. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of an owner’s checks are returned unpaid by the bank within any twelve (12) month period, the Association may require that all of the owner’s future payments, for a period of one

(1) year, be made by certified check or money order.

4. **Attorney Fees on Delinquent Accounts.** The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent owner, together with post-judgment and appellate attorneys' fees and costs incurred.

5. **Application of Payments Made to the Association.** The Association reserves the right to apply all payments received on account of any owner first to payment of any and all legal fees and costs (including attorney fees), then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such owner, and any remaining amounts shall be applied to the assessments or other charges due with respect to such owner. For purposes of collecting an outstanding judgment, the Association may, but shall not be required, to first apply payments received following entry of a judgment towards post-judgment attorneys' fees and costs and/or assessments and other charges coming due following the entry of the judgment.

6. **Offer of Payment Plan.** Subject to the following requirements and conditions, the Association shall offer a payment plan to any delinquent owner and make a good faith effort to coordinate a payment plan with the owner:

- a. The payment plan must allow the delinquent owner the right to pay off the delinquency in equal installments over a period of at least six (6) months;
- b. No payment plan need be offered if the owner does not occupy the unit and has acquired the unit as a result of:
 - i. a default of a security interest encumbering the unit; or
 - ii. foreclosure of the Association's lien;
- c. The Association is not required to offer a payment plan or negotiate such a plan with

an owner who has previously entered into a payment plan with the Association;

- d. The owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the period of the payment plan constitutes a failure to comply with the terms of the payment plan; and
- e. The Association may pursue legal action against the owner if the owner fails to comply with the terms of the payment plan.

7. **Collection Letters.**

- a. After an installment of an assessment or other charge owed to the Association becomes 30 days past due, and before the Association turns the delinquent account over to a collection agency or refers it to the Association's attorneys for legal action, the Association shall cause a Notice of Delinquency to be sent to the owner who is delinquent in payment. The Notice of Delinquency will be sent to Homeowners by April 2nd of each year. The Notice of Delinquency shall specify the following:
 - a. the total amount due, including any fees that will accrue within the next 30 days and the date on which such fees will accrue, with an accounting of how the amount was determined;
 - b. whether an opportunity to enter into a payment plan exists under the requirements and conditions set forth in Paragraph 6 above, and the instructions for contacting the Association or its manager to enter into such a payment plan;
 - c. the name and contact information for the person the owner may contact to request a copy of the owner's ledger in order to verify the amount owed;
 - d. that action is required to cure the delinquency and the specific action required to cure the default; and
 - e. that failure to cure the delinquency within 30 days may result in the delinquent account being turned over to a collection agency or the Association's attorney, acceleration of the balance of the

assessment or the installments of the assessment for the then current fiscal year, a lawsuit being filed against the owner, the filing and foreclosure of a lien against the owner's unit, or other remedies available under Colorado law.

The Notice of Delinquency shall be mailed to the owner at the Homestead in the Willows unit address unless the owner has given notice, in writing, of an alternate address. The Association may, but shall not be required to, send periodic follow-up notices to the owner for as long as amounts remain past due on the owner's account.

- a. If payment in full is not received within 30 days after the notice of delinquency (May 1), the Association shall send a notice of pending default to the Homeowner notifying them of an additional administrative fee, continuing interest charges and that a lien will be filed against their property if all charges are not paid in full by May 31.
- b. After other special assessments owed to the Association are 30 days past due, the Association shall send a Notice of Delinquency to the Homeowner, as set forth above, indicating that an additional administrative fee and interest charges will accrue if the payment is not received within 45 days past the original statement date. If these charges owed to the Association become 60 days past due, the Association may cause, but shall not be required to send a notice of pending default and that a lien will be filed against their property if all accrued charges are not paid in full by the indicated deadline, which shall be 90 days after the original due date.
- c. Fines for severe violations of covenants, policies and procedures follow the schedule as published in the "Covenant Enforcement Policy and Procedures" policy, are due and payable upon receipt of notification.

8. **Liens.** If payment in full of any assessment or other charge is not received by the deadline stated in the Notice of Delinquency, the

Association may cause a notice of lien to be filed against the property of the delinquent owner. The lien shall include assessments, fees, charges, late charges, attorney fees, fines and interest owed by the delinquent owner. A Homeowner who accumulates the full amount of three fine assessments for severe violations of covenants, policies and procedures will be subject to a lien filed against their property.

9. **Referral of Delinquent Accounts to Attorneys.** After the deadline stated in the Notice of Delinquency has expired, the Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance, or is written off. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. After consultation with the Board of Directors or the Association's managing agent, the attorneys shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent owner's property.

10. **Foreclosure of Lien.** Notwithstanding any provision of this policy to the contrary, the Association may only foreclose the lien if:

- a. The balance of the assessments and charges secured by the lien equals or exceeds six (6) months of Common Assessments based on the periodic budget adopted by the Association; and
- b. The Board of Directors has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific owner's unit on an individual basis.

11. **Referral of Delinquent Accounts to Collection Agencies.** The Association may, but shall not be required to assign delinquent accounts to one or more collection agencies for collection, subject, however, to the same terms

and conditions as specified herein, including the payment plan and foreclosure authorization requirements.

12. **Waivers.** Nothing in this policy shall require the Association to take specific actions other than to notify owners of the adoption of this policy. The Association has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship, which the Board defines as a sudden disruption in case flow including, but not limited to, loss of a job, death in the family, severe medical condition, and bankruptcy. Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association may determine appropriate under the circumstances except as may be prohibited by Colorado law.

