

LAKE HAUS CONDOMINIUM ASSOCIATION RESPONSIBLE GOVERNANCE POLICIES

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Definitions:

"LHCA" means: Lake Haus Condominium Association.

"Board" means: the Board of Directors of LHCA

"Director" means: a **Member** of the LHCA Board of Directors

"Member" means: a member of the LHCA which is defined by its Articles of Incorporation as: Each owner of an individual Condominium air space unit as shown on a Condominium map or maps for Lake Haus Condominiums, No. 1 hereafter filed for record in the office of the Clerk and Recorder of Summit County Colorado.

"Manager" means: a person or entity who is employed or contracted with by the **Board** to manage LHCA affairs or property.

"Governing Documents" means the Lake Haus Declaration of Covenants, Conditions and Restrictions dated Mar, 22nd, 1973, the Articles of Incorporation and By-Laws of LHCA, these Responsible Governance Policies and any Rules and Regulations duly adopted by the **Board**.

I. COLLECTION OF ASSOCIATION DUES:

1. Statements and payment envelopes for monthly dues for the entire year are sent to each Condominium owner on or about Jan. 1st of each year.
2. Monthly Association dues are due by the 15th of each month. A late charge of 10% is added to the dues after the 15th of the month.

3. The voting rights of any **Member** who is in default of association dues shall be suspended voting rights shall be reinstated upon payment in full.

4. It shall be at the **Board's** discretion as to when and how to enforce failure to pay dues in a timely manner. The **Board** may choose amongst foreclosure of **LHCA's** lien, suit in small claims, county or district court for personal judgment, against a **Member** individually, or by suit against multiple defendants. Pursuant to the Colorado Common Interest Ownership Act (CCIOA), **LHCA** has a lien without further filings; however the **Board** may choose to file a Statement of Lien against the Condominium unit of a defaulting **Member** as a further incentive and reminder for payment.

In exercising its discretion, it is the policy of the **Board** to treat delinquencies in a uniform manner while recognizing that there may be extenuating circumstances which justify special consideration.

5. Not less than thirty (30) days prior to taking any collection action, including the filing of a Statement of Lien, the **Board** shall provide notice to the **Member(s)** of the action (e.g. suit, filing statement of lien). Notice shall be by certified mail to the address on record with **LHCA**.

6. Any defaulting **Member** shall be responsible for any attorney fees, costs, or fees incurred by **LHCA** caused by the non-payment or untimely payment of assessments.

7. Upon obtaining a judgment against any **Member**, **LHCA** is entitled to all collection remedies available at law.

8. Payments received from each **Member** shall be applied to the **Member's** account in the following order:

A. Attorney's fees and costs incurred by **LHCA** and for which the **Member** is responsible pursuant to the Act or the **Governing Documents**;

B. Interest which has accrued on all unpaid amounts;

1. Fines, late charges or other monetary charges or penalties;
2. Current monthly installment of Association dues

9. Any fine, late charge or other monetary charge or penalty levied by **LHCA** pursuant to the **Governing Documents** or the Colorado Common Interest Ownership Act (the "Act"), including attorney's fees and costs incurred by **LHCA** and for which the **Member** is liable, shall be collectible as an "Assessment" as that term is defined by the Colorado Common Interest Ownership Act.

II. BOARD MEMBER CONFLICT OF INTEREST:

The following definitions shall apply to this policy:

“Conflicting Interest Transaction” means:

A contract transaction or other financial relationship between the **LHCA** and a **Director** of **LHCA** or between **LHCA** and an entity in which a **Director** is a director or officer or has a financial interest.

“Related Person” means:

A parent, grandparent, spouse, child or sibling of a **Director** or a parent or spouse of any of those persons.

