

**LAKE CLIFFE CONDOMINIUM ASSOCIATION**  
**BOARD POLICIES**  
**(Amended and Adopted April 11, 2014)**

The Declarations, Articles of Incorporation, and Bylaws of Lake Cliffe Condominium Association and Colorado law give the Board of Directors authority to establish rules, policies, procedures and regulations to carry out the provisions of the governing documents. The House Rules cover many common everyday activities of Occupants. In addition, the Board has, over the years, established other policies and procedures that govern less-common activities on the Premises and within the Association. These Policies apply to all Owners and Occupants.

Policies adopted prior to 2008 were collected from the minutes of Board meetings, are restatements of policies adopted by the Board of Directors on the dates shown, or were transferred from the old House Rules. This consolidated Policies document was initially approved and adopted, with some new policies, by the Board of Directors on August 22, 2008. Further updates, amendments, and new policies have been adopted on the dates noted.

This document was reviewed in July, 2008 and January 2014 by the Association's attorney for compliance with applicable law, including the requirements of the Colorado Common Interest Ownership Act (CCIOA), as amended through 2013. Most or all provisions of Policy numbers 10, 11, 12, 13, 15, 16, 17, and 18 are required to comply with CCIOA.

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## **1. Miscellaneous Interior and Exterior Standards** [Old House Rules]

- A. Keys and Access. Entry doors to each unit shall be keyed to the Lake Cliffe Master System. The Property Manager shall maintain a key for each individual door in the Lake Cliffe Office. Any replacement lock must be keyed to the Master System prior to its installation, by the locksmith who manages the Master System. Contact the Property Manager for details. The cost of only the initial conversion to the Master System will be paid by the Association. [Adopted 2/19/2002]
- B. Noise Control. The living area of each unit (except for kitchen, entryway, and baths) shall be suitably covered with padding and carpeting or area rugs to avoid undue noise to other residents. Entryways that are not carpeted shall be covered with a runner or area rug. [Amended 5/8/1999]
- C. Visual Uniformity. In order to maintain visual uniformity within the Premises, the liners of window coverings seen from the outside of all units shall be either white or off-white, and shall be maintained in excellent condition. Window coverings shall not extend below the top of the baseboard heating unit. [Amended 2/2005]
- D. Common Gardens. The Landscaping Master Plan (LMP) Adopted 2/7/2014, supersedes all existing landscaping plans at Lake Cliffe. To maintain consistency with the LMP layout, including selected trees, plants and flowers, and to avoid the dilemma of what to do with abandoned gardens, private gardens are not permitted. Homeowners are welcome to improve and help maintain gardens which are identified as part of the LMP. Any plantings introduced into existing garden areas must comply with the LMP. Home Owners are encouraged to participate in the Annual (Spring) Landscaping Day for the maintenance and beautification of Lake Cliffe's gardens [Adopted 4/11/2014]

## **2. General Maintenance and Repairs** [Old House Rules]

- A. Weatherstripping. Management may replace or repair weatherstripping of doors and windows at the Owner's expense when necessary. [Adopted 3/2006]
- B. Water Damage. Damage that the Association or other Owners incur resulting from water flow and leakage shall be the liability of the Owner of the unit where the water originated. [Old House Rules]
- C. Shower Tempering Valves. If water valve cores must be replaced to correct problems with mixing of hot and cold water, the Association will replace the valve cores. The Association will not replace sink or shower valve bodies. [Adopted 6/9/2006, Amended 4/11/2014]
- D. Subfloors. Subfloors are a Common Element, and the cost of repairs shall be borne by the Association. [Adopted 8/30/1997]
- E. Cleanup. Following repairs of any Common Element, including subfloor, the cost of any necessary cleanup of a unit will be borne by the Association. [Adopted 8/31/2001]
- F. Zone Valves. Base Board hot water heat zone valves inside individual units must be consistent to insure efficient function of the overall system. Valves will be replaced when necessary and the cost of replacement will be borne by the Association. [Adopted 4/13/2012]

## **3. Architectural Standards & Owner Remodeling or Major Repairs** [Adopted 6/6/2009, Amended 8/21/2009]

Homeowners intending to remodel their unit (other than minor repairs or paint) must review and abide by this policy.