13. **Order of Remedies.** Subject to the restrictions contained in paragraph 10 above concerning foreclosure, the Association may

pursue any actions or remedies, including, but not limited to, actions for personal judgment, foreclosure or receivership, to collect amounts owed in any order or contemporaneously, and cumulatively, and in the case of a foreclosure by the holder of another security interest in the owner's property, may immediately proceed to file actions for personal judgment, foreclosure or receivership (on an ex-parte basis or otherwise) without the necessity of following the procedures set forth above.

14. **Delinquencies Constitute Covenant Violations.** Any delinquency in the payment of assessments or other charges shall constitute a violation of the covenants contained in the Declaration, and following notice and an opportunity to be heard, the Association shall be entitled to impose sanctions on the delinquent owner consistent with the Association's Notice and Hearing and Enforcement Policy and Procedures.

15. **Superseding Previous Policies.** This policy shall replace and supersede any previous rules and regulations of the Association addressing the collection of past due assessments.

Conduct of Meetings Policy

Adopted November 30, 2005

Revised June 6, 2007

The following procedures have been adopted by the Homestead in the Willows Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a meeting of the Board of Directors.

Purpose: To establish a uniform and systematic protocol for conducting meetings of the Association, including Homeowner's meetings and Board meetings; to ensure equitable participation by Homeowners while permitting the Board to conduct the business of the Association; and to memorialize the circumstances under which the Board may convene into executive session.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the conduct of meetings of the Homeowners and meetings of the Board:

1. All meetings of the Association are open to every Homeowner, or to any person designated by a Homeowner in writing as the Homeowner's representative, and Homeowners or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board, Homeowners who are not Board members may not participate in any deliberation

or discussion unless expressly so authorized by a vote of the majority of a quorum of the board.

2. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Homeowner or a Homeowner's designated representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

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

4. The agenda for all meetings shall follow the order of business specified by the Association's Bylaws, and if none, in accordance with the order of business determined by the Board, which shall include a Homeowner Open Forum during which any Homeowner or Homeowner's designated representative who wishes to speak will have the opportunity to do so, subject to the remaining provisions of this policy.

5. The Board shall have the right to determine the length of time of the Open Forum. The President or acting chair of the meeting may place reasonable limitations upon the time given to each Homeowner seeking to comment, to allow sufficient time for as many Homeowners as possible to comment within the time permitted. Unless otherwise determined by the President or acting chair, the time limit will be three minutes per Homeowner. Homeowners will only be allowed to speak more than once during Open Forum at the discretion of the Board. No Homeowner may speak a second time until all Homeowners wishing to speak have had an opportunity to speak once.

6. Sign-Up Sheets. A sign-up sheet will be made available to Homeowners immediately prior to the meeting. Any Homeowner wishing to comment at the ensuing meeting may add

his/her name to the sign-up sheet. Homeowners will be recognized for comment at the meeting in the same order as their names appear on the sign-up sheet. All Homeowners wishing to comment who have not placed their names on the sign-up sheet will nonetheless be permitted to speak, time permitting. The President of the Board or acting chair shall, to the best of his/her ability, allocate time to each Homeowner for comment so as to allow as many Homeowners as possible to speak.

7. Recording of Meetings. Note taking is permitted, however, video or audio recording of all or any portion of any meeting by Homeowners is prohibited.

8. Voting on matters affecting the Association on which all Homeowners are entitled to vote will be by secret ballot. The ballots shall be counted by a committee of homeowner volunteers selected or appointed by the Board Chair or another person presiding during that portion of the meeting.

9. Homeowner Conduct. No Homeowner is entitled to speak until recognized by the chair. There shall be no interruption of anyone who has been recognized by the chair, except by the chair. Specific time limits set for speakers shall be strictly observed. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the chair and not other individual participants. All comments are to be restricted to the agenda item being discussed. Behave courteously.

10. Curtailment of Homeowner Conduct. Should the President or acting chair determine that any Homeowner has spoken for the allocated amount of time or longer, or determine that the Homeowner is in violation of the provisions of this policy, the President or acting chair shall have the authority to instruct that Homeowner to yield the floor, and that Homeowner will be obligated to comply with the President's or acting chair's instruction.

11. Executive Session. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed door session and may restrict attendance to Board members and

other persons specified by the Board; provided that any such executive or closed door session may only be held in accordance with the provisions and requirements of the Act, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session are limited to:

- a. Matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
- b. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- c. Investigative proceedings concerning possible or actual criminal misconduct;
- d. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- e. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- f. Review of or discussion relating to any written or oral communication from legal counsel.

Prior to the time the members of the Board convene in executive session, the President or acting chair shall announce the general matter of

discussion as enumerated in paragraphs (a) to (f) above. No rule or regulation of the Board shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the Board goes back into regular session following an executive session.

12. Disruptive or Unruly Behavior. If a Homeowner refuses to stop talking after his/her allotted time has ended, or otherwise disrupts the meeting, or is otherwise in violation of the provisions of this policy, the following procedure will be followed:

- a. The President or acting chair will issue an oral warning that if the Homeowner continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, either the meeting will be adjourned or law enforcement/security will be called to remove the individual.
- b. If the Homeowner continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, the President or acting chair will call a recess and speak directly to the Homeowner, reiterating that either the meeting will be adjourned or law enforcement/security will be called to remove the individual.
- c. If the Homeowner still refuses to cooperate, the President or acting chair may choose whether to adjourn the meeting to another time or to call law enforcement/security.

Covenant Enforcement Policy and Procedures

Adopted July 14, 2009

Revised October 12, 2010

Purpose: Sanford Homes established Homestead-in-the-Willows Homeowners Association (HOA) as a covenant controlled community. The Board of Directors of Homestead has an obligation to enforce our HOA covenant restrictions under Colorado law as well as a fiduciary responsibility to the community in regard to covenant enforcement.