1. If any proposed contract, decision or other action on behalf of the **Board** would financially benefit a **Director** or a **Related Person** to the **Director**, the **Director** may participate in the discussion of the proposed contract, decision or other action but may not vote on the issue.
2. Prior to any discussion of a proposal in which a **Director** or a **Related Person** to the **Director** has a financial interest or which proposal would otherwise be a **Conflicting Interest Transaction**, the **Director** shall declare a conflict of interest for the issue in an open meeting.
3. No **Conflicting Interest Transaction** shall be void or voidable or be enjoined, set aside or give rise to an award of damages or other sanctions in a proceeding by a **Member** of **LHCA** or by or in right of **LHCA**, solely because the **Conflicting Interest Transaction** involves a **Director** or solely because the **Director** is present at or participates in the meeting of the **Board** which authorizes, approves, or ratifies the **Conflicting Interest Transaction** if:
 - A. The **Director** declared the conflict of interest at an open meeting prior to the discussion of the issue;
 - B. The **Director** did not vote;
 - C. The **Board**, in good faith, authorizes, approves or ratifies the **Conflicting Interest Transaction** by an affirmative vote of a majority of the disinterested **Directors**, even though the disinterested **Directors** total less than a quorum; and
 - D. An independent third party would believe the **Conflicting Interest Transaction** is fair as to **LHCA**.

III. CONDUCT OF MEMBERS' AND BOARD MEETINGS

1. Member Meetings

A. Annual Meeting

1. The Annual Meeting shall be held on a Saturday in August each year; however the **Board** may schedule the annual meeting either before or after the month of August if extenuating circumstances dictate such a change. The specific time and

date shall be set by the **Board of Directors** no later than one month before the scheduled meeting.

2. Notice: Notice of the meeting shall be mailed to each owner of record at least ten (10) days but not more than fifty (50) days prior to each meeting.

B. Special Meetings

1. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the **Board of Directors** or upon a signed petition by a majority of the members and having been presented to the **Secretary**. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of a simple majority of the members present, either in person or by proxy.

C. Notice of Meetings

1. It shall be the duty of the **Secretary** to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least 10 days but no more than 50 days prior to the meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

D. Conduct of Meetings

1. All meetings shall be conducted upon parliamentary procedure following Robert's Rules of Order. The order of business at all meetings of the owners of units shall be as follows:

- a. Roll call
- b. Proof of notice of meeting and waiver of notice
- c. Reading of the minutes from the previous meeting
- d. Reports of Officers
- e. Reports of Committees
- f. Unfinished business
- g. New business
- h. Adjournment

E. Quorum and Voting

1. The presence in persons by proxy of owners (44 or more owners) shall constitute a quorum.

2. Votes can be cast in person or by proxy. Proxies must be filed with the **Secretary** before the appointed time of the meeting.

3. On all issues except an amendment to the By – Laws and election of the **Board of Directors**, shall be at least 51% of the total votes outstanding at a

meeting where a quorum is present in person or by proxy. An amendment to the By – Laws shall require an affirmative vote of at least 51% of the total membership (44 or more votes) A new **Board of Directors** may be elected by an affirmative vote of at least 51% of the members presenting person or proxy at the annual meeting.

The **Directors** shall be elected by the members by secret written ballot to hold office until the next annual meeting or until their successors are elected and qualified. However, the requirement for a secret written ballot is waived if the election is uncontested and a motion is passed to elect the unopposed candidates by acclamation (by white ballot).

Vacancies in the **Board of Directors** caused by any reason other than removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining **Directors** even though they may constitute less than a quorum: and each person so elected shall be a **Director** until a successor is elected at the next annual meeting of the Association.

2. Board of Directors Meetings

A. Regular Meetings

1. Regular meetings of the **Board of Directors** may be held at such time and place as shall be determined, from time to time, by a majority of **Directors**, but at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the **Board of Directors** shall be given to each **Director**, personally, or by mail, telephone, or email, at least three days prior to the day named for such meeting.

B. Special Meetings

1. Special meetings of the **Board of Directors** may be called by the **President** on three days notice to each **Director**, given personally, or by mail, telephone or email, which notice shall state time, place (as herein above provided) and purpose of the meeting. Special meetings of the **Board of Directors** shall be called by the **President** or **Secretary** in like manner and on like notice on the request of at least three **Directors**.