- A. Notification. Owners must notify the Property Manager in advance of any proposed remodel or renovation to a unit. All plans for remodeling, major repair, or floor recovering must be submitted in writing to the Property Manager, not less than 14 days prior to the start of the intended work. An "Agreement for Remodeling between Unit Owner and Association" form must be completed and is available on the website or from the Property Manager.
- B. Common Elements. Any modification or maintenance to the electrical wiring, plumbing, walls, ceiling, or floors or other Common Element within a unit shall be done in accordance with the Summit County Building Codes and Regulations, including any requirement to obtain a permit. The Board of Directors,

acting through the Property Manager, must approve in advance any modification of Common Elements including plumbing, heating, electrical, and structural elements. The Board of Directors, acting through the Property Manager, must also approve other work to avoid any damage or unnecessary inconvenience for other Occupants. [Transferred from old House Rules]

- C. Compliance. Homeowners are responsible for ensuring that all modifications to their unit comply with the Summit County Building Code, and for maintaining such modifications in compliance with the Code. Using a licensed contractor best ensures code compliance. Remodel project consent by the Property Manager does not imply code compliance. If the Property Manager has concerns about code compliance, he may elect to notify the Summit County Building Department of the work being done or proposed.
- D. Licensing. All contractors doing work at Lake Cliffe must be licensed by Summit County and must submit certificates of insurance naming the Lake Cliffe Condominium Association as certificate holder and as additional insured. Insurance limits should at least equal those required by the Summit County Building Department. Homeowners doing their own work must also provide proof of insurance.
- E. Water Conservation. Homeowners remodeling bathrooms are encouraged to install water-conserving toilets and fixtures that comply with current building codes. If washing machines are installed or replaced, they must be of low-water consumption design.
- F. Smoke and CO Detectors. If work is done to the electrical system, hard-wired smoke and carbon monoxide detectors shall be installed as required by the Summit County Building Code.
- G. Range Ducting. Remodels on the second and third floors are prohibited from rerouting, relocating, disabling or otherwise modifying the existing downdraft (Jenn Air) range ducting system to avoid disabling or creating an unsafe condition in ductwork servicing units below.
- H. Windows. Homeowners are encouraged to install energy-efficient windows as part of any major remodel. Window replacement projects must comply with the Window/Glass Sliding Door Replacement Policy (See (4.) below).

#### **4. Window/Glass Sliding Door Replacement** [Adopted 12/5/2008, Amended 8/21/2009]

The purpose of this policy is to improve energy efficiency and to ensure a standard appearance at Lake Cliffe.

- A. Standards. All window replacement projects must comply with the Architectural Standards & Owner Remodeling or Major Repairs Policy, which includes requirements for obtaining prior written consent from the Property Manager and compliance with the Summit County Building Code.
- B. Repair Policy. Windows that cannot be securely closed, or leak air, must be repaired or replaced. If the Property Manager observes such a situation, he will notify the Owner in writing, and repair or replacement must be completed within 90 days. [Adopted 6/2008]
- C. Architectural Requirements. All windows must have an approved bronze color exterior – metal-clad wood, or composite, or metal, of the same dimension as the original, with the break (“reverse cottage”) approximately in the current configuration as the original window (1/3 below, 2/3 above). Windows with wood or vinyl exterior are not allowed. [Adopted 6/2008]
- D. All replacement windows must be “Energy Star Rated.”
- E. All sliding glass doors must be replaced with the same size door.
- F. All windows within 24 inches of the floor must use tempered glass in the bottom sash.
- G. All living room and dining room windows must be either single, double-hung or fixed windows and have a check rail at a height of 22 inches from the sill. Fixed windows must have an exterior check rail or trim strip installed at approximately 22 inches to maintain the appearance of a cottage break.
- H. Master Bedroom windows must be single or double-hung windows and have 5.7 sq. ft. of egress area. The check rail height shall be 29.5 inches from the sill.
- I. All windows in a group must be identical. For example: the replacements cannot have a double-hung window adjacent to a fixed window.
- J. If all windows are replaced, the Owner may replace the sliding glass door in the bedrooms with a 3 ft. high x 5 ft. wide bypass slider window centered on the wall, 44 inches above the floor, trimmed and painted to match Lake Cliffe's exterior.

- K. All replacement windows must fit in the original window opening. Reframing is not permitted.
- L. Approval. The Board of Directors, acting through the Property Manager, must approve new windows prior to installation. Replacement windows must conform with the specifications set forth in this Policy and in the Lake Cliffe Window Replacement Specifications and Approval Form, and the approved form must be signed by both the Owner and Property Manager. [Adopted 6/2008, Amended 10/2008]

#### **5. Fireplaces** [Adopted 6/6/2009]

The purpose of this policy is to ensure safety and to improve energy efficiency.