Among other things, enforcing the covenant restrictions helps preserve the architectural and visual quality of the community thereby helping protect the property values.

The Board of Directors has the authority and duty, as set forth in our HOA Rules, Regulations, Policies, Procedures, Resolutions,

Guidelines, Declarations, Bylaws and Articles of Incorporation (Governing Documents), to hear and make decisions regarding covenant violations, to include written complaints filed with the Board in accordance with the Association's Governing Documents. The Board may determine enforcement action on a case-by-case basis and take other action as it may consider necessary and appropriate to assure compliance with the HOA Governing Documents and to create a safe and harmonious living environment.

The Architectural Control Committee (ACC), a committee appointed by the Homestead Board of Directors, has the authority and duty to review Homeowner Architectural Change Requests. The ACC makes decisions and recommendations regarding the requests, and approves or denies requests based on our published HOA Governing Documents, including our Residential Improvement Guidelines and the ACC's interpretation of all applicable HOA documents available to all residents at our management office.

Once a Homeowner's project is completed, the ACC may inspect the project for compliance and if it does not comply with the original application, the ACC may require the Homeowner to make changes or impose a fine for violation of the covenants or both. Should a Homeowner proceed in spite of an ACC denial or disapproval, the matter will go before the Board for covenant enforcement. Additionally, should a Homeowner ignore the ACC process entirely and make architectural changes that violate the covenants, the matter will go before the Board for covenant enforcement.

These enforcement provisions may be in addition to other specific provisions as outlined in our HOA Governing Documents. The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control, as the Board considers it to be appropriate.

Steps in the enforcement of the Governing Documents

1. Initial Complaint -- An ACC complaint may be initiated by a Homeowner or a member of the Board, the Architectural Control Committee or Community Covenant Taskforce. No written complaint is necessary if the enforcement is a part of the Architectural Change Request process

A written complaint may be initiated by a Homeowner with a letter or "Possible Covenant Violation" form. Any complaint must be signed. When the complaint is received at the HOA office, it is dated and forwarded to a Board member for investigation.

2. Investigation -- An assigned Board member may investigate the complaint through a visual inspection and in order to determine if the covenants have been violated. If a violation is substantiated, the affected Homeowner will be notified by a First Written Notice Letter.

Since the Board, ACC and Community Covenant Taskforce have knowledge of the covenants, a visual inspection by a Board member may not be necessary.

3. First Written Notice -- The First Written Notice Letter will be sent by the HOA via prepaid, first class, US mail to the mailing address of the Homeowner appearing on the HOA records. The notice will advise the Homeowner of:

- The details of the complaint including the covenant violation.
- Specific action that must be taken within a specified timeframe appropriate to the violation.
- The Homeowner's right to call with any questions.

4. Follow Up -- After the allotted timeframe for resolving the ACC complaint, a Board member will complete a visual inspection to verify if the Homeowner has complied and taken the appropriate action to resolve the complaint. If the Homeowner has, the matter will be closed.

5. Second Written Notice -- If after the

allotted timeframe, the Homeowner has not taken appropriate action, a second written notice will be sent by the HOA by prepaid, first class, US mail addressed to the Homeowner. This notice will advise the Homeowner of:

- The First Written Notice having been sent with the details of the complaint.
- The complaint status--still unresolved--and if it remains unresolved will constitute a punishable violation.
- The Homeowner's right to be heard, either orally or in writing, by the Board either at the next meeting of the Board or a separate meeting, the date, time and location mutually agreed to.
- Any action that may be taken.
- Failure to respond to the complaint will result in the Board proceeding at its discretion to assess a fine.

6. Hearing -- If a hearing is requested, each hearing will be held at a scheduled time, place and date which is at least 15 days after the date of the notice. The Board may grant postponement(s) for good cause. The Board may:

- Exercise its discretion as to the specific manner in which a hearing will be conducted;
- Question witnesses and review evidence.
- Take action it considers appropriate to permit the Board to reach a just decision.

Neither the Homeowner nor the Complainant must be in attendance at the hearing. Action taken by the Board shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. Each hearing will be open to attendance by all Members of the Association. If the Homeowner fails to respond to the scheduled hearing, the Board may determine this failure to respond or appear constitutes a no-contest plea to the complaint, and enforce the provisions of the Governing Documents.

7. Decision -- If the Homeowner appears at the hearing, after all testimony and other evidence has been presented to the Board, the Board shall deliberate and render its decision(s) taking into consideration all of the relevant facts and circumstances. The Board's decision will

be effective ten (10) days after the hearing.

Enforcement and Attorney's Fees--The provisions of these Policies and Procedures will not limit or be a condition precedent to the Association's right to enforce the Governing Documents by any means available to the Association, including, but not limited to, initiation of a lawsuit to force compliance, injunctive relief, or damages. The Association is entitled to reimbursement of all attorney's fees and costs incurred by the Association in connection with any enforcement action, including any proceeding under these Policies and Procedures.

Without limiting the Association's remedies under the Governing Documents, the Association may assess fines and suspend membership privileges in accordance with our HOA Policies, Procedures, and Governing Documents. If the violation involves damage to the Association property, the violator will pay the costs of repair or replacement. The Board may revoke or suspend the violator's HOA privileges for a period of time as appropriate and consistent with the offense, except that any suspension of voting rights of a Member on this issue will not exceed 60 days unless such violation continues, in which case the voting rights suspension may continue for so long as such violation continues and for up to 60 days after the violation has ceased.

Fines/Sanctions— Due to the significant impact that ACC changes can have on the overall community, a separate fine schedule is used for violations regarding the ACC process.