C. Attendance

1. Any **Board** meeting is open to attendance by any **Member** or **Member's** designated representative. **Members** shall be given an opportunity to speak, upon which reasonable time restrictions may be placed, prior to any formal action taken by the **Board**. **Members** shall not be allowed to otherwise participate in discussion or deliberation by the **Board** unless authorized by a majority vote of a quorum of the **Board**.

D. Closed Sessions

1. The **Board** or any committee of the **Board** may hold an executive or closed door session and may restrict attendance to **Board Members** and such other persons requested by the **Board** during a regular or specially announced meeting or a part thereof for any of, but limited to, the following matters:

- a. Matters pertaining to employees of **LHCA** or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of **LHCA**;
- 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.

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.

IV. ENFORCEMENT OF COVENANTS AND RULES, NOTICE AND HEARING PROCEDURES AND SCHEDULE OF FINES:

The following definitions shall apply to this policy:

"Violation" shall mean a failure of a **Member**, or through its agents or representatives, to comply with any **Governing Document**, whether the **Violation** is by reason of action or omission. **Violation** shall also include non-compliance with any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property owned by a **Member**.

1. **Members** are encouraged to informally request any other **Member** to cease or correct any action or omission which appears to be a **Violation**.

2. Any **Member, Manager, or the Board** may initiate a formal review of an alleged **Violation**. A **Member or Manager** shall file with the **Board** a written statement which shall state in ordinary and concise language the acts or omissions which the author believes occurred and shall include as many specifics as are available as to time, date, location and persons involved, so that the complaint may be investigated and verified. Depending on the severity and immediacy of the alleged **Violation** the **Manager** shall attempt to obtain an informal resolution. Unless there is need for immediate action, the **Manager** may refer the matter for resolution to the association board. If the **Board** determines that the complaint is insufficient, then the **Member** making the complaint shall have the right to have the **Board** hear the matter.

3. Letter to **Member**

Should the **Manager** determine that a **Violation** has occurred, and informal resolution has not been successful, the **Manager** shall send a letter to the **Member** identifying the **Violation**. The letter shall require the alleged **Violation** cease within such period of time as the **Board** deems reasonable, based upon the nature of the alleged **Violation**. The letter shall be mailed to the last known address of the **Member**, via certified mail.

4. Notice of Hearing

Should the alleged **Violation** not be cured in the manner and by the date set forth in the letter to the **Member**, then a second letter shall be sent informing the **Member** of the time and place at which the **Board** will hear the matter; that the **Member** has an opportunity to attend and be heard at such meeting; and that the **Board** has the authority, upon determination that a **Violation** has occurred, to levy fines, charges, attorney's fees and other monies, and to take such other action as is authorized by the **Governing Documents** and Colorado law.

5. Constraints on the Committee

It shall be incumbent upon each **Member** of the **Rules Committee** to make a determination as to whether he or she is able to function in a disinterested fashion. If such **Member** is incapable of objective consideration in the case, he or she shall disclose such to the committee and remove himself or herself from the proceedings and have it so recorded in the minutes.

6. Hearing

The hearing will not be conducted according to technical rules relating to evidence and witnesses. 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. Decisions of the **Board** may be made "under advisement," i.e. at a later date and time. All decisions of the **Board** are effective three days after written notice is sent to the **Member** (via regular, first class mail.) **The Notice** shall include the decision of the **Board** as to whether or not a **Violation** has occurred and the amount of the fine.

7) A second **Violation** shall be any new incident of the same **Violation** or shall be a continuing **Violation** that has not been removed or cured within thirty (30) days of the deadline for cure

given to the **Owner** in the **Letter to Member** noticing the **Violation**. A third **Violation** shall be a third new incident of the same **Violation** or a continuing **Violation** that has not been cured or removed within sixty (60) days of the deadline for cure given to the **Owner** in the **Letter to Member** noticing the **Violation**.

8) . Payment of Fines

Fines shall be due and payable within 15 days of **Notice** and thereafter shall bear interest at the rate of 8% per annum. Unpaid fines shall be added to and become a part of the Member's assessment and shall be subject to the collection procedures set forth in Policy I, collection of Unpaid Assessments.