- A. Inspection. The Association will, at its expense, have all fireplaces and chimneys inspected at least annually and chimneys cleaned as needed. If the inspection indicates fireplace repairs are needed, the Owner shall arrange for repairs at the Owner's expense within 60 days and before the fireplace can be used. The cost of repairs or replacement of the firebox, refractory tiles, screens, and doors, will be the Owner's responsibility. [Adopted 8/1997, Amended 10/1997, 2/1998, 4/2008]
- B. New Installations. Installation of a gas-burning fireplace or gas log must be approved in writing by the Property Manager, in the same manner as any remodel project. Any gas-burning fireplace or gas log that is installed after June 6, 2009 must include either tightly closing glass doors or an electronically controlled damper at the top of the flue, or be a sealed unit drawing outside combustion air.
- C. Damper Closure. The Association will provide a "damper hang tag" and instruction card for every wood-burning fireplace to remind users to close the damper. Owners must keep dampers closed when absent. During regular security inspections, the Property Manager may elect to close open dampers and hang the tag, but is not required to do so.
- D. Repair. Any fireplace repairs that are required by the annual independent safety inspection must be made promptly, including installation of fire screens or glass doors on wood-burning fireplace units.
- E. Certification. If the Association is asked to certify unit status prior to the sale or transfer of a unit, the Property Manager will conduct an inspection to determine compliance with the above. If modifications are needed, a deposit equal to the estimated cost will be charged to the Seller's account with Lake Cliffe to ensure compliance by the Buyer. The title company will require the Seller to pay the amount before the sale closes.

#### **6. Natural Gas Grills and Fireplace Timers** [Adopted 7/15/2010]

The purpose of this policy is to ensure safety.

- A. After July 15, 2010, all new installations of natural gas grills are required to include installation of timers and compatible valves.
- B. After July 15, 2010, all new installations of natural gas fireplaces are required to include installation of timers and compatible valves.
- C. These installations must comply with the Owner Remodeling or Major Repairs Policy.
- D. Existing natural gas grills and fireplaces are required to have timers and compatible valves by December 1, 2010. At this time, propane grills are not required to have a timer.

#### **7. Rental of Units** [Adopted 2/8/2008]

Each condominium Owner may lease or rent their unit upon such terms and conditions as the Owner may deem advisable, but all such leases shall comply with the following:

- A. Lease or Rental Agreements. Any such lease or rental agreement shall be in writing and shall provide that the lease is subject to the terms of the Lake Cliffe Declarations, the Articles of Incorporation and the Bylaws of the Association.
- B. Violation of House Rules. The Lease shall include the following provision: "If Owner (Landlord) receives notice from The Board of Directors of the Lake Cliffe HOA that Lessee has committed multiple violations of House Rules, such violations shall be considered a material breach of this Lease. The Lessee will then vacate the Premises within 7 days of receipt of notice."
- C. Maximum Occupancy. The maximum number of Lessees per unit shall not exceed 2 per bedroom on leases

that exceed 30 days.

- D. Copies. A copy of each lease or rental agreement shall be filed with the Property Manager.
- E. House Rules. All renters shall sign a Rental Agreement with Lake Cliffe HOA stipulating that they have received a copy of the House Rules, and will abide by the House Rules. All renters, regardless of term of lease, are required to provide a copy of the signed Rental Agreement to Lake Cliffe Management within three (3) days of arrival on the premises to further affirm their understanding and acceptance of the House Rules.
- F. Short Term Rental. Lake Cliffe prohibits tenancy of more than thirty days by third parties that have not directly entered into a lease with an Owner.
- G. Agency Performance. Any Rental Agency that demonstrates persistent uncooperativeness with Lake Cliffe Management in complying with Lake Cliffe House Rules will be notified that it is not in good standing with Lake Cliffe HOA, and Lake Cliffe Owners shall be so informed.
- H. Liability. Lake Cliffe Condominium Association shall not be liable to any Owner for loss of rental income for any reason, including enforcement of these rules. [Adopted 8/22/2008]

#### **8. Use of Clubhouse Meeting Room** [Transferred from old House Rules]

The Meeting Room is available only to Owners for their parties or other events. There is no charge for usage of the room. A reservation must be made at least 48 hours in advance with the Property Manager. Before the event, the Owner making the reservation must sign a written usage agreement containing the following provisions:

- A. The room is to be left clean and orderly. If the Property Manager finds that additional cleaning is required, the Owner will be billed for cleaning services at the current hourly rate.
- B. The Owner making the reservation is considered the host, and must remain with the party through its duration.
- C. The Owner will be responsible for the cost of repairing any damage.
- D. The event must be private in nature, i.e., by advance invitation to individuals and not by open invitation as an "open house."
- E. The Owner must ensure that guests comply with all Lake Cliffe House Rules, and do not become boisterous or otherwise disturb or cause inconvenience to other Occupants.

