

SAGEWOOD CONDOMINIUM ASSOCIATION

COLORADO COMMON INTEREST OWNERSHIP ACT RULES AND REGULATIONS

(Adopted March 3, 2015)

1. Definition of Terms. Terms contained in these Rules and Regulations shall have the meaning defined in the Condominium Declaration for the Sagewood Condominiums, as defined herein or if the term is not so defined, then by its definition in the Colorado Common Interest Ownership Act, Section 38-33.3-101 et. seq. C.R.S. ("CIOA"), or if still undefined, then by its dictionary definition.

2. CIOA Compliance. The Association through its Board of Directors (the "Board") and Officers will utilize best efforts to comply fully with the terms and conditions prescribed by CIOA applicable to the Association.

3. Board of Directors Member Conflict of Interest. Any Member of the Board (a "Director") will disqualify himself or herself from voting or taking part in a discussion on any issue in which the Director has a conflict of interest. A Director has a conflict of interest:

- a. if the Director is a director, president, general manager or similar executive officer, an employee or owns or controls directly or indirectly a substantial interest in any entity participating in a transaction with the Association; or
- b. a specific benefit is bestowed upon a Director even if the benefit is nonpecuniary; or
- c. has commenced litigation against the Association or any of its Officers or Directors in their official capacities; or
- d. as defined in the Colorado Nonprofit Corporation Code Section 7-128-501 C.R.S. and CIOA Section 38-33.3-310.5 C.R.S.

4. Conduct of Meetings. All meetings of the Board and of the Owners shall be conducted in a courteous non-adversarial manner. Roberts Rules of Order will be utilized for procedural conduct of all meetings.

5. Association Records. The Association shall maintain the following records (the "Association Records") at a location and in a format determined by the Board:

- a. Records specifically defined in the Declaration or Bylaws;

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- b. Records the Association is required to disclose within ninety (90) days after the end of the fiscal year as required by CIOA;
- c. Detailed records of receipts and expenditures affecting the operation and administration of the Association;
- d. Records of claims for construction defects and amounts received pursuant to settlement of those claims;
- e. Minutes of all meetings of its Owners and the Board, a record of all actions taken by the Owners or the Board without a meeting, and a record of all actions taken by any committee of the Board;
- f. Written communications among, and votes cast by, Directors that are: (1) directly related to an action taken by the Board without a meeting pursuant to the Colorado Revised Nonprofit Corporation Act; or (2) directly related to an action taken by the Board without a meeting pursuant to the Bylaws;
- g. A list of the names of all Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each owner is entitled to vote;
- h. The Condominium Declaration, Covenants, Bylaws, Articles of Incorporation, Rules and Regulations, responsible governance policies and other policies adopted by the Board (the "Association Documents");
- i. Financial statements for the past three (3) years and tax returns of the Association for the past seven (7) years;
- j. A list of the names, email addresses and physical mailing addresses of the current Board and Officers;
- k. The most recent Periodic Report filed with the Colorado Secretary of State;
- l. Financial records sufficiently detailed to enable the Association to provide an owner with a written Statement stating the amount of unpaid assessments currently levied against the Owner's unit;
- m. The Association's most current reserve study (if any);

- n. Current written contracts to which the Association is a party and contracts for work performed within the past two (2) years;
- o. Records of the Board or committee actions to approve or deny any requests for design or architectural approval from Owners;
- p. Ballots, proxies and other records related to voting by Owners for one (1) year after the election, action or vote to which they relate;
- q. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of the Members; and
- r. All written communications within the past three (3) years sent to all Owners.

6. **Owner Good Standing Definition.** An Owner who complies with the provisions of the Association Documents and who has a current assessment account is in good standing with the Association. Owners in good standing are eligible to vote, hold offices in the Association and to fully utilize the common facilities.

7. **Owner Not in Good Standing Definition.** An Owner who is in noncompliance with the provisions of the Association Documents or has a delinquent assessment account, then the Owner is not in good standing with the Association. An Owner Not in Good Standing is ineligible to vote in Association elections or to hold an office in the Association. The Board, by the adoption of a resolution, may exclude an Owner Not in Good Standing and the Owner's guests and invitees from the use of Common Facilities until the Owner is again an Owner in Good Standing.

8. **Owner and Board of Directors Education.** The Association shall provide, or cause to be provided, education to the Owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of Owners, the Association, and its Board under Colorado law. The Board may authorize, and account for as a common expense, reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of unit owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado.

9. **Limitation on Construction Activities.** All remodeling of Units that create a potential noise impact to other Units or the Common Elements are authorized only in compliance with the following conditions:

- a. The Board has approved a construction management plan for the proposed construction activities that will minimize the impact on adjoining Units and the Common Elements; and
- b. Noise producing activities may occur only between the hours of 9:00 a.m. and 5:00 p.m. Monday to Friday; and
- c. Noise producing construction activities at all other times are prohibited without express written approval from the Board.
- d. In the event of exigent circumstance, expeditious emergency repairs may occur with notice to the Association at a reasonable time.

