

SENATE BILL 100
POLICIES PROCEDURES
AND GUIDELINES
OF
VAIL TOWNHOUSES

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These Policies, Procedures and Guidelines have been adopted and implemented to protect the investment of the Members and to enhance the values of the properties subject to regulation by the Association.

1. **Collection Procedures.** The Association has previously adopted procedures and policies for the collection of Assessments and affirms those existing policies.

2. **Investment of Reserve Policy.** The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies, listed in order of importance:
 - a. **Safety of Principal.** Promote and ensure the preservation of the Reserve Fund's principal.

 - b. **Liquidity and Accessibility.** Structure maturities to ensure availability of assets for projected or unexpected expenditures.

 - c. **Minimal Costs.** Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.

 - d. **Diversify.** Mitigate the effects of interest rate volatility upon reserve assets.

 - e. **Return.** Funds should be invested to seek the highest level of return.

3. **Inspection and Copying of Association Records.**
 - a. **Permanent Records.** The Association shall permanently retain the following records as required by Colorado law:
 - i. Minutes of all Board and Owner meetings
 - ii. All actions taken by the Board or unit Owners by written ballot or email in lieu of a meeting
 - iii. All actions taken by a committee on the behalf of the Board instead of the Board acting on behalf of the Association
 - iv. All waivers of the notice requirements for unit owner meetings, Board member meetings, or committee meetings.

- b. Inspection/Copying Association Records. An Owner or his/her authorized agent is entitled to inspect and copy any of the books and records of the Association, subject to the exclusions, conditions and requirements set forth below:
- i. The inspection and/or copying of the records of the Association shall be at the Owner's expense;
 - ii. The inspection and/or copying of the records of the Association shall be conducted during regular business hours at the office of the registered agent of the Association as maintained with the office of the Colorado Secretary of State.
 - iii. The Owner shall give the Association's registered agent a written demand, stating the purpose for which the inspection and/or copying is sought, at least five business days before the date on which the Owner wishes to inspect and/or copy such records; and
 - iv. The Owner shall complete and sign an Agreement Regarding Inspection of Association Records prior to the inspection and copying of any Association record. A copy of the Agreement is available from the Association. Failure to properly complete or sign the Agreement shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.
- c. Proper Purpose/Limitation. Association records shall not be used by any Owner for:
- i. Any purpose unrelated to an Owner's interest as an Owner;
 - ii. The purpose of soliciting money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;
 - iii. Any commercial purpose;
 - iv. For the purpose of giving, selling, or distributing such Association records to any person; or
 - v. Any improper purpose as determined in the sole discretion of the Board.
- d. Exclusions. The following records shall NOT be available for inspection and/or copying as they are deemed confidential:
- i. Attorney-client privileged documents and records, unless the Board decides to disclose such communications at an open meeting;
 - ii. Any documents that are confidential under constitutional, statutory or judicially imposed requirements; and
 - iii. Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy,

including but not limited to social security numbers, dates of birth, personal bank account information, and driver's license numbers.

- e. Fees/Costs. Any Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association, including the cost to search, retrieve, and copy the record(s) requested. The Association may require a deposit equal to the anticipated actual cost of the requested records. Failure to pay such deposit shall be valid grounds for denying an Owner copies of such 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.
- f. Inspection. The Association reserves the right to have a third person present to observe during any inspection of record by an Owner or the Owner's representative.
- g. Original. No Owner shall remove any original book or record of the Association from the place of inspection nor shall any Owner alter, destroy or mark in any manner, any original book or record of the Association.
- h. Creation of Records. Nothing contained in this Policy shall be construed to nor require the Association to create records that do not exist or compile records in a particular format or order.

4. **Covenant and Rules Enforcement.**

- a. Reporting Violations. Complaints regarding alleged violations may be reported by an Owner or resident within the community, a group of Owners or residents, the Association's management company, if any, Board member(s) or committee member(s) by submission of a written complaint.
- b. Complaints.
 - i. Complaints by Owners or residents shall be in writing and submitted to the Manager, or if none, to the Board of Directors. The complaining Owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Violator"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. Non-written complaints, or written complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the Association.

- ii. Complaints by a member of the Board of Directors, a committee member, or the manager, if any, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Director or manager.
- c. Investigation. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by a Board designated individual or committee. The Board shall have sole discretion in appointing an individual or committee to investigate the matter.
- d. Initial Warning Letter. If a violation is found to exist, a warning letter shall be sent to the Violator explaining the nature of the violation. The Violator will have 30 days from the date of the letter to come into compliance.
- e. Continued Violation After Initial Warning Letter. If the alleged Violator does not come into compliance within 30 days of the first warning letter, this will be considered a second violation for which a fine may be imposed following notice and opportunity for a hearing. A second letter shall then be sent to the alleged Violator, providing notice and an opportunity for a hearing, and explaining if a violation is found to exist, a fine may be imposed pursuant to this Policy. The letter shall further state that the alleged Violator is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within 30 days of the date on the second violation letter.
- f. Notice of Hearing. If a hearing is requested by the alleged Violator, the Board, committee or other person conducting such hearing as may be determined in the sole discretion of the Board, may serve a written notice of the hearing to all parties involved at least five days prior to the hearing date.
- g. Hearing. At the beginning of each hearing, the presiding officer, shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative, may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Board shall base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board shall, within a reasonable time, not to exceed ten (10) days, render its written findings and decision, and impose a fine, if

applicable. A decision, either a finding for or against the Owner, shall be by a majority of the Board members present at the hearing. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