#### **9. Tree Management** [Adopted 1/16/1998, Amended 4/1/2011, Amended 4/11/2014]

- A. No Owner, Lessee or Occupant may plant, trim, prune or remove any tree or shrub. Such work is to be done only by the Property Manager or other person appointed by the Board, pursuant to the policies in this section.
- B. Trees that obstruct views from primary view windows must be addressed.
- C. Any future deciduous or evergreen tree plantings will be set back from the buildings according to the Landscaping Master Plan Adopted 2/7/2014 to eliminate the future possibility of interfering with the building structure and view corridors from primary windows.
- D. LCCA BOD will not pursue any effort to "equalize" views between units. The BOD will not pursue unobstructed views to any unit. Only primary view windows in each unit will be considered (not bedroom windows).
- E. This policy is intended to facilitate discussion and majority agreement among neighbors before submitting the tree trimming or removal request to the LC Board.
- F. The BOD is predisposed against removal unless a trim or removal request is accompanied by a majority opinion of neighboring units. The Board will consider each request on an individual basis and approval does not constitute any precedent for approval of future requests.
- G. An Owner's sphere of influence is the area outside the Owner's unit within the boundary of the side walls of the unit. The sphere of influence extends to any tree trunk within 10' from building. Trees outside the sphere of influence of any unit may be addressed with a direct request in writing to the

BOD.

- H. The vertical group of units impacted by a tree is a “stack” of units. A majority of units in a stack should agree on the removal of a tree. Consideration for tree removal must have the agreement of the majority of the units in the immediate neighboring stacks. (End units therefore need be concerned with only one neighboring stack.) .
- I. An Owner negatively impacted by a tree located within their sphere of influence as described herein should provide a written request to the BOD identifying the specific tree to be considered for trimming or removal, with an explanation for the requested action and statements of agreement for the action from the majority of Owners in the stack and the majority of Owners in the neighboring stacks. Requests must be submitted 30 days prior to the Board meeting to be considered.
- J. The Board will endeavor to take action within 90 days on all requests for tree trimming or removal submitted by the date of the Annual Homeowners Meeting. The BOD will consider trimming or removal requests only once each year at the first regular meeting following the Annual Meeting. [Amended 12/17/1998] Notice of any tree removal request shall be provided as an agenda item in the Board Meeting notice posted on the Lake Cliffe website.
- K. Trees that are identified by the Association as diseased or that pose danger to people, vehicles and buildings shall be promptly removed by Lake Cliffe’s Property Manager.
- L. If approved by the Board a tree removal is subject to the following requirements:
  - a. All direct and indirect expenses associated with the removal are the Owner’s responsibility. This includes reimbursing the Association for any time spent by Lake Cliffe employees overseeing, coordinating and inspecting the removal.
  - b. The removal must be done by professional tree removal company approved by the Board and licensed to do this type of work in Dillon, Summit County and the State of Colorado.
  - c. The removal must take place after October 15 and prior to April 1.
  - d. Any permits, approvals by Summit County or the Town of Dillon and inspections required are the Owners responsibility.
  - e. All work must be coordinated and scheduled through Lake Cliffe’s Property Manager.
  - f. The removal company must submit proof of insurance certificates listing Lake Cliffe Condominium Association as the certificate holder and as an additional insured.
  - g. The removal must include complete removal of the stump and root system so as to avoid any regrowth of aspens in the area.
  - h. All existing landscaping and irrigation systems must be adequately protected.
  - i. Repair of any damage done to Lake Cliffe or other Homeowners’ property is the Owners responsibility.
  - j. The area where the tree is removed must be regraded, re-vegetated and fully restored to match

## **10. Conduct of Meetings** [Adopted 8/22/2008]

- A. Annual and Special Meetings. Meetings of the unit Owners, as the members of the Association, shall be held at least once per year. Section 3.03 of the Bylaws provides that a Special Meeting of the Association may be called by 25% of the Members. The Colorado Common Interest Ownership Act (CCIOA) provides that a Special Meeting may be called by 20% of the Members. The Association will apply the 20% requirement of CCIOA rather than Section 3.03 of the Bylaws as required by CCIOA.
- B. Annual and Special Meeting Notice. Sections 3.01 and 3.03 of the Bylaws call for written notice of Association meetings to be provided at least 30 days prior to the meeting. CCIOA requires not less than 20 days or more than 50 days notice. Board policy is that notice of meetings of the Association shall be provided not less than thirty and not more than 50 days prior to such meeting. Such meeting notice shall be hand delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit Owner. The notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or electronic mail notices that may be given pursuant to this policy. The notice shall state the time and place of the meeting and the items on the agenda including the general nature of any proposed amendments to the declaration or bylaws, any budget changes, and any proposal to remove an officer or member of the executive board.
- C. Contested Elections. Contested elections for directors shall be by secret ballot. At the discretion of the Board or upon the request of twenty percent (20%) of the unit Owners who are present at the meeting or represented by a proxy, if a quorum has been achieved, a vote on any matter affecting the common interest community on which all unit Owners are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be unit Owners who are selected or appointed at an open meeting, in a fair manner, by the chair of the board or another person presiding during that portion of the meeting. The volunteers shall not be board members and, in the case of a contested election for a board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of unit Owners participating in such vote.
  - a. Votes allocated to a unit may be cast pursuant to a proxy duly executed by a unit Owner. A proxy shall not be valid if obtained through fraud or misrepresentation. Unless otherwise provided in the declaration, bylaws, or rules of the Association, appointment of proxies may be made substantially as provided in section 7-127-203, C.R.S.
  - b. If a unit is owned by more than one person, each Owner of the unit may vote or register protest to the casting of votes by the other Owners of the unit through a duly executed proxy. A unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven months after its date, unless it provides otherwise.
  - c. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the unit Owner.
- D. Voter Qualification. Section 9.01 of the Bylaws provides that an Owner may not vote at Association meetings unless that person has filed a copy of the recorded instrument showing vesting of an ownership interest in that person. This provision may conflict with CCIOA, and therefore will not be enforced.
- E. Regular Board Meetings. Regular meetings of the Board of Directors will be held in October, December, February, April, June, and August. The Annual Meeting of the Association will be held on Saturday of Labor Day weekend. The Board will meet briefly after the Annual Meeting to select tentative meeting dates and elect officers for the coming year. [Adopted 8/30/1997]
- F. Board Meeting Notice To Homeowners. For the benefit of Owners, the minutes of each BOD meeting shall contain the planned date of the next meeting, and the following statement for homeowners: "If you plan to attend, contact management prior to the meeting to ascertain that location/date/time has not changed." Agendas will be circulated 7 days in advance to directors, with notice of the actual planned date and location. Board members must submit items in advance for inclusion on the