10. Pet Policy. Pets are permitted on the Common Elements only in accordance with the provisions of Rules and Regulations. No non-Owner, guest or tenant pets may be brought into a Unit or onto the Common Elements without prior approval of the Board.

11. Service Animal Policy. Individuals with a disability, as defined in Section 2434-301 C.R.S., may bring a service animal, as defined in Section 24-34-301 C.R.S., onto the Common Elements. Service animals are individually trained to perform tasks for people with a disability such as guiding people who are blind, alerting people who are deaf, pulling wheelchairs, alerting and protecting a person who is having a seizure, or performing other special tasks. The individual with a disability must have control or custody of the service animal at all times, and shall be liable for any damage to persons, property and the Common Elements caused by the individual's service animal.

12. Assistance Animal Policy. If applicable under the provisions of the Fair Housing Act, individuals with a disability may bring an assistance animal onto the Common Elements, provided documentation from a physician, or mental health professional states that the animal provides support that alleviates at least one of the identified symptoms or effects of the existing disability. The mental health professional must connect the individual with a disability's possession of the animal with an alleviation of at least one symptom of the disability. The individual with a disability must have control or custody of the assistance animal at all times, and shall be liable for any damage to persons, property and the Common Elements caused by the individual's assistance animal.

13. Parking. The Board from time to time will assign Parking Spaces to Resident Owners. Parking spaces that are not assigned to Resident Owners may be used on a first-come first-served basis by Nonresident Owners' tenants. No guest parking for Resident Owners, Nonresident Owners or tenants is authorized in any of the Parking Spaces.

14. Annual Assessment Levy and Payment Procedure. An Annual Assessment will be levied by the Association effective January 1st and is due and payable in quarterly installments:

- a. one-fourth (1/4) of the total assessment must be paid on January 1st; and
- b. one-fourth (1/4) of the total assessment on April 1st; and
- c. one-fourth (1/4) of the total assessment on July 1st; and
- d. one-fourth (1/4) of the total assessment on October 1st.

An installment will be considered delinquent if not paid in full by the 10th of the applicable month. If an installment is not timely paid then the entire unpaid Annual Assessment will be immediately due and payable.

15. Monthly Installment Payment Option. An Owner may pay the Annual Assessment in twelve (12) monthly installments of one-twelfth (1/12) of the Annual Assessment by paying the initial installment on January 1st and continuing on the 1st day of each succeeding month with the final installment due on December 1st. An installment will be considered delinquent if not paid in full by the 10th of the applicable month. If an installment is not timely paid then the entire unpaid Annual Assessment will be immediately due and payable.

16. Assessment Payment Processing. Assessment payments received by the Association will be applied first to delinquency fees and charges and then to outstanding assessments. If an assessment payment is made by a check that does not clear the paying bank, an administrative returned check charge of \$50.00 will be imposed by the Association.

17. Financial Violation Procedure. If an Owner has a delinquent assessment account, then the Owner is a Delinquent Owner and is an Owner Not in Good Standing. If the Delinquent Owner is an Officer or Director of the Association, the office held by the Delinquent Owner will be immediately deemed vacant and a successor may be appointed by the Board to fill the vacancy in the manner specified in the Bylaws.

18. Assessment Delinquency Procedure. An Assessment account that is delinquent will bear interest from the due date of the assessment at the rate of 1.5% per month, 18% per year, until brought current. A Reminder Notice will be sent by the Association to a Delinquent Owner whose assessment account is delinquent. The Reminder Notice will contain the following information:

- a. The total assessment with an accounting of how the total was calculated; and
- b. The name and contact information of the Association for the Delinquent Owner to contact to request a copy of the Owner's assessment account ledger; and
- c. A notice that action is required to cure the delinquency and that failure to do so within thirty (30) days from the date of the Reminder Notice may result in the delinquent assessment account being turned over to a collection agency, a lawsuit being filed against the Delinquent Owner, the filing and foreclosure of a lien against the Delinquent Owner's Unit, or the pursuit of any other remedy available to the Association under Colorado law; and
- d. All assessment payments received by the Association will be applied first to delinquency fees and charges and then to outstanding assessments; and
- e. Whether the opportunity to enter into a payment plan and the name and contact information of the Association for the Delinquent Owner to contact to request a payment plan; and
- f. The legal remedies available to the Association to collect the delinquent assessment account pursuant to the Association Documents and Colorado law.
- g. Notice that the Delinquent Owner is now an Owner Not in Good Standing.

19. Delinquent Assessment Payment Plan Procedure. The Association shall in good faith attempt to coordinate with a Delinquent Owner to set up a written Payment Plan of at least six (6) months to bring a delinquent assessment account current, unless the Delinquent Owner acquired the Unit as the result of a default or previously entered into a Payment Plan. The terms and conditions of any such Payment Plan must be approved by the Board by adoption of a resolution and minimally must require the Delinquent Unit Owner to bring the Delinquent Assessment Account current while remaining current on the Annual Assessment.

