

**RESOLUTION
OF THE
PHEASANT RUN TOWNHOME ASSOCIATION
REGARDING ALTERNATIVE DISPUTE RESOLUTION (ADR)**

SUBJECT: Adoption of a procedure regarding alternative dispute resolution.

PURPOSE: To adopt a standard procedure to be followed for alternative dispute resolution.

AUTHORITY: The Declaration, Articles and Bylaws of the Association and Colorado law.

EFFECTIVE DATE: Jan 01, 2007

RESOLUTION: The Association hereby adopts the following Policy:

If a dispute arises between an Owner and the Association, the Owner must request a hearing before the Board to discuss a resolution of the dispute before filing a lawsuit or pursuing any other means of alternative dispute resolution. Such notice shall be in writing and shall include a detailed description of the issues underlying the Owner's grievance. The Board shall schedule the hearing at its earliest convenience, but no later than the first regularly scheduled meeting following the Board's receipt of the Owner's notice. The Board shall notify the Owner in writing as to the date, time and place of the hearing.

If the dispute is not resolved at the hearing, this policy shall not be construed to require any specific form of alternative dispute resolution, such as mediation or arbitration. By submitting to the hearing process, neither the Association nor the Owner waives any right to pursue subsequent legal or other remedial action.

PRESIDENT'S CERTIFICATION: The undersigned, being the President of the Pheasant Run Townhome Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on Nov. 22, 2006 and in witness thereof, the undersigned has subscribed his/her name.

Pheasant Run Townhome Association
a Colorado non-profit corporation,

By: 
Linda Parks, President

POLICIES ADOPTED IN COMPLIANCE WITH LAW

During the 2005 legislative session, the Colorado General Assembly adopted certain amendments to the Colorado Common Interest Ownership Act (CCIOA) that are binding upon this homeowners' association. These amendments are described in the following statement of Policies adopted by the board of directors. These policies are intended to summarize the amendments to the CCIOA. however, for all purposes, the actual provisions of the CCIOA shall be controlling.

1. Policies Related to the Governance of the Association.

a. Accounting Standards. The association shall maintain accounting records using Generally Accepted Accounting Principles. [§38-33.3-209.5(1)]

b. Audits. The books and records of the Association shall be subject to an audit at least once every two years if the association has annual revenues or expenditures of at least \$150,000 and the audit request is made by one or more unit owner. Copies of any audit shall be made available to the unit owners within 30 days after its completion. [§38-33.3-303(4)(b)]*

c. Policies. The association must adopt policies regarding the following: (i) collection of unpaid assessments; (ii) handling of board member conflicts of interest; (iii) conduct of meetings; (iv) enforcement of covenants and rules; (v) inspection of association records; (vi) investment of reserve funds; and (vii) adoption and amendment of policies. [§38-33.3-209.5(1)]

2. Association Records [§38-33.3-317]

a. The association must keep permanent records of all minutes and actions taken by its executive board and committees. The association shall maintain a record of unit owners in a form that permits preparation of a list of the names and addresses of all unit owners showing the number of votes allotted to each owner.*

b. The association shall keep a copy of the following at its principal office: (i) the association's declaration, bylaws and covenants; (ii) any executive board resolutions relating to rights and obligations of unit owners; (iii) minutes of all unit owner meetings and actions taken without a meeting for the past three years; (iv) all written communications to unit owners within the past three years; (v) a list of the names and addresses of its current directors and officers; and (vi) its most recent annual report and all financial audits from the past three years.

3. Board Meetings

a. Open Meetings. All meetings of the association and board of directors are open to every unit owner (or their designated representative) and every unit owner shall have the opportunity to speak on an issue prior to any formal action by the board.* The board shall provide for a reasonable number of persons to speak on each side of an issue. The board may place reasonable time restrictions on such speeches. The Board may elect

to preserve the attorney-client privilege on any matters upon which it sought legal advice. [§38-33.3-308]

b. Notice of any meeting of unit owners must be physically posted in a conspicuous place. Associations are encouraged to provide notices and agendas in electronic form. If the association has the ability, it must provide notice of regular and special meetings by e-mail to all unit owners who request email notices and provide the association with their email addresses.* Notice of special meetings must be sent at least 24 hours prior to the meeting. [§38-33.3-308]

c. Voting. Votes for positions on the executive board shall be by secret ballot. Votes on any other matter may be by secret ballot at the request of one or more unit owners. Secret ballots shall be counted by a neutral third party or a unit owner who is not a candidate, who attends the meeting and is selected at random. The association can reject a vote if it has a reasonable basis for doubting the validity of a signature. [§38-33.3-310]

d. Conflicts of Interest. Members of the executive board must declare a conflict on any issue before the board in an open meeting prior to any discussion on the issue. After such declaration, the member may participate in the discussion but may not vote on the issue. [§38-33.3-310.5] *