agenda. [Adopted 10/23/1998]

- G. Minutes. Draft Minutes will be circulated by email to Directors within one week of the meeting for comment. After all directors have had an opportunity to make corrections, but not later than 3 weeks after the meeting, the minutes will be marked as "DRAFT" and posted on the website. Final approval of the minutes will be made at the next regular BOD meeting, and they will then be marked as APPROVED. Minutes will only be mailed on written request. [Adopted 10/2007]
- H. Homeowner Attendance. All regular and special meetings of the Association's board or any committee thereof shall be open to attendance of the unit Owners or their representatives. Agendas for meetings of the executive board shall be made reasonably available for examination by all members of the Association or their representatives. Homeowners may contact management for a copy of the agenda.
- I. Homeowner Participation. All meetings of the Association and board are open to every unit Owner of the Association, or to any person designated by a unit Owner in writing as the unit Owner's representative. At an appropriate time determined by the board, but before the board votes on an issue under discussion, unit Owners or their designated representatives shall be permitted to speak regarding that issue. The board may place reasonable time restrictions on persons speaking during the board meeting. If more than one person desires to address an issue and there are opposing views, the board shall provide for a reasonable number of persons to speak on each side of an issue.
- J. Executive Session. The members of the board or any committee thereof may hold an executive or closed door session and may restrict attendance to executive board members and such other persons requested by the executive board during a regular or specially announced meeting or a part thereof and discuss those matters permitted by law. Upon the 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, about such matter in an open meeting. Prior to the time the members of the executive board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion. No rule or regulation of the board or any committee thereof shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.
- K. Notices. The Association shall endeavor to provide all notices and agendas required by this policy in electronic form, by posting on a web site or otherwise, in addition to printed form. If such electronic means are available, the Association shall provide notice of all regular and special meetings of unit Owners by electronic mail to all unit Owners who so request and who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible but at least twenty-four hours before the meeting.
- L. Precedence. If any provision of this policy conflicts with the Association's Bylaws, this policy shall control if and to the extent required by law.
- M. Absences. Board members may participate and vote in a Board meeting by telephone conference calls or other equivalent means, if excused from attendance in person.
- N. Special Meetings. The President may call a special Board meeting conducted wholly by telephone conference call, or by exchange of electronic mail. Such meetings shall be called only for (a) a final vote on a business matter, which has been discussed and postponed at a previous Board meeting, or (b) to consider an emergency matter, which presents health and safety risks, or which, if not resolved, may cause serious financial loss. House Rules and Board Policy may not be established or amended in such a meeting.

**11. Enforcement of Declarations, Bylaws, Rules, and Board Policies** [Adopted 8/22/2008; Amended 6/1/2011]

- A. Enforcement. The Board has given the Property Manager responsibility for enforcement of the

Association's Declarations, Covenants, Bylaws, House Rules and Board Policies. Occupants should contact the Property Manager if they believe a violation has occurred. If the Property Manager finds a violation has occurred, a verbal and/or written warning shall be issued to the Owner (and Tenant or Occupant, as appropriate).

