

Elkhorn Ranch Owners Association  
Responsible Governance Policies  
2014 Supersedes and replaces in its entirety xxx xx, 2012

The purpose of the Responsible Governance Policies is to define guidelines and procedures for the Board of Directors to follow in conducting business on behalf of the association. The adoption of such governance policies is also in compliance with Colorado Common Interest Ownership Act (CCIOA), C.R.S § 38-33.3-101 *et seq.* These policies will be reviewed and updated by the Board periodically to conform to the association's operations.

The following document includes the following policies:

1. Collection of Unpaid Assessments
2. Board Member Conflicts of Interest
3. Conduct of ~~Members' and Board~~ Meetings
4. Enforcement of Covenants and Rules
5. Owner Inspection and Copying of Association Records
6. Investment of Reserve Funds
7. ~~Procedures for the Adoption of and Amendment to~~ of Policies, Procedures, and Rules
8. ~~Procedures for resolving disputes arising between EROA and Members~~

Below are definitions of terms used in the policies:

"EROA" means Elkhorn Ranches Owners Association.

"Board" means the Board of Directors of EROA.

"Director" means a member of the Board of Directors of EROA.

"Member" means a member of the EROA which is defined as an owner of a ~~platted~~ lot(s) situated within the boundaries of The Elkhorn Ranches Subdivision, Filings No. 2, 3, 4, and 5.

## 1. Collection of Unpaid Assessments

- a. Annual assessments shall be billed on or about March 2015<sup>th</sup> of each year.
- b. ~~Payment of annual assessments shall be made no later than April 30<sup>th</sup>.~~ A \$10 late fee will be charged for assessments collected after the due date June 1st. For Members who own multiple lots in EROA, the late fee will apply to the individual lots assessed.
- c. ~~Lien n~~ Notices will be sent to property owners by the EROA Treasurer and then filed on ~~properties with delinquent dues outstanding for two years, that if payment isn't received or arrangements made by their accounts will be turned over to a collection agency.~~
- d. The voting rights of any Member who is ~~in default of~~ not current with his assessments shall be suspended. Voting rights will be reinstated upon payment in full.
- e. The assessment collection procedures of CCIOA, ~~and specifically C.R.S § 38-33.3-315 and 316~~ are adopted and incorporated by this reference.

## 2. Board Member Conflicts of Interest

The following definitions shall apply to this policy:

“Conflicting Interest Transaction” – A contract transaction or other financial relationship between EROA and a Director of EROA or between EROA and an entity in which a Director of EROA is also a director or officer or has a financial interest.

“Related Person” – A parent, grandparent, spouse, child, or sibling of a Director or a parent or spouse of any of those persons.

- a. If any proposed contract, decision or other action on behalf of the Board would financially benefit a Director or a Related Person to a Director, the Director may participate in the discussion of the proposed contract, decision or other action but may not vote on the issue.
- b. Prior to any discussion of a proposal in which a Director or a Related Person to a Director has a financial interest or which proposal would otherwise be a Conflict of Interest Transaction, the Director must notify the Board of a potential conflict of interest at the public meeting.
- c. 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 EROA or by or in right of EROA, 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:
  - i. The Director declared the conflict of interest at an open meeting prior to the discussion of the issue;
  - ii. The Director did not vote;
  - iii. The Board, in good faith, approves or ratifies the Conflicting Interest Transaction by an affirmative vote of a majority of the disinterested Directors, even though Directors disinterested total less than a quorum; and

- iv. An independent third party would believe the Conflicting Interest Transaction is fair as to EROA.
- d. The conflict of interest provisions of CCIOA, ~~and specifically C.R.S. § 38-3-3-310.05,~~ are adopted and incorporated by this reference.

### 3. Conduct of Members' and Board Meetings

#### a. Member Meetings

##### i. Annual Meeting

1. The Annual Meeting shall be held on ~~or about~~ the last Saturday of the month of March each year. The specific time and place shall be set by the Board no later than January 15<sup>th</sup> of each year.
2. Notice  
~~The Secretary shall mail or deliver a notice of each annual meeting stating the time and place it is to be held and, the proposed budget, and any ballot to each owner of record at least ten (10) but not more than fifty (50) days prior to such meeting. The meeting agenda shall be posted on the EROA website not less than seven (7) days prior to the meeting.~~

##### ii. Special Meetings

1. Special Meetings may be called by the President of the Board of EROA, a majority of the Board or ~~twenty~~ fifteen percent (~~20~~ 15%) of the votes in EROA.
2. Notice  
~~The Secretary shall mail or cause to be mailed or delivered a notice of each special meeting stating the purpose thereof as well as the time and place it is to be held to each owner of record at least (10) but not more than fifty (50) days prior to such meeting, which notice shall contain the information required by C.R.S. § 38-33-3-308 the CCIOA.~~

##### iii. Conduct of Meetings:

All meetings shall be conducted using Roberts' Rules of Order as guidance and with the requirements of ~~C.R.S. § 38-33-3-308~~ the CCIOA.