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Property Use and Maintenance Violation Fines

Fines may be charged and accrue for a violation of the Governing Documents every 30 days as follows:

First fine assessment	\$250	Fixed Fine Amount
Second fine assessment	\$500	Fixed Fine Amount
Third fine assessment	\$750	Fixed Fine Amount

After the third fine assessment, the next step will be to impose a lien on the property.

A Homeowner who accumulates the full amount of three fine assessments within a 12-month period will be considered to be a habitual delinquent. Without limiting the Board’s ability to fine or suspend membership privileges in accordance with these Policies and Procedures, continuing violations and violators will be subject to the maximum fine and suspension of membership privileges as determined by the Board. After lien, the Board shall reserve the right to continue the maximum fine should violation not be corrected.

ACC Violation Fines

1. Architectural changes made without application. \$500 Maximum Fine
2. Finished project does not comply with submitted Architectural Change Application and the Homeowner is required to change whatever aspect does not comply. \$1000 Maximum Fine
3. Architectural changes made without application, deemed to be in violation according to ACC, and the Homeowner is required to change whatever aspect does not comply. \$1500 Maximum Fine
4. Architectural changes made after Application denied and the Homeowner is required to change whatever aspect does not comply. \$1500 Maximum Fine

Fines are to be assessed on a basis comparable to the violation, for example, a maximum fine could be assessed on a major house or property addition.

Violators will have 90 days to bring changes into compliance or remedy by mutual agreement of ACC, the HOA Board and Homeowner. After such time, the next step will be to impose a lien on the property.

In the event of a determination by the Board of a willful, wanton or flagrant disregard for the provisions of the Governing Documents, or based on the severity of any violation, the Board may impose such additional fines and take legal action as deemed reasonable by the Board without regard to the schedules outlined above.

The Owner of record of the real estate subject to the Declaration will have the primary obligation to pay fines imposed for their actions and actions of their tenants, family members, and guests. Fines imposed in accordance with these enforcement policies and procedures will become an Assessment

imposed against the record Owner's real estate and enforceable as provided in the Governing Documents.

Violations or Offenses that constitute a Present Danger -- If, in its sole discretion, the Board deems that any violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, the Board may impose any appropriate sanction as necessary to abate the threat to health, safety or welfare of the community or individual without prior compliance with the steps outlined above.

Modification – The Board reserves the right, from time to time, to amend or repeal these Policies and Procedures, subject to any limitations placed on the Board in the Governing Documents or by law.

Provisions -- Failure by the Association to enforce any provision of these Policies and Procedures will not be considered a waiver of the right to do so afterward.

The provisions of these Policies and Procedures will be independent and severable. The invalidity of any one or more of the provisions by judgment or court order or decree will in no way affect the validity or enforceability of any of the other provisions, which other provisions will remain in full force and effect.

As used within this document, the term "Board" will include any tribunal or committee appointed by the Board consistent with the Governing Documents and Colorado law.

Policy Regarding Dispute Resolution

Adopted September 10, 2013

The following procedures have been adopted by Homestead in the Willows Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5 at a regular meeting of the Board of Directors.

Purpose: To provide a more efficient means of resolving disputes or claims involving the Association and/or the Association's governing documents and to reduce the costs and fees associated with dispute resolution.

WHEREAS, the Colorado Common Interest Ownership Act, in C.R.S. 38-33.3-124, encourages common interest communities to adopt protocols that make use of mediation in resolving disputes between the Association and one or more unit owners.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the resolution of disputes:

1. Dispute Resolution Procedures. Except as otherwise provided in this policy, the following procedures will be followed in all disputes or

claims involving the Association and/or the Association's governing documents.

A. Prior to proceeding with any claim, the party asserting the claim ("Claimant") shall give written notice of such claim to all opposing parties ("Respondent"), which notice shall state plainly and concisely:

- (i) the nature of the claim, including all persons involved and Respondent's role in the claim;
- (ii) the legal or contractual basis of the claim (i.e. the specific authority out of which the claim arises); and
- (iii) the specific relief and/or proposed remedy sought.

B. After the Respondent receives the notice of claim, the parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the claim by good faith negotiation. Such efforts may include inspections of the Claimant's or the Respondent's Lot for purposes of evaluating any alleged violation. Any party may be represented

by attorneys and independent consultants to assist in the negotiations and to attend meetings.

C. If the parties do not resolve the claim through negotiations within sixty (60) days after submission of the claim to the Respondent, the parties shall make a good faith effort to submit the claim for mediation. In the event the parties are unable to agree on a mediator, a mediator shall be appointed upon application of either party to the District Court of Arapahoe County. In such event, the claim shall be deemed to be submitted upon filing the petition for appointment of the mediation.

D. Any settlement of the claim through mediation shall be documented in writing by the mediator and signed by the parties. If a termination of the mediation occurs, the mediator shall issue a written statement advising that the parties are at an impasse.

E. Unless otherwise agreed, each party shall bear its own costs of the mediation, including attorneys' fees, and each party shall share equally all charges of the mediator.

F. Upon termination of mediation if no resolution is reached, if Claimant desires to pursue the claim, Claimant shall thereafter be entitled to file an action in any court having jurisdiction in Arapahoe County for final resolution of the claim.