- B. Violation. If a violation is repeated or not corrected after a warning, the Property Manager will issue a written notice of a violation and proposed fine to the Owner. Such notice shall advise the Owner that the Owner may be fined; that a hearing will be held before the Board, or a committee appointed by the Board, to determine whether to impose a fine; the date, time and location of the hearing; and that the Owner or the Owner's designated representative may attend the hearing and shall have the opportunity to be heard and to present evidence.
- C. Hearing. If the Owner or Owner's designated representative does not attend the hearing or otherwise oppose the imposition of a fine, the fine may be automatically imposed. If the Owner or the designated Owner's representative attends the hearing, such person shall be heard and be permitted to submit documentary and other evidence. The Board or the Committee, as the case may be, may place reasonable time restrictions on those persons speaking during the hearing, and impose other reasonable hearing procedures and limitations.
- D. Fines. The schedule of recommended fines is as follows:
  - First offense: \$50
  - Second offense: \$100
  - Three or more offenses: \$200 or more, depending on circumstances
- E. Collection. If the Owner does not pay the fine within the time provided, it will be assessed against the Owner's unit, and collectible in accordance with Board policy on Collections.
- F. Notices. The written notices under this policy shall be provided to the Owners by means reasonably determined by the Board, which may include one or more of the following methods without limitation, any of which alone shall be sufficient: regular or certified U.S. mail, electronic mail, facsimile, hand delivery, posting on the unit door, or courier delivery.
- G. Exceptions. This policy does not apply to the collection of assessments by the Association.

## **12. Alternative Dispute Resolution** [Amended 8/22/2008]

- A. Voluntary Resolution. In the event of any dispute between one or more of the following: an Owner, occupant, the Association, director or officer, regarding a violation or alleged violation of a provision of the Association's governing documents, including without limitation its Declaration, Articles of Incorporation, Bylaws, and rules and regulations, or applicable law, the party claiming a dispute shall give written notice to the other party describing the dispute. All parties involved will make good faith efforts to resolve the dispute informally.
- B. Mediation. If the dispute has not been resolved within 30 days after the notice, either party may, upon notice to the other, submit the dispute to mediation to be held in Summit County, Colorado before a mutually acceptable mediator. If the parties are unable to agree upon a mediator, either party may request the appointment of a mediator by any other established dispute resolution organization or by the court in and for Summit County, Colorado. The parties shall mediate in good faith to attempt to resolve the matter. The parties shall share equally the cost of such mediation. No lawsuit regarding such dispute may be commenced or maintained until such mediation has been concluded.
- C. Legal Rights Retained. Notwithstanding the foregoing, the parties involved do not waive their rights to seek and obtain extraordinary judicial relief, including a temporary restraining order or temporary injunction, if such relief is necessary before a mediation may be held to protect or preserve a party's legal rights, or for the Association to protect or preserve the health, welfare or safety of the Association, the common elements, units or members.
- D. Exceptions. This policy does not apply to the collection of assessments by the Association.

## **13. Director Conflict of Interest** [Adopted 2/8/2007]

LCCA adopts and applies the conflict of interest rules set forth in the Colorado Revised Nonprofit Corporation Act (C.R.S. § 7-128-501) as modified by CCIOA (C.R.S. § 38-33.3-310.5) to members of its Board of Directors and officers. The following rule shall apply to all LCCA Board members and officers:

- A. As used in this section, "conflicting interest transaction" means: A contract, transaction, or other financial relationship between a nonprofit corporation and a director of the Association, or between the Association and a party related to a director, or between the Association and an entity in which a director of the Association is a director or officer or has a financial interest.
- B. No loans shall be made by the Association to its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.
- 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 or by or in the right of the Association, solely because the conflicting interest transaction involves a director of the Association or a party related to a director or an entity in which a director of the Association is a director or officer or has a financial interest or solely because the director is present at or participates in the meeting of the Association's board of directors or of the committee of the board of directors that authorizes, approves, or ratifies the conflicting interest transaction or solely because the director's vote is counted for such purpose if:
  - a. The material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or
  - b. The material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or
  - c. The conflicting interest transaction is fair as to the Association.
- D. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.
- E. For purposes of this section, a "party related to a director" shall mean a spouse, a descendant, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.
- F. As used in this Policy, "officer" of the Association means any person designated as an officer of the Association and any person to whom the board delegates responsibilities, including without limitation, a managing agent, attorney or accountant employed by the board.