##### iv. Quorum and Voting:

Per the By-Laws, at every meeting of members, each member in good standing shall be entitled to vote in person, ~~by mail,~~ or by proxy. Voting shall be based upon one (1) vote for each ~~platted lot within the Subdivision owned by each lot owner. An owner of an undivided interest (joint or common) on and to a lot shall be required to designate one (1) person to vote his ownership interest in such lot. Such designation shall be in writing signed by the designer and shall be effective for eleven (11) months from the date of its execution or otherwise revoked by written signed instrument.~~ The aggregate of all the votes in all the lots shall be considered one hundred percent (100%) for voting purposes. ~~For the purpose of the By-Laws, the total number of lots in the entire Subdivision shall be calculated to be 690.~~ Cumulative voting is prohibited. As used in the By-Laws, the words "undivided interest" or "ownership in the association" mean, for voting purposes that fractional or percentage interest in and to the association.

~~Except as otherwise provided in the By-Laws, t~~The presence in person, by mail, or by proxy of ~~fifteen percent~~ 2015% of lot owners shall constitute a quorum. An affirmative vote of a majority of lot owners, either in person, by mail, or by proxy, shall be required to transact the business of the meeting., ~~except where a different percentage is required by these By-Laws.~~

b. Board of Directors Meetings

i. Quarterly Meetings:

The Board shall hold at least four meetings per year on an approximate quarterly basis. The first meeting shall be held immediately following the Annual Meeting in March at which officers shall be elected and the next three (3) meetings shall be scheduled by the Board.

ii. Special Meetings:

Special meetings of the Board of Directors may be called by the President with three (3) days notice to each Director. ~~which n~~Notice shall state the 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 written request of two or more Directors. Special Meetings may be conducted telephonically or electronically.

iii. Notice:

Notice shall be posted on the EROA website ~~and electronic notice sent to any Member who has requested electronic notification.~~ There shall be at least twenty-four (24) hour notice prior to any meeting.

iv. 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 of the vote of the quorum of the Board.

~~2. Any Member or Member's representative wishing to attend a Board Meeting must do so in person unless the Board meeting is being held telephonically. If a Member wishes to attend a telephonic meeting, it must notify the President no later than 4 hours prior to the meeting.~~

v. Closed Sessions:

The Board may hold an executive session or closed door session and may restrict attendance to Board members and such other persons requested by the Board during a regularly or specially announced meeting or a part thereof for any of, but limited to, the provisions of CCIOA are adopted and incorporated by this reference. ~~following matters:~~

~~1. 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;~~

- ~~2. Investigative proceeding concerning possible or actual criminal misconduct;~~
- ~~3. Matters subject to specific constitutional, statutory or judicially imposed requirements protecting particular proceeding or matters from public disclosure;~~
- ~~4. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;~~
- ~~5. Review of or discussion relating to any written or oral communication from legal counsel.~~

Upon 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, but such matter in an open meeting.

#### **4. Enforcement of Covenants and Rules**

##### **a. Architectural Review Committee**

This committee includes ~~two~~ up to ~~three~~ (3) EROA members to review and approve plans for proposed construction on a Member's property per the EROA covenants. This committee will report any activity at the regular Board meetings.

##### **b. Complaint Procedure and Enforcement Process**

###### **i. Property Owner Files a Complaint:**

In order to initiate the enforcement process described below, a property owner must submit a signed complaint on a form provided by EROA. The form can be obtained from the EROA website or by contacting any ~~one~~ of the Board members. The complaint must be submitted in a sealed envelope to be opened by the Board. ~~If mailed to PO BOX 106, Como, CO 80432, the complaint must be in a separate sealed envelope.~~ The complaint will be kept confidential if possible, as necessary.