20. Delinquent Assessment Collection Procedure. Assessment accounts that are delinquent for greater than thirty (30) days following the date of the Reminder Notice, and if no payment plan has been agreed to by the Association, the Board may adopt a resolution authorizing the commencement of collection proceedings to collect the delinquent account. All costs of collection including without limitation costs and expenses

of preparing and recording of an assessment lien, releasing the lien and attorney's fees will be added to the delinquent assessment account and are immediately due and payable.

21. Nonfinancial Violation Procedure. If the Board determines that an Owner is not in compliance with the provisions of the Association Documents for a nonfinancial reason, a Notice of Noncompliance will be delivered to the Owner describing the event of noncompliance and specifying the manner in which to cure the noncompliance. If the noncompliance is not cured prior to the time deadline set forth in the Notice of Noncompliance, at least three (3) days from the date of the Notice, or the Owner has not requested a hearing, the Board will notify the Owner that the Owner is an Owner Not in Good Standing. If the Owner requests a hearing, then the Board will conduct a hearing as contemplated in herein.

22. Investment of Funds. Funds of the Association will be invested at the direction of the Board in an FDIC insured account.

23. Inspection of Association Records. Records of the Association are available for inspection by Owners, or their authorized representatives, upon written request at least five (5) business days prior to the requested inspection date. The written request must identify the records to be inspected with specificity. The Board will determine the location at which the records may be inspected and the time of the inspection. At the discretion of the Board, certain records may only be inspected in the presence of a Director. No Association records may be removed from the inspection location. Due to their sensitive nature, privacy considerations or attorney-client confidentiality certain documents will not be available for inspection without the prior written approval of the Board. Documents requiring the prior approval of the Board for inspection include:

- a. Personnel Records; and
- b. Litigation Files; and
- c. Memoranda, working papers, drafts, investigations and reports that have not been formally approved by the Board; and
- d. Individual Owner's accounts with the Association.

24. Charges for Assembling, Producing and Copying Records. The Association may impose a reasonable charge, which may be collected in advance and may cover the costs of labor and material, for copies of association records. The charge may not exceed the estimated cost of production and reproduction of the records as determined by the Board. The right to copy records includes receiving copying by photocopying or other means, including electronic transmission. The Association is not obligated to compile or

synthesize information. The information contained within the Association Records shall not be used for a commercial purpose.

25. Owner Lists. The Owner list or any part thereof, may not be obtained or used by any person for any purpose unrelated to an Owner's interest as an Owner, without the consent of the Board. The list may not be used to solicit money or property, unless such money or property is used solely to solicit the votes of other Owners in an election to be held by the Association. The list may not be used for any commercial purpose and may not be sold to or purchased by any person or entity.

26. Procedure for Owner Attendance and Participation at Board of Directors Meetings. All Owners or their Designated Representatives are welcome to attend meetings of the Board. An Owner may only participate in the discussions of the Board if requested or to provide comments prior to the final action of the Board for a period of not greater than two minutes and upon being recognized by the Board. An Owner may be requested to leave the meeting at the discretion of the Board if the Owner is being disruptive to the meeting.

27. Procedures for Addressing Disputes. The Board and the Association will attempt to be amicably and expeditiously resolve any and all disputes between the Association and an Owner. In the event that a dispute cannot be resolved, the Association and the Owner will seek resolution to the dispute through mediation.

28. Notice and Hearing. Whenever the Association Documents require that an action be taken after "notice and hearing," the procedure set forth in this Section shall be observed. The party proposing to take the action, such as the Board or a committee or Officer of the Association, shall give notice of the proposed action to all Owners whose interest the proposing party reasonably determines would be significantly affected by the proposed action. The notice shall be delivered to such Owners personally or mailed not less than three (3) days before the proposed action is to be taken. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected Owner shall have the right, personally or by representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the hearing to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected Owner shall be notified of the decision in the same manner in which notice of the hearing was given. Any Owner having a right to notice and hearing shall have the right to appeal to the Board from a decision of a proposing party other than the Board by filing a written notice of appeal with the Board within ten (10) days after being notified of the decision. The Board shall conduct a hearing within forty five (45) days thereafter, giving the same notice and observing the same procedures as were required for the original hearing. All decisions of the Board shall be final and binding.

29. Procedure for Adoption of Rules and Regulations. The Board shall by resolution adopt Rules and Regulations governing the use of the common areas of the condominium and governing the operation of the Association from time to time. When new Rules and Regulations have been adopted or existing Rules and Regulations have been amended, the Board will promptly provide a copy of the same to the Members.

30. Prohibited Regulations. Neither the Board nor the Association may adopt Rules and Regulations that conflict with the provisions of CIOA pertaining to Restrictions Contrary to Public Policy, Unreasonable Restrictions on Energy Efficient Measures or Electric Vehicle Charging Systems, all as set forth in Sections 38-33.3-106.5, 38-33.3106.7 and 38-33.3-106.8 C.R.S.