G. In any action, the court shall award the substantially prevailing party its reasonable costs and attorneys' fees.

2. **Exclusions.** Unless all parties to the actions outlined below otherwise agree, the following disputes or claims shall not be subject to the provisions of this policy:

A. An action by the Association relating to the collection or enforcement of the obligation to pay assessments or other charges set forth in the Association's governing documents; and

B. An action by the Association to obtain a temporary restraining order or preliminary or permanent injunction (or equivalent emergency equitable relief) and such other ancillary relief as

the court may deem necessary in order to enjoin any immediate threat to persons or property; and

C. Any action between or among unit owners that does not include the Association as a party, if such action asserts a claim which would constitute a claim for relief independent of the Association's governing documents; and

D. Any action in which any indispensable party is not the Association, its officers, directors, or committee members, or a person subject to the Association's governing documents, or their officers, directors, partners, members, employees and agents; and

E. Any action involving the Association or the Association's governing documents with a claim value that is less than \$7500; and

F. Any action to enforce a settlement agreement made under the provisions of this policy.

3. **Judicial Enforcement.** If the parties agree to a resolution of any claim through negotiation or mediation in accordance with this policy, and any party thereafter fails to abide by the terms of such agreement, then any other party may file its action in court to enforce such agreement without the need to again comply with the procedures set forth in this policy. In such event, the party taking action to enforce the agreement shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties as the court may determine) all costs incurred in enforcing such agreement, including without limitation, reasonable attorneys fees and court costs.

4. **Statute of Limitations.** The Claimant need not follow the procedures set forth above if the Claimant would be prejudiced by the running of or lapse of an applicable statute of limitation or statute of repose. In addition, no claim may be initiated after the date when institution of legal or equitable proceedings based on such claim would be barred by the applicable statute of limitation or statute of repose.

5. **Interaction with Enforcement Policy.** It is not the intent of this policy to supersede any of the provisions of the Association's Enforcement

Policy. Nor is the intent of this policy to require the Association to follow the procedures set forth herein before having the ability to bring

enforcement action or impose fines or other sanctions under the Enforcement Policy.

Director Conflict of Interest Policy

Adopted November 30, 2005

The following procedures have been adopted by the Homestead in the Willows Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a meeting of the Board of Directors.

Purpose: To adopt a policy governing the handling of conflicts of interest of Board members;

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy to govern the handling of conflicts of interest of Board members:

1. If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a Board member, or a parent or spouse of any of those persons, then that interested Board member shall declare at an open meeting of the Board, that a conflict of interest exists and shall describe in detail all of the particular facts of the conflict of interest.

2. The interested Board member may deliver to the Board a letter setting forth a detailed summary of the conflict of interest, which letter shall be read out loud by a non-interested Board member at an open meeting of the Board.

3. After the interested Board member makes such a declaration, the interested Board member may participate in a discussion of the matter giving rise to the conflict of interest. However, the interested Board member may not vote on the issue giving rise to the conflict of interest. If there is compliance with the terms of this policy, a majority of the disinterested Board members, or any higher number required by the Association's governing documents, may in good faith authorize, approve, or ratify the conflicting interest transaction.

4. The interested Board member may be counted as present when determining whether a quorum of the Board exists.

5. Any contract entered into in violation of this policy is void and unenforceable.

Home Occupation/Residential Purposes Policy

Adopted February 13, 2007

The following policy has been adopted by the Homestead in the Willows Homeowners Association, Inc. ("Association") at a meeting of the Board of Directors.

Purpose: To clarify the meaning of the phrase "residential purposes" as stated in our covenant documents to allow the use of a residence for home occupation that does not change the quality and character of our community.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following

policy governing the use of a residence for home occupation.

1. The home occupation will not change the appearance or character of the residence and/or community.

2. The home occupation should be conducted primarily within the principal dwelling structure, the residence.

3. Only occupants of the residence may perform the home occupation.

4. No visible advertising of the home occupation will be permitted.
5. No outdoor storage of goods or materials associated with the home occupation will be permitted.
6. No excessive or offensive noise, vibration, smoke, dust, odors, heat, glare, light or dumping of materials produced by the home occupation will be permitted.
7. The delivery of goods or supplies for use in the home occupation will be limited to the US

mail, parcel post, general delivery services or private passenger vehicle. This excludes trucks and/or trailer-delivered goods or supplies.

8. Any sales conducted in conjunction with the home occupation will be primarily by telephone, internet, or direct mail. Incidental pick-ups of goods will be permitted; however, the home occupation will not generate an amount of traffic that affects the residential appearance or character of the community or encourages groups of people for extended periods of time.

Policy Regarding Inspection And Copying Of Association Records

Adopted November 30, 2005

Revised January 8, 2013

The following policy and procedures have been adopted by Homestead in the Willows Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform policy and procedures for the inspection and copying of Association records by Association Owners; to establish the type of records kept by the Association or its agent; and to establish the cost of copying Association records.

WHEREAS, the Colorado Common Interest Ownership Act, in C.R.S. 38-33.3-317, gives all Owners the right, during reasonable business hours, to examine and copy the financial and certain other records of the Association.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the inspection and copying of Association records:

1. **Association Records.** The following shall be the sole records of the Association for purposes of document retention and production to Owners:

(a) Detailed records of receipts and expenditures affecting the operation and administration of the Association;

(b) Records of claims for construction defects and amounts received pursuant to settlement of those claims;

(c) Minutes of all meetings of its Owners and Board, a record of all actions taken by the Owners or Board without a meeting, and a record of all actions taken by any committee of the Board;

(d) Written communications among, and the votes cast by, Board members that are:

(i) Directly related to an action taken by the Board without a meeting pursuant to section 7-128-202, C.R.S.; or

(ii) Directly related to an action taken by the Board without a meeting pursuant to the Association's bylaws;

(e) The names of Owners in a form that permits preparation of a list of the names of all Owners and the physical mailing addresses at which the Association

communicates with them, showing the number of votes each Owner is entitled to vote;

(f) Its current Declaration, Covenants, Bylaws, Articles of Incorporation, Rules and Regulations, responsible governance policies adopted pursuant to section 38-33.3-209.5, and other policies adopted by the Board;