###### **ii. Review of Complaint by Board of Directors:**

The Board will open the complaint and verify the information contained in the complaint is accurate and that the subject matter is appropriate for the Board to act upon. If the Board determines that the complaint is without merit or substance, a written response will be sent to the complainant ~~party~~ explaining the position of the Board and the terminating process. ~~The Board will determine if the complaint is a violation of EROA rules or Park County Land Use Regulations (LURs). If it is determined to be a violation of Park County LURs, the Board will inform the complainant of the procedure to file a complaint with Park County. If the Board determines that it is a valid complaint, the Board will respond to the complainant as appropriate.~~

###### **iii. Violation Notice Sent:**

Upon determining that there is a violation of EROA rules, the Board will prepare a notice of violation to send to the accused property owner requesting correction of the noted violation. The first notice of violation will be sent to the violating party by US Postal Service first class mail. The violator will be asked to correct the violation immediately upon receipt of notice.

- iv. **Violation Corrected:**  
If the ~~situation violation~~ is corrected within thirty (30) days, the matter shall be closed and a note so stating shall be sent to the complainant and violator.
- v. **Request for Hearing:**  
If the violating party disputes the determination that a violation occurred, that accused property owner may request a hearing with the Board. The decision of the Board from the hearing will be mailed to the accused property owner by certified return receipt mail following the hearing.
- vi. **Violation Not Corrected:**  
If the violation has not been properly corrected or arrangements to do so communicated to the Board within the thirty (30) days, a second notice will be sent to the violating party via US Postal Service, certified return receipt mail.
- vii. **Violation Corrected on 2<sup>nd</sup> Notice:**  
If the ~~situation violation~~ is corrected within the next thirty (30) days, the matter shall be closed and a note so stating shall be sent to the complainant and the violator.
- viii. **Violation Not Corrected on 2<sup>nd</sup> Notice:**  
Fines will be assessed, ~~in accordance with the EROA fine schedule,~~ and all pertinent material shall be turned over to the EROA attorney. The Board will instruct the attorney to commence legal enforcement. The attorney will advise the violator of available resources for alternative dispute resolution, including without limitation, the resources offered by the Office of Dispute Resolution within the Colorado judicial branch, or a law suit.
- ix. **Legal Action:**  
If no satisfactory response to the attorney's letter is received within thirty (30) days, the attorney will commence legal action and bring suit against the alleged violator in which case the court will determine the case. The attorney's fees and costs will be paid by the party determined to be at fault.
- x. **Final Disposition:**  
Upon resolution, through compliance, mediation, or court determination, the Board will notify the original complainant of the outcome of the action.
- xi. **Fine Schedule:**  
Pursuant to ~~C.R.S. § 38-33.3-302(1)(c)~~ ~~CCIOA regulations~~ the Board may impose the following fines for violations of the declarations, by-laws, and rules and regulations of the EROA.

| <u>Covenant/Rule</u>   | <u>First<br/>1st Violation</u> | <u>2nd Violation</u> | <u>3rd and<br/>subsequent<br/>Violations</u> |
|--|--------------------------------|----------------------|--|
| Building Issues (i.e. failure to request and/or secure approval from Arch Committee) | \$ 100                         | \$ 300               | \$ 600                                       |

|  |    |     |    |       |    |       |
|--|----|-----|----|-------|----|-------|
| Unnecessary Clearing of Trees  | \$ | 75  | \$ | 150   | \$ | 500   |
| Rubbish and Garbage  | \$ | 75  | \$ | 150   | \$ | 500   |
| Culverts (refer to covenants for details)                                | \$ | 75  | \$ | 150   | \$ | 500   |
| Signs (per county/state regulations)                                     | \$ | 75  | \$ | 150   | \$ | 500   |
| Firearms   | \$ | 500 | \$ | 1,000 | \$ | 2,500 |
| Common Area  | \$ | 75  | \$ | 150   | \$ | 500   |
| Nuisance (i.e. dog barking, loose dogs, ATVs or property use violations) | \$ | 75  | \$ | 150   | \$ | 500   |
| Other violations   | \$ | 75  | \$ | 150   | \$ | 500   |

xii. Payment of Fines

Fines shall be due and payable within fifteen (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 ~~this Policy~~: Article 1. Collection of Unpaid Assessments.

c. Rules Governed by Colorado Revised Statutes, Park County Ordinances, or Park County Land Use Regulations

i. Mobile Homes/Campers/RVs/Tents-Refer to the Park County Land Use Regulations

ii. Accessory Structures

Many property owners want to construct a shed or other accessory structure on their otherwise unimproved lot. ~~Please~~ Property owners should refer to the Park County Land Use Regulations for requirements about such structures. Upon verifying Park County LURs the owner should contact the EROA Architectural Review Committee for Covenant Approval.