#### **14. Miscellaneous Management Policies**

- A. Operating Budget. An operating budget for the following calendar year shall be prepared during the autumn of each year, and approved by the Board of Directors no later than December 31. The budget process will include an annual compensation and performance review of Association employees. Approval will be done in a manner consistent with CCIOA and Association Bylaws. The Board has established a policy to provide an Operating Reserve to fund periodic shortfalls in funds available in the operating account for operating expenses. This operating reserve will be \$50,000 and will be readjusted to that amount on December 31st of each year (surplus funds in the Operating Reserve account will be returned to the Capital Reserve account, and additional funds will be transferred into the Operating Reserve if needed to maintain \$50,000 in Operating Reserve). [Adopted 8/22/2008; Amended 4/13/12]
- B. Capital Reserve. The Association's Capital Reserve Plan will be reviewed and revised, as needed, at least once each year. A Capital Reserve of \$100,000 shall be maintained. The review will be done in connection with the annual budget cycle. New cost estimates will be obtained when needed. [Adopted 8/30/1997, Amended 4/11/2014]
- C. House Rules. House Rules will be reviewed and amended by the Board of Directors once each year. The rules will then be posted in each unit. [Adopted 8/30/1997] Except in extraordinary circumstances, the Rules review will be conducted in the first quarter of the calendar year, and the Rules will be posted in April. [Adopted 8/22/2008]
- D. Natural Gas Use. The cost of natural gas used in fireplaces and barbeques will be borne only by the units with those items, and is not a Common Expense. The costs shall be allocated by the Property Manager and Board equitably among those units connected based upon full-time or part-time occupancy, and renting or non-renting unit status. [Adopted 2/19/2002]
- E. Disbursements. Any invoice or payment made from operating or reserve funds in excess of \$5,000 must be approved in writing by at least one Board Officer in addition to the Lake Cliffe Property Manager. [Adopted by BOD 4/13/12]
- F. Reimbursable Expenses. Extraordinary expenses (mileage, materials) incurred by Board or Committee Members may be reimbursable. If the expenses are less than \$250, the expenses should be submitted to the Board President or Treasurer for approval. Expenses above that amount must be approved by the entire Board. [Adopted 12/14/2012]

#### **15. Investment of Reserve Funds** [Adopted 8/22/2008]

The purpose of this policy is to institute proper guidelines for the ongoing management of the Association's investment of its reserve funds. The principal represents the reserve funds for maintenance, repair, and replacement of those items for which the Association is responsible.

- A. Reserve Funds. Reserve funds are to be invested in a manner that assures maximum safety and appropriate liquidity and, secondarily, maximizes yield within such constraints.
- B. Board Control. The Board shall have control of opening bank accounts and accounts for the custody of securities. The Board may employ the service of a qualified investment advisor to direct a portion or all of the investment activities of the Association consistent with guidelines set forth in this investment policy. The Board will monitor ongoing investment positions, activities, and performance no less than quarterly.
- C. Investments. All investments shall be U.S. Treasury securities, or fully insured by the FDIC. No individual investment may exceed two years in term. Investments will be held in custodial accounts with approved banks or financial institutions, with no more than \$250,000 held in any one bank. The portfolio will be limited to Certificates of Deposit (CD's), money market deposit accounts, money market funds or U.S. Treasuries and U.S. Treasury zero coupons. [Amended 2/7/2014]

**16. Inspection and Copying of Association Records** [Adopted 8/22/2008]

- A. Access to Records. A Member or his/her authorized agent is entitled to inspect and copy, at the Member's expense and during regular business hours at a reasonable location specified by the Association, any of the records or papers of the Association (except as specifically limited or excluded by Section C below) if the Member gives the Association written demand at least five (5) business days before the date on which the Member wishes to inspect and copy such records and: (1) The demand is made in good faith and for a proper purpose reasonably related to the Member's interest in the Association; (2) The Member describes with reasonable particularity the purpose and the records or papers the Member desires to inspect; and (3) The records or papers are directly connected with the described purpose. It is within the reasonable discretion of the Board to determine whether a Member's demand to inspect and copy is made in good faith and for a proper purpose.
- B. Information Security. Without the consent of the Board, a membership list or any part thereof may not be obtained or used by any person for: (1) Any purpose unrelated to a Member's interest as a Member; or (2) To solicit money or property unless such money or property will be used solely to solicit the votes of the Members in an election to be held by the Association; or (3) Any commercial purpose; or (4) To be sold to or purchased by any person.
- C. Confidentiality. The following records and documents may be kept confidential:
  - a. Attorney-Client Confidential Documents. In order to protect the attorney-client Privilege existent between the Association and its attorneys, all attorney-created documents, including, but without limitation, memos, opinion letters, and draft documents prepared at the behest of the Board, are not available for the inspection or copying by any Member or his/her authorized agent, without the consent and authority of the Board and upon advice of the legal counsel involved.
  - b. Personnel Confidential Documents. Documents pertaining to employees of the Association or involving employment, promotion, discipline, or dismissal of an Officer, agent or employee.
  - c. Any documents that are confidential under constitutional, statutory or judicially imposed requirements.
  - d. Individual Privacy. Any documents the disclosure of which would constitute an unwarranted invasion of individual privacy are confidential.
- D. Chargeable Costs. The Association may impose a reasonable charge, covering the costs for copies of any documents the Association provides to a Member. Such costs may include labor, materials, and other related costs such as postage or authentication. The charge may not exceed the actual cost incurred by the Association. If a Member requests copies of Association documents which are not in the possession of the Association, the Member is responsible for whatever fees and costs are imposed by the entity (CPA, attorney, etc.) holding such records for copy and related costs, including but not limited to labor, materials and postage.
- E. Information to Realtors and Buyers. Financial reports and information to lenders including the Balance Sheet, Operating P&L, links for insurance information and an explanation of the dues allocation for operating and Reserves budgets is posted on the 'Realtor's Corner' of the Lake Cliffe website and updated Quarterly. If additional information is required by the Buyer, the Board will charge a fee of \$250 (for costs incurred) to be billed at the property closing [Adopted 4/11/2014].