4. Amendment of Declaration [§38-33.3-217(1)(a) & (b)]

a. Pursuant to CCIOA, the association's declaration must be amended to require the affirmative vote of no more than 67% of unit owners to amend the declaration. Any provision in the declaration that purports to specify a percentage larger than 67% is void and, until the declaration is amended, such provision shall be deemed to specify a percentage of 67%.

b. If the declaration requires first mortgagees to approve the amendments, the association shall send a dated, written notice and copy of any proposed amendment by certified mail to each first mortgagee at its most recent address and the association must publish the notice. If the first mortgagee does not deliver a response to the association within sixty days after the date of the notice, it shall be deemed to have approved the proposed amendment.

5. Architectural Control Provisions

a. Water Conservation and Drought Mitigation Planning. The association, the board, and the architectural control committee shall not prohibit or limit the installation or use of drought-tolerant vegetative landscapes or require cultivated vegetation to consist exclusively or primarily of turf grass. [§37-60-126(11)]

b. Patriotic Expression. The association, the board, and the architectural control committee shall not prohibit the display of the American flag or a military service flag by a unit owner on that unit owner's property. The association may adopt reasonable rules regarding the size and manner of display of such flags. [§38-33.3-106.5(1)(a) & (b)]

c. Political Expression. The association, the board, and the architectural control committee shall not prohibit the display of political signs by a unit owner on that unit owner's property within forty-five days of an election and seven days after an election. The association may adopt reasonable rules regarding the size and manner of display of such signs. [§38-33.3-106.5(1)(c)]

d. Fire Mitigation. The association, the board, and the architectural control committee shall not prohibit the removal of flammable roofing materials or trees, shrubs or other vegetation if such removal is intended for fire mitigation purposes. [§38-33.3-106.5(1)(e) & (f)]

e. Architectural or Landscaping Changes. The association must adopt detailed guidelines with regard to unit owner applications for architectural and landscaping changes. [§38-33.3-302(3)(b)]

6. Disclosures to Unit Owners [§38-33.3-209.4] *

a. The association shall annually provide all unit owners written notice stating: (i) the name of the association; (ii) the name of the association's registered agent; (iii) the address and phone number for the association and its registered agent; (iv) the name of the common interest community; and (v) the date the declaration was first recorded and the reception number or book and page for such recording. Notice must be sent to unit owners within 90 days of any change to the name or address of the association or its registered agent.

b. Within 90 days after the end of each fiscal year (and within 90 days after assuming control from the declarant), the association shall make the following information available to all unit owners: (i) date the fiscal year commences; (ii) the operating budget for the current fiscal year; (iii) a list of current regular and special assessments; (iv) annual financial statements; (v) results of any audit for the preceding fiscal year; (vi) a list of all of the association's insurance policies; (vii) the association's governing documents and governance policies (required by section 38-33.3-209.5) and (viii) minutes of the executive board and member meetings for the immediately preceding fiscal year.

c. Disclosure of the required information may be made by posting the information on a website with an accompanying notice by email or first class mail; a literature table at the association's main office; or mail or personal delivery. The costs of disclosure shall be accounted for as a common expense.

7. Seller Disclosures when Selling a Unit [§38-33.3-223] *

a. The seller of a unit shall disclose the following to the purchaser: (i) the association's declaration, bylaws, covenants, rules and any party wall agreements; (ii) minutes of the most recent owners meeting and any executive board meeting within the preceding six months; and (iii) the association's operating budget, annual income and expenditures statement and annual balance sheet.

b. All documents required to be disclosed by §38-33.3-223 must be furnished by the Seller at least 10 days before closing in the case of a sale by owner and in the time limits set out in CCIOA in the case of a sale by broker [§38-35.7-102].* Written notice of the purchaser's dissatisfaction with any provision of these documents on or before the governing documents objection deadline shall be cause for termination of the contract.

c. The seller must obtain an executed disclosure statement (in the form required by statute) from the purchaser and deliver that statement to the association as soon as practicable. Failure to do so could result in seller's liability for purchaser's damages related to items included in the disclosure.

d. The association shall use its best efforts to accommodate an owner's request for those documents within the association's control.