- h. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within 30 days of the second letter, or fails to appear at the hearing, the Board may make a decision with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be assessed a fine pursuant to these policies and procedures.
- i. Notification of Decision. The decision of the Board, committee or other person, shall be in writing and provided to the Violator and Complainant within 30 days of the hearing, or if no hearing is requested, within 30 days of the final decision.
- j. Appeals. The Violator may file a written appeal to the Board of Directors of any adverse decision of the hearing committee or individual within 14 days of the decision.
- k. Fine Schedule. The following fine schedule has been adopted for all recurring covenant violations:
 - i. First violation-----Warning letter
 - ii. Second violation (of same covenant or rule) -----\$100 - \$500
 - iii. Third and subsequent violations (of same covenant or rule)---- \$200- \$750
- l. Notice of Fines. All fine Assessments shall be due and payable immediately upon imposition and notice of such fine. The Board may also, at its option, provide a copy of such notice to any non-Owner violator.
- m. Continuous Violations. Continuous violations are defined as violations of Owner obligations that are uninterrupted by time. Each day of non-compliance with such violations constitutes a separate violation. For example: the failure to remove an unapproved exterior improvement or the continuous parking in a fire lane.
- n. Continuous Fines. If an Owner is determined as having a continuous violation, in accordance with the terms of this Policy, such Owner may be subject to a daily fine of \$10.00 each day the violation of the covenant is not corrected, following a notice and opportunity for a hearing as set forth above.
- o. Waiver of Fines. The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the

Violator coming into and staying in compliance with the Articles, Declaration, Bylaws or Rules.

- p. Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

5. **Conflicts of Interest.**

- a. General Duty. The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to, the Association. All Directors shall comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and Rules and Regulations.
- b. Definition. A conflict of interest exists whenever any contract, decision or other action taken by or on behalf of the Board would financially benefit: (i) a Director; (ii) a parent, grandparent, spouse, child, or sibling of the Director; (iii) a parent or spouse of any of the persons in subsection (ii); (iv) an entity in which a Director is a director or officer or has a financial interest.
- c. Disclosure of Conflict. Any conflict of interest on the part of any Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the Director may participate in the discussion but shall not vote on the matter.

6. **Conduct of Meetings.**

- a. Owner Meetings. Meetings of the Owners of the Association shall be called pursuant to the Bylaws of the Association.
- b. Notice of Member Meetings
 - i. In addition to any notice required in the Bylaws, notice of any meeting of the Owners shall be conspicuously posted at the location of the meeting, during such meeting.
 - ii. The Association shall also post notice on its website (if any) of all meetings. Such notice shall be posted the day of such meeting.

- iii. If any Owner has requested that the Association provide notice via email and has provided the Association with an email address, the Association shall send notice of all Owner meetings to such Owner at the email address provided as soon as possible after notice is provide pursuant to the Bylaws but in no case less than 24 hours prior to any such meeting.

7. **Adoption of Policies, Procedures, Rules, Regulations, or Guidelines and Miscellaneous Policies.**

- a. **Scope.** The Board of Directors of the Association may, from time to time, adopt certain Policies as may be necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law. In order to encourage Owner participation in the development of such Policies and to insure that such Policies are necessary and properly organized, the Board shall follow the following procedures when adopting any Policy.
- b. **Drafting Procedure.** The Board shall consider the following in drafting the Policy:
 - i. whether the governing documents or Colorado law grants the Board the authority to adopt such a Policy;
 - ii. the need for such Policy based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and
 - iii. the immediate and long-term impact and implications of the Policy.
- c. **Adoption Procedure.** After the period for Owner comment expires, the Board may adopt any Policy. Upon adoption of a Policy, the Policy or notice of such Policy, including the effective date shall be provided to all Owners by any reasonable method as determined in the sole discretion of the Board, including but not limited to posting on the Association's website (if any) or mailing.
- d. **Emergency.** The Board may forego the notice and opportunity to comment in the event the Board determines in its sole discretion that providing notice and opportunity to comment is not practical given the emergency nature of such Policy.
- e. **Modification, Amendments, Repeal and Re-Enactment.** Notwithstanding anything to the contrary contained in these Rules and Regulations, the Association hereby reserves the right, at any time and from time to time hereafter, to modify, amend, repeal and/or re-enact these Rules and Regulations in accordance with the Declaration, Bylaws and applicable law.
- f. **Miscellaneous Terms and Conditions on Rules and Regulations.**

- i. Failure by the Association, the Board or any person to enforce any provision of these Rules and Regulations shall in no event be deemed to be a waiver of the right to do so thereafter.
- ii. The provisions of these Rules and Regulations shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions hereof, or any portion thereof, by judgment or decree of any court of competent jurisdiction, shall in no way affect the validity or enforceability of the remaining provisions, which provisions shall remain in full force and effect.
- iii. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.
- iv. The captions to the sections are inserted herein only as a matter of convenience and for reference, and are in no way to be construed so as to define, limit or otherwise describe the scope of these Rules and Regulations or the intent of any provision hereof.

The above were adopted by the Executive Board on _____, 20__.