(g) Annual financial statements and most recently published financial statements, if any, showing in reasonable detail its assets and liabilities and results of its operations for the past three years and tax returns of the Association for the past seven years, to the extent available;

(h) A list of the names, electronic mail addresses, and physical mailing addresses of its current Board members and officers;

(i) Its most recent annual report delivered to the Secretary of State;

(j) Financial records sufficiently detailed to enable the Association to comply with section 38-33.3-316(8) concerning statements of unpaid assessments;

(k) The Association's most recent reserve study, if any;

(l) Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;

(m) Records of Board or Committee actions to approve or deny any requests for design or architectural approval from Owners;

(n) Ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;

(o) Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;

(p) All written communications within the past three years to all Owners generally as Owners;

(q) The Association's operating budget for the current fiscal year;

(r) A list of all Association insurance policies, including, but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies, which list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed; and

(s) Any records specifically defined in the Association's Declaration or Bylaws and not enumerated in this policy.

2. Request for Records. All records maintained by the Association shall be available for examination and copying (including electronic transmission if available) by an Owner or the Owner's authorized agent. Any Owner or authorized agent requesting records must submit a written request, describing with reasonable particularity the records sought, at least ten (10) days prior to inspection or production of the documents. Records may be inspected and copied between 9 AM and 3 PM, Monday, Wednesday and Friday, except for holidays, at 5896 E. Geddes Ave., Centennial CO 80112. Notwithstanding the above, at the discretion of the Board, all records may also be inspected at the next regularly scheduled meeting if such meeting occurs within thirty (30) days after the request to inspect has been received. Any permitted inspection must not disrupt the ordinary business activities of the Association or its managing agent.

3. Charges for Records. The Association may impose a reasonable charge, which may be collected in advance and may cover the costs of labor and material, for copies of Association records, which may include the cost or recovery and re-storage of off-site

records. The charge may not exceed the estimated cost of production and reproduction of the records. Unless otherwise provided in a Board resolution, the pertinent parts of which shall be attached to the policy, the Association will charge twenty- five cents (\$.25) per page for copies, including electronic scans, of records. If after payment of the deposit it is determined that the actual cost was more than the deposit, Owner shall pay such amount prior to delivery of the copies. If after payment of the deposit it is determined that the actual cost was less than the deposit, the difference shall be returned to the Owner with the copies. There shall be no cost to any Owner accessing records which are required to be disclosed by Colorado law at no cost to Owners.

4. Purpose of Records Request. The Association may not condition the production of records upon the statement of a “proper purpose,” except that Association records and the information contained therein shall not be used for any commercial purpose.

5. Membership Lists. A membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to an Owner’s interest as an Owner without the prior consent of the Board. Without limiting the foregoing sentence, without the consent of the Board, a membership list, or any part thereof, may not be (a) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association; (b) used for any commercial purpose; or (c) sold to or purchased by any person.

6. Records That May Be Withheld. Records maintained by the Association may be withheld from inspection and copying at the Board’s discretion to the extent that they are or concern:

(a) Architectural drawings, plans, and designs, unless released upon the written consent of the legal owner of the drawings, plans, or designs;

(b) Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;

(c) Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including but not limited to confidential litigation files and matters covering consultation with legal counsel concerning disputes that are subject of pending or imminent court proceedings or are privileged or confidential between attorney and client.;

(d) Disclosure of information in violation of law;

(e) Files dealing with investigative proceedings concerning possible or actual criminal misconduct;

(f) Records of an executive session;

(g) Individual Lots other than those of the requesting Owner;

(h) Inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board of Directors; or

(i) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

7. Records That Must Be Withheld.

Records maintained by an Association are not subject to inspection and copying, and shall be withheld, to the extent that they are or concern:

(a) Personnel, salary, or medical records relating to specific individuals; or

(b) Personal identification and account information of members, including bank account information, telephone numbers, electronic mail addresses, driver’s license numbers, and social security numbers; except that, the Association may disclose electronic mail addresses with the written consent of the

individual Member.

8. Board's Discretionary Rights. At the discretion of the Board, certain records may only be inspected in the presence of a Board member. No records may be removed from the Association's principal office without the express written consent of the Board. If an Owner requests to inspect records, the Association may photocopy and provide the requested records to the Owner in lieu of the Owner's inspection of the records, if consented to and paid for by the Owner.

9. Commercial Purpose. Association records and the information contained therein shall not be used for commercial purposes.

10. No Obligation to Create Documents. The Association is not obligated to compile or synthesize information in its records. If the Association agrees to compile or produce information or documents not identified in this policy as an Association record, the

Association may charge additional fees to the requesting Owner to cover the actual expenses associated with such compilation or production.

11. Damages. The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorneys' fees, for abuse of these rights, including, but not limited to, use of any records for a prohibited purpose.

12. Deviations. The Board or its agent may deviate from the procedures set forth in this policy if in its sole discretion such deviation is reasonable under the circumstances.

13. Supersedes Prior Policy. This policy supersedes in its entirety any other policy previously adopted by the Board addressing the inspection and copying of Association records.

Records Retention Policy

Adopted February 13, 2007

The following policy has been adopted by the Homestead in the Willows Homeowners Association, Inc. ("Association") pursuant to Colorado Law, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic policy for retention, storage and disposal of the Association's records.