8. Other Provisions

a. **Managing Agent.** The managing agent and any other persons action on behalf of the association shall be subject to CCIOA. The association's contract with a managing agent shall be terminable for cause without penalty to the association and will be subject to renegotiation. [§38-33.3-302(3)(a) & (4)(a)]*

b. **Common Expenses Escrow Agreements.** Unless the declaration or bylaws provide otherwise, the association may enter into an escrow agreement with a mortgage holder so that assessments may be combined with the unit owner's mortgage payments. [§38-33.3-315]

c. **Emergency Vehicles.** The association and the board shall not prohibit the parking of a bona fide emergency vehicle in the common areas of the Association if that parking does not obstruct emergency access or interfere with the reasonable needs of other unit owners. [§38-33.3-106.5(1)(d)]

d. **Board Education Expenses.** Board members may be reimbursed for their actual costs in attending educational meetings and seminars on responsible governance of owner's associations. The course content must be Colorado specific and the costs may be accounted for as a common expense. [§38-33.3-209.6]

e. **Member Education.** At least once per year and at no cost to the owners. the association shall provide the owners an education as to the general operations of the association and their rights and responsibilities as owners. [§38-33.3-209.7] *

f. **Association's Insurance Claims.** A unit owner may file a claim against the policy of the unit owner's association to the same extent as if the unit owner were an additional named insured. [§10-4-110.8]

9. Attorney's Fees [§38-33.3-123]

a. The association may require reimbursement for collection costs and reasonable attorney's fees resulting from a unit owner's failure to pay any applicable assessments without commencing a legal proceeding.

b. If a unit owner does not comply with any other provisions of CCIOA or the associations governing documents, the association or another unit owner affected by the failure to comply may seek reimbursement for collections costs and reasonable attorney fees without commencing a legal proceeding.

c. For each claim or defense in a proceeding to enforce a provision of CCIOA or the governing documents, the court shall award the prevailing party reasonable costs and attorney's fees. If the court finds the unit owner did not commit the violation he is charged with, the court must award the unit owner reasonable attorney's fees and costs. The court must not award costs or fees to the association and the association may not allocate any of its costs or fees incurred in the unsuccessful suit to the unit owner's account.

* Provisions not applicable to an association that includes "time-share units" (as defined by section 38-33-117) or to the sale of a time-share unit, as applicable.

**PHEASANT RUN TOWNHOMES HOA
MISCELLANEOUS ASSOCIATION POLICIES
RELATED TO COLORADO SENATE BILL 100**

POLICIES FOR COLLECTION OF UNPAID ASSESSMENTS

For a full explanation of the Association's policies for collection of unpaid assessment, please refer to the Association's *Declaration of Covenants, Conditions and Restrictions*, Article IV, Sections 10-12.

A late fee of \$10.00 is assessed on unpaid assessment balances after the 15th of each month.

POLICIES FOR CONDUCT OF MEETINGS

For a full explanation of the Association's policies for conduct of meetings, please refer to the Association's *Bylaws* Articles III and IV.

POLICIES FOR ENFORCEMENT OF COVENANTS AND RULES

For a full explanation of the Association's policies for enforcement of covenants and rules, please refer to the Association's *Declaration of Covenants, Conditions and Restrictions*, Article XV. Section 1.

POLICIES FOR INSPECTION OF ASSOCIATION RECORDS

For a full explanation of the Association's policies for inspection of Association records, please refer to the Association's *Bylaws* Article XI.

POLICIES FOR INVESTMENT OF RESERVE FUNDS

At each year's fall budget preparation meeting, the Board of Directors shall review the Association's reserve investments for the security of and return on those investments, and decide if any changes are appropriate. Such review and decision making may also occur at other times of the year.

POLICIES FOR ADOPTION AND AMENDMENT OF POLICIES

For a full explanation of the Association's policies for adoption and amendment of policies, please refer to the Association's *Declaration of Covenants, Conditions and Restrictions* Article XIV, and to the Association's *Bylaws* Article XIII (note Colorado Senate Bill 100 modifications)