iii. Animals

Members who own property in EROA and who also own pets or livestock should be aware of the Park County regulation regarding animals, Park County Animal Control Resolution 95-11 8 (a). This resolution ~~is very specific about~~ does not allow loose, uncontrolled animals and addresses fines for non-compliance. For your pets' ~~sake safety~~, do not allow them to run at large. ~~Please~~ Property owners should refer to the Park County Animal Control Resolution of 1995 for more information ~~or questions~~.

iv. Off Highway Vehicles and Unlicensed Vehicles (i.e. ATV, dirt bike, motorcycle)  
~~Members~~ Property Owners with questions about the laws concerning the use of these vehicles should contact the Park County Sheriff's Office or the Colorado State Patrol.

**5. ~~Owner Member~~ Inspection and Copying of Association Records**

- a. Any Member may request to inspect and copy EROA records on the following conditions:
  - i. Any request must be made in good faith and for a proper purpose;
  - ii. The request must state with reasonable particularity the records requested and the purpose of the request;
  - iii. The requested records are relevant to the requested purpose; and
  - iv. Not less than five business days notice is given.
- b. Copies shall be charged to the requesting Member at the actual cost to EROA, ~~including administrative time.~~
- c. Requests for copies shall be made to the ~~Secretary of the Board~~ of Directors in writing. Records shall be available for inspection only by appointment ~~with the Secretary.~~
- d. The following EROA records shall be posted regularly on the EROA website:
  - i. Covenants
  - ii. By-Laws
  - iii. Responsible Governance Policies
  - iv. ~~Most recent~~ Minutes of all meetings for one year, including Annual Meeting, Quarterly Board Meetings, or Special Meetings
  - v. Most recent approved budget
  - vi. List of ~~the~~ names, titles and contact information for current Directors and Officers
- e. Hard Copies
  - i. Covenants
  - ii. Articles of Incorporation
  - iii. By-Laws
  - iv. Responsible Governance Policies
  - v. Financial records regarding unpaid assessments
  - vi. Minutes of all meetings including Annual, Board, and Special Meetings
  - vii. A record of all actions taken by the Members or the Board by written ballot or written consent in lieu of a meeting
  - viii. A record of all actions taken by a committee of the Board
  - ix. A record of all waivers of notices of meetings of Members and of the Board or any committee of the Board.
  - x. All written communications within the past three years to Members generally as Members
  - xi. A list of names and contact information for current Directors and Officers
  - xii. All financial reviews conducted for preceding three years
  - xiii. List of Members and current voting eligibility
- f. ~~Treasurer~~
  - i. ~~The job description of the Treasurer is attached with these governance policies.~~
  - ii. ~~A Financial Audit by a CPA will be conducted at least every 6 years to coincide the term of the Treasurer.~~

## 6. Investment of Reserve Funds

- a. The Annual Budget shall address any reserve fund assessments.
- b. The EROA shall account for reserve funds assessed separately from operating assessments in its general ledger and financial statements.
- c. Reserve funds shall only be invested in accounts or investment products ~~(i.e. certificates of deposit)~~ that are insured by the FDIC.



## **7. Adoption of and Amendments to Policies, Procedures and Rules**

- a. The Board may adopt or amend policies, procedures and rules, ~~except those stated in the By-Laws,~~ to govern or manage EROA or EROA ~~their~~ property at Board of Directors meeting.
- b. Prior to formal action, the Board shall give notice of the proposed ~~policy(ies), procedure(s) or rules(s)~~ changes in the agenda for each quarterly meeting, which is posted on the EROA website 7 – 10 days prior to the next Board meeting.
- c. Any Member may submit a comment orally, in writing, via US Mail or electronically regarding the proposal before or at the meeting at which action is taken.
- d. ~~Once a policy, procedure or rule has been adopted or amended, it~~ All amendments shall be posted on the EROA website within 20 days of the ~~action~~-change.

## **8. Procedures for resolving disputes arising between EROA and Members**

- a. The dispute resolution policy of EROA shall be in conformance with the regulations of the CCIOA.
- b. In the event of any dispute involving EROA and a Member, the Member is invited and encouraged to meet with the Board of Directors to resolve the dispute informally and without the need for litigation. If the Member requests to meet with the Board, the Board shall make a reasonable effort to comply with the Member's request.
- c. Nothing in this policy shall be construed to require any specific form of alternative dispute resolution, such as mediation or arbitration, or require the parties to meet. Neither EROA nor the Member waives any right to pursue whatever legal or other remedial actions available to either party.