Records Retention Philosophy: Through its operation, the Association generates and receives numerous records and documents. Some of these documents and records should be kept permanently, and others should be kept for varying periods of time. Establishing a

policy for records and document retention and disposal permits the Association to minimize its storage costs as well as the inconvenience of maintaining a large collection of records and documents, as well as assuring that important records and documents are available when needed.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following records and documents retention policies:

1. The following types of records shall be kept for the periods specified:

Record	Retention Period
Documents	
Ownership/membership records	Permanent
Deeds, plats, maps	Permanent
Governing documents – Declaration of Covenants and Restrictions and any amendments, supplements and addendums	Permanent
Governing documents – articles of incorporation and amendments	Permanent
Governing documents – bylaws and amendments	Permanent
Governing documents – board policies/resolutions	Permanent
Governing documents – rules and restrictions	4 years after superseded by new rules
Governing documents – architectural guidelines and amendments	Permanent
Minute books – annual meetings and board meetings	Permanent
All actions taken by homeowners or board by written ballot or written consent in lieu of a meeting	Permanent
All actions taken by a committee of the board	Permanent
All waivers of notice of meetings of homeowners and of the board or any committee of the board	Permanent
Minute books - committees	4 years
Architectural plans – approved and disapproved	Permanent
Employee Records	
Employee personnel records	6 years
Payroll records and summaries	6 years
Financial Records	
Accounts payable and receivable records	7 years
Bank Statements, canceled items, and reconciliations	7 years
Certificates of deposit	7 years
Budgets	7 years
Financial statements	7 years
General ledgers	7 years
Checks	7 years
Depreciation schedules	6 years after disposal of the depreciated asset
Inventories	7 years
Invoices	7 years
Billing (owners) records	7 years
Purchase orders	7 years
Subsidiary ledgers	7 years
Audits and year-end financials	Permanent
Tax returns	Permanent
Tax documents relating to preparation of tax returns	7 years after tax return filed
Other financial records	7 years
General	
Contracts (current and expired)	7 years
Correspondence (general)	3 years
Legal/Insurance/Claims	
Court filings and pleadings (foreclosures, county court and small claims actions, liens)	7 years after completion of the action
Accident reports and claims (current and settled)	7 years after matter settled

Record	Retention Period
Insurance policies	7 years after policy expiration
Pending court action – records related to or used in the action	Until completion of the action, and then for 3 years following the action completion

2. The association shall keep all of the specified records at the Association’s regular office, or with a records management company, so long as such records can be retrieved from the records management company upon not more than three business days notice. No records management company or association management company may dispose of the Association’s records without the Association’s written consent.

3. Any documents not required to be kept under the above specified schedule may be disposed of

by destruction in a manner determined by the Board, so long as such manner of destruction preserves confidentiality of the documents. Such methods may include shredding, incineration or pulverization, but shall not include disposal without destruction. Electronic files must be destroyed by erasure of the electronic data from all computers having access to and storing such data.

4. It is the responsibility of the Office Manager working along with the Board Secretary to ensure that the records retention policy is followed.

Policy Regarding Reserves

Adopted July 9, 2013

The following policy has been adopted by Homestead in the Willows Homeowners Association, Inc. (AAssociation@) pursuant to the provisions of C.R.S. 38-33.3-209.5, in accordance with the Association’s Adoption and Amendment of Policies Policy.

Purpose: To adopt a policy addressing the need for a reserve study, funding of any work recommended by the reserve study and projected sources of funding, and whether the reserve study is based on a physical analysis and financial analysis. [It is the Board’s desire to create and maintain adequate reserves to provide for the orderly maintenance, repair, replacement and improvement of the Common Properties so as to minimize the risk to the membership of special assessments, deferred maintenance, or unfunded losses.]

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors does hereby adopt the following policy regarding reserves:

Need for Reserve Study

1. The Association is obligated to maintain, repair, replace or improve certain improvements within the community.

Reserve Study

2. The Association will conduct periodic reserve studies based on an internal examination of the common areas and improvements and a financial analysis of the requisite reserves as required by this policy.

3. Depending on available resources, the Association may either engage a third-party or may make in-house interim updates to a professional reserve study and may adjust the schedule for updating the reserve study. An update to a reserve study may result from an on-site review of the property or an off-site review of the reserve study and the Association’s governing documents. The Board of Directors should consider the following factors when determining the schedule for interim updates to a reserve study:

- (a) Significant additions or replacements to the common elements since the last reserve study;
 - (b) Wear and tear to common elements due to unseasonable weather or lack of maintenance;
 - (c) Technological or product development improvements that could result in cost savings;
 - (d) Substantial increases in cost of materials or labor;
 - (e) Any scheduled maintenance, repairs, or replacements that the Association deferred or accelerated;
 - (f) Whether reserve income was received as planned;
 - (g) Whether reserve expenditures were incurred as planned;
 - (h) The Association's selected method of funding reserves.
4. The full reserve study will consist of a physical analysis and a financial analysis. Interim updates may consist of a physical analysis, a financial analysis, or both. A physical analysis includes an inventory of all improvements that the Association is responsible for maintaining, repairing, replacing or improving and a visual inspection of those items to determine their existing condition. A financial analysis includes an evaluation of the estimated remaining life of an item, the adequacy of existing reserve funds, projected future reserve income, projected future

reserve needs, and the ability to meet future reserve needs under the existing funding plan.

5. The last reserve study prepared for the Association was completed by Bourne Engineering in 2009.

6. As of the date of this policy, the Association plans to have its Board of Directors review the reserve study annually to determine whether a formal update is necessary, and to make appropriate recommendations to the Board regarding this review.

Funding Plan

7. The Board of Directors will endeavor to maintain the Association's reserve fund balance at or above \$100,000.00 by allocating a portion of regular annual assessments to the reserve fund. Should unforeseen circumstances result in the reserve fund balance falling below \$100,000.00, the Board will endeavor to bring the fund balance back to \$100,000.00 within three (3) years by increasing the allocations from regular annual assessments, or by special assessments, or both.

8. The Association may elect to apply funds from its operating account to maintenance, repair or replacement costs otherwise covered by reserve funds.