9. Arbitration

In the event a Member disputes the **Board's** enforcement of covenants contained in **Article V** of the **Declaration of Covenants, Conditions and Restrictions of LHCA**, the matter shall be submitted to binding arbitration. The **Members** shall choose one arbitrator, the **Board** shall choose one arbitrator and such arbitrator shall choose one additional arbitrator, and the decision of the majority of all the arbitrators shall be final and conclusive of the question involved.

10. Joint and Several Liability

Each owner of the **Condominium** upon which the **Violation** occurs shall be jointly and severally liable for any fine imposed pursuant to the enforcement of the **Governing Documents**, including but not limited to, all attorneys fees, expert witness fees and costs incurred by **LHCA** resulting from or in any way related to the **Violation** or the collection of fines.

11. Attorney's Fees and Costs

In the event the **Board** determines a **Violation** has occurred, the non-complying **Member(s)** shall be responsible to pay all attorney fees and costs and fees incurred by **LHCA** arising from the **Violation**.

12. Remedy

Each remedy set forth in these **Policies** shall be in addition to all other remedies, whether available at law or in equity, and all such remedies, whether or not cumulative.

V. INSPECTION AND COPYING OF LHCA RECORDS

1. Any **Member** may request to inspect and copy **LHCA** records on the following conditions:

A. Any request must be made in good faith and for a proper purpose;

- B. The request must specify the records requested and the reason for the request.
 - C. The requested records are relevant to the request; and
 - D. Not less than five days notice is given.
2. Copies shall be charged to the requesting **Member** at the actual cost to **LHCA**, including administrative time.
 3. Requests for copies shall be made to the Lake Haus **Manager**. Records shall be available for inspection only by appointment with the **Manager**.
 4. The following **LHCA** records shall be posted regularly on the **LHCA** website:
 - A. Declaration of Covenants;
 - B. By-Laws;
 - Responsible Governance Policies;
 - Most recent Minutes of **Members** and **Board Meetings**;
 - Most recent Approved Budget;
 - Rules and Regulations;
 - List of name and home or business address of current Directors; and officers.
 5. Hard copies of the following **LHCA** records shall be kept at the Managers office.
 - A. Declaration;
 - B. Articles of Incorporation;
 - By-Laws;
 - Responsible Governance Policies;
 - Rules and Regulations;
 - Financial records regarding unpaid assessments;
 - Minutes of all meetings of **Members** and the **Board**;
 - A record of all actions taken by the **Members** or the **Board** by written ballot or written consent in lieu of a meeting;
 - A record of all actions taken by a committee of the **Board** in place of the **Board** on behalf of **LHCA**;
 - A record of all waivers of notices of meetings of **Members** and of the **Board** or any committee of the **Board**;
 - Resolutions adopted by the **Board** relating to the characteristics, qualifications, rights, limitations, and obligations of Members or any class or category of **Members**;
 - The minutes of all **Members**' meetings, and records of all action taken by **Members** without a meeting, for the past three years;
 - All written communications within the past three years to **Members** generally as **Members**;

- A list of the names and business or home addresses of its current **Directors** and officers;
- Its most recent annual report, if any;
- All financial audits or reviews conducted pursuant to §38-33.3-303 (4)(b) during the immediately preceding three years; and
- List of **Members** and current voting eligibility.

VI. PROCEDURES FOR ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES

1. The **Board** may adopt or amend policies, procedures and rules to govern or manage **LHCA** or **LHCA** property at a special or regular meeting in open session.
2. Prior to formal action, the **Board** shall send written notice to each Condominium owner of the proposed policy(ies), procedure(s) or rule(s) not less than 30 days prior to action.
3. Any **Member** may submit a comment orally or in writing regarding the proposal before or at the meeting at which the action is taken.
4. Once a policy, procedure or rule has been adopted or amended, each Condominium owner will be notified in writing in a timely fashion.

VII. INVESTMENT OF RESERVE FUNDS

1. A reserve fund shall be maintained to meet any unbudgeted large expenses. An attempt shall be made to keep at least \$50,000 in the reserve fund. The annual budget shall address any expenditures from the reserve fund.
2. Reserve funds shall only be invested in accounts or investment products (e.g. certificates of deposit) that are insured by FDIC.