

SUNSET RIDGE HOMEOWNERS ASSOCIATION, INC.

The following procedures have been adopted by the Sunset Ridge Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5 by the Board of Directors.

IN WITNESS WHEREOF, the undersigned certify that these policies were adopted by the Board of Directors of the Association on October 29, 2010.
SUNSET RIDGE HOMEOWNERS ASSOCIATION, INC.

By: Stephan A Roberts, President

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A. POLICY REGARDING THE ADOPTION AND AMENDMENT OF POLICIES

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 Colorado Revised Statutes 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 When the Board, in the exercise of its discretion, determines that a Rule should be adopted, amended or repealed, as appropriate, it shall do so either at a meeting of the Board or by written consent in lieu of a meeting, or by any other method authorized by the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 publish the Rule by any reasonable means available, including but not limited to posting the Rule in the community or on its website, if any, by e-mail, mail, 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 owners and solicit their input regarding any new or existing Rule.
4. Any owner'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.

B. POLICY REGARDING ALTERNATIVE DISPUTE RESOLUTION (ADR)

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

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

1. In the event of any dispute involving the Association and an Owner, the Owner is invited and encouraged to meet with the Board of Directors to resolve the dispute informally and without the need for litigation. If the Owner requests to meet with the Board, the Board shall make a reasonable effort to comply with the Owner's request.
2. 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.
3. Neither the Association nor the Owner waives any right to pursue whatever legal or other remedial actions available to either party.

C. POLICY REGARDING BOARD MEMBER CONFLICTS OF INTEREST AND CODE OF ETHICS

PURPOSE: To adopt a policy and procedure to be followed when a Director has a conflict of interest to ensure proper disclosure of the conflict and voting procedures and to adopt a code of ethics for Directors.

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

1. **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.
2. **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.
3. **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. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.
4. **Code of Ethics.** In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:
 - a. No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
 - b. No contributions will be made to any political parties or political candidates by the Association.
 - c. No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association.
 - d. No Director shall accept a gift or favor made with intent of influencing decision or action on any official matter.
 - e. No Director shall receive any compensation from the Association for acting as a volunteer.
 - f. No Director shall willingly misrepresent facts to the members of the community for the sole purpose of advancing a personal cause or influencing the community to place pressure on the Board to advance a personal cause.

- g. No Director shall interfere with a contractor engaged by the Association while a contract is in progress.
 - h. No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.
 - i. Promise of anything not approved by the majority of the Board as a whole cannot be made by any Director to any subcontractor, supplier, or contractor during negotiations.
 - j. Soliciting services from any subcontractor, supplier, contractor, or attorney/legal contractor for HOA matters and not approved by the majority of the Board cannot be made by any Director. Expenses incurred for said services shall not be paid by the HOA and will be liable by the Director.
 - k. Any Director convicted of a felony shall voluntarily resign from his/her position.
 - l. No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.
5. Failure to Disclose Conflict. Any contract entered into in violation of this policy shall be void and unenforceable. In such event, the Board, at the next meeting of the Board, shall vote again on the contract, decision or other action taken in violation of this Policy.
6. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.
7. Amendment. This policy may be amended from time to time by the Board of Directors.

D. POLICY REGARDING INSPECTION AND COPYING OF ASSOCIATION RECORDS

PURPOSE: To establish uniform procedures for the inspection and copying of Association records by Association Members; 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 Members the right to examine and copy the financial and other records of the Association for a proper purpose.

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

1. The Association shall keep as permanent records the following documents and otherwise provided or limited by the Bylaws:
 - a. Minutes of all meetings of Owners and the Board.
 - b. A record of all actions taken by the Owners or the Board by written ballot or written consent in lieu of a meeting.
 - c. A record of all actions taken by a committee of the Board in place of the Board on behalf of the Association.
 - d. A record of all waivers of notices of meetings of Owners and of the Board or any committee of the Board.
 - e. A record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each owner is entitled to vote.
 - f. All tax returns filed on behalf of the Association.

2. In addition to the above, the Association shall keep a copy of each of the following records at its property management office:
 - a. Articles of Incorporation, Declaration, Covenants and Bylaws.
 - b. Resolutions adopted by the Board.
 - c. The minutes of all Owners meetings and records of all actions taken by Owners without a meeting for the past three (3) years.
 - d. All written communications within the past three (3) years to Owners generally as Owners.
 - e. A list of the names and business or home addresses of the Association's current directors and officers.
 - f. The Association's most recent annual report.
 - g. All financial audits or reviews conducted pursuant to Section 38-33.3-303(4)(b) during the immediately preceding three years.

3. So the Association can have the desired books, records and personnel available, a written notice of intent to inspect must be submitted to the Association's Manager or to the Board of Directors at least five (5) business days prior to the planned inspection. The notice must describe with reasonable particularity which records are to be inspected and the purpose of the inspection.
4. All records shall be inspected at the principal office of the Property Management Company for the Association located at the Franklin, 1240 Ogden St, #6, Denver CO 80218, between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday.
5. At the discretion of the Association's Board, certain records may only be inspected in the presence of a Board member or employee of the Manager. No records may be removed from the office without the express written consent of the Board of Directors. Further, if a Member requests to inspect records, the Association may photocopy and provide the requested records to the Member in lieu of the Member's inspection of the records if consented to by the Member. Additionally, the Members whose records are being inspected shall be informed by the Board of Directors of the Member's name requesting the inspection.
6. The Association may charge a fee, not to exceed the Association's actual cost per page for copies of the Association records.
7. Consistent with individual Member's right to privacy, attorney-client confidentiality and other considerations, the following records will not be made available without the express written consent of the Board of Directors:
 - a. Confidential personnel records.
 - b. 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.
 - c. Files dealing with investigative proceedings concerning possible or actual criminal misconduct.
 - d. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.
 - e. 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.
 - f. Members' telephone numbers.
 - g. Minutes of confidential executives sessions.
8. In determining whether records may be inspected, the Association shall consider, among other things:
 - a. Whether the request is made in good faith and for a proper purpose;
 - b. Whether the records requested are relevant to the purpose of the request;
 - c. Whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy; and

- d. Whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information as set forth above.
9. Without the written consent of the Board of Directors, membership lists may not be:
- a. Obtained or used by any person for any purpose unrelated to the Association or the property subject to the Declaration;
 - b. Used solely to solicit money or property unless such money or property will be used solely to solicit the votes of the unit owners in an election to be held by the Association;
 - c. Used for any commercial purpose; or
 - d. Sold to or purchased by any person.
10. 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 purpose other than what is stated in the notice of intent to inspect.

E. POLICY REGARDING INVESTMENT OF RESERVE FUND

PURPOSE: To adopt a policy and procedure to be followed in investing reserve fund for Sunset Ridge HOA.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing investment of reserve fund:

1. General Duty. Investment of Reserve funds shall be made with the primary goals of safety, liquidity, and preservation of capital. The Board shall select such specific investments as it deems most appropriate to achieve these goals.
2. Investment of Reserve Fund. The Board shall have discretion to maintain so much of the funds of the Association, as it shall deem reasonable and necessary in an operating account (checking account) at a reputable bank with a local branch. Such funds shall be sufficient to meet the reasonable and ongoing expenditures of the Association. The Board shall have discretion as otherwise provided or limited by the Bylaws and Covenants of the Association to invest the Reserve Fund at rates and for terms as it deems prudent considering the prevailing rates of CDs and the ability to have ready access to such funds.
3. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.
4. Amendment. This policy may be amended from time to time by the Board of Directors.