9. The Association will invest all reserve funds in accordance with the Association's policy regarding investment of reserve funds.

Reserve Fund Investment Policy

Adopted April 11, 2006

The following policy has been adopted by the Homestead in the Willows Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a meeting of the Board of Directors.

Purpose: To protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate

in the investment process and to further provide guidance to those who offer investment services to the Association, such as brokers/dealers, banks, consultants, and savings institutions.

The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal investment management of the Association's

reserve funds. This policy does not set forth: (1) the minimum reserve fund balance required of the Association; (2) any mandate for an annual reserve fund study; or (3) the tax consequences of the investment options contained herein.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association's reserve funds:

I. Investment Objectives

All funds that are held for capital expenditures as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado State Statutes and resolutions enacted by the Association's Board of Directors in a manner to accomplish the following objectives:

A. **Safety of Funds:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.

1. **Credit Risk:** The Association will minimize credit risk, the risk of loss due to the failure of the financial institution, by:

- a. Limiting investments to the safest types of investments as provided for herein;
- b. Pre-qualifying the financial institutions, brokers/dealers, and advisors with which the Association does business; and
- c. Subject to the limitations herein, diversifying the investment portfolio so that potential losses on individual investments will be minimized.

2. **Interest Rate Risk:** The Association will minimize the risk of the market value of investments in the portfolio due to changes in general interest rates by:

- a. Structuring the investment portfolio so that investments mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell investments prior to maturity; and
- b. Investing all funds primarily in short- to intermediate-term investments, and approved money market mutual funds.

B. **Liquidity of Funds:** The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year. To ensure that adequate reserve funds are available to pay the Association's reserve expenditures, annual reserve fund investments shall reasonably match the planned reserve fund expenditures for the following fiscal year.

C. **Types of Investments:** The reserve fund portfolio shall consist largely of Money Market Accounts and/or Certificates of Deposit.

D. **Yield:** Subject to the restrictions on the types of investments, the Association's portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, the Association, through the Board of Directors, will take into account the Association's investment risk, constraints, and cash flow needs.

II. Delegation of Authority

Responsibility for conducting investment transactions for the Association resides with the Treasurer. In cases where there is no one person holding the office of Treasurer, the Secretary may hold multiple offices of Secretary and Treasurer in accordance with the Amended and Restated Bylaws of May 17, 1990. The President of the Board of Directors will be considered an authorized person to assist the Treasurer in performing investment management, cash management, or treasury functions. Persons authorized to transact investment business for the Association are limited to these two officers and any qualified outside financial representative as designated by the Treasurer or President. The Treasurer will provide a copy of this investment policy to all of the Association's investment service providers. The Treasurer may engage the support services of outside professionals, subject to the availability of budgeted funds and approval from the Board of Directors. The Board of Directors shall provide a copy of this policy to the newly elected Treasurer at the assumption of office.

III. Ineligible Investments and Transactions

The Association shall not invest in the following asset classes:

- A. Individual stocks;
- B. Equity mutual funds, domestic or foreign;
- C. Mutual funds consisting of bonds or mortgages and or derivatives;
- D. Options on equity, debt or commodities;
- E. Floating rate securities or floating rate certificates of deposit; and
- F. Investment in a single institution in excess of FDIC insurance limits.

IV. Selection of Banks as Depositories and Providers of General Banking Services

Banks and savings institutions shall be approved by written resolution by the Board of Directors to provide depository and other banking services for the Association. To be eligible for authorization, a bank must be domiciled in the United States and have physical facilities for doing business in the State of Colorado, a member of the FDIC and must meet the minimum credit criteria of credit analysis provided by commercially available bank rating services. Banks

failing to meet the minimum criteria, or, in the judgment of the Treasurer or Board of Directors, no longer offering adequate safety to the Association funds, shall be unauthorized to provide depository and other banking services for the Association.

V. Reporting

On an annual basis, an investment report shall be prepared and submitted by the Treasurer or an outside advisor, who will provide such report to the Board of Directors listing the reserve fund investments held by the Association and the current market valuation of the investments. The report shall include a summary of investment earnings during the prior fiscal year. The Association members shall have access to the list of Association reserve fund portfolio holdings.

VI. Policy Revisions

The Board of Directors shall review this reserve fund investment policy periodically and may amend the policy as conditions warrant. The Treasurer may recommend amendments to this policy as necessary.

BOARD RESOLUTION REGARDING REPEAT VIOLATORS

Adopted May 14, 2018

MOTION: The Board moves to approve and publish the following revised terms for Property Use and Maintenance Violation Fines, as stated in the Covenant Enforcement Policy and Procedures, along with any conforming updates to owner correspondence to provide for specific letters to Homeowners deemed “repeat violators” for fining purposes.

Property Use and Maintenance Violation Fines

Fines may be charged and accrue for every violation of the Governing Documents every 30 days as follows:

	Fixed Fine Amount
First fine assessment	\$250
Second fine assessment	\$500
Third fine assessment	\$750

After the third fine assessment, the next step will be to impose a lien on the property in compliance with the Association’s collection policy. A Homeowner who accumulates three fine assessments within a 12-month period will be considered to be a repeat violator. In addition, any Homeowner who fails to correct violations identified by the Community Covenant Taskforce on or before the annual deadline for notifying the Association of compliance in any two (2) consecutive years shall be deemed a repeat violator for fine purposes. Without limiting the Board’s ability to fine or suspend membership privileges in accordance with these Policies and Procedures, continuing violations and repeat violators will be subject to the maximum fine and suspension of membership privileges as

determined by the Board. After placing a lien on a property, the Board reserves the right to continue the maximum fine if the violation continues or remains uncorrected.