**17. Collections of Common Expense Assessments and Other Assessments** [Adopted 8/22/2008; Amended 4/13/2012]

- A. HOA Dues. The Association's Common Expense Assessment shall be due and payable in monthly installments due on the first day of each month. Assessments or other charges not paid to the Association by the 30th day of each month shall be considered past due and delinquent.
- B. Delinquency. Once a payment is past due and delinquent, a Late Charge equal to 10% of the unpaid assessment for that month shall be assessed. Further, interest shall accrue at 10% per annum on all outstanding or past due balances, until such balance is paid. Late fees and penalties will be assessed without exception. Owners may petition the Board to waive fees. Any petition must be made in writing no later than 14 days prior to the first Board meeting after the assessment of the first penalty. Petitions made after that date will not be recognized.
- C. Insufficient Funds. A fifty-dollar (\$50.00) fee shall be assessed in the event any check tendered in payment of sums due under the governing documents is not honored by the bank. Notwithstanding

this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law and the governing documents.

- D. Collection of Fees. As an additional expense permitted (collectible as a Common Expense Assessment) under the Declaration and Colorado statutes, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner. Such costs shall be due and payable immediately when incurred, upon demand.
- E. Payment Allocation. Regardless of inscriptions or notations on the check, all payments received on the account of any Owner shall be applied in the following order: 1) any and all attorney fees, legal fees and costs incurred for collection of assessments or for Owner's failure to comply with provisions of the Association's Governing Documents, including lien fees; 2) fines, late charges and interest; 3) returned check charges, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Colorado statutes, Rules, or this Policy; 4) Past-due Special Assessments (if any); 5) Currently due Special Assessments (if any); 6) Past-due Common Expense Assessments; 7) Current Common Expense Assessments.
- F. Notice. Not more than 30 days after a payment is past due and delinquent written notice will be sent to the Homeowner via US Postal Service certified mail. The notice will be sent to the address on file with the Association's registered agent. The notice will include the amount due and an accounting ledger verifying the debt. Additional accounting ledgers can be obtained at the address below. A Homeowner may request a payment plan by submitting a formal written request to: Lake Cliffe Condominium Association, Board of Directors c/o Summit Bookkeeping & Payroll Inc., PO Box 4533, 610 Main Street Unit 15, Frisco, CO 80443. This written request must include a schedule for repaying the past due amount and must clearly state that past due amounts will be paid in addition to amounts that become due during any agreed upon repayment period. Payment plans must be structured to pay the delinquent amount and finance charges in six (6) months or less. If the owner fails to pay the agreed monthly installments or if the owner fails to remain current on regular assessments during the six-month period on or before satisfaction of the deficient amount, the Association or its assignee may pursue legal action as a result of the owner's default. [Amended 2/7/2014]
- G. Collection. Upon referral to an attorney or other collection agent, the agent shall take all appropriate action to collect the accounts referred, including recording of a Notice of Assessment Lien against the Owner's Unit.
- H. Appointment of Receiver. The Board may seek the appointment of a receiver if an Owner becomes delinquent in the payment of installment of Common Expense Assessments. A receiver is a disinterested person, appointed by the court that manages the rental of the property, collects the rent and disburses the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past due assessments, and prevent the waste and deterioration of the Unit.
- I. Foreclosure. The Board may choose to foreclose on the Association's lien in lieu of or in addition to suing an Owner in county court for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful in obtaining payment, or other circumstances favor such action.
- J. Waivers. The Board may grant a waiver of any provision herein upon petition in writing by an Owner showing a personal hardship. Such relief granted an Owner shall be appropriately documented in the files with the name of the person or persons representing the Board granting the relief and the conditions of the relief.
- K. Ongoing Evaluation. Nothing in this policy shall require the Board to take specific actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case-by-case basis.

#### **18. Adoption or Amendment of House Rules and Board Policies** [Adopted 8/22/2008]

- A. Adoption or Amendment. Adoption or amendment of any policy, procedure or rule shall be performed only at a meeting of the Board that is open to all Members/Owners or their representatives.

- B. Considerations. The Board shall consider the following criteria when adopting or amending a policy, procedure or rule:
  - a. Reasonableness and necessity;
  - b. Impact does not create separate groups of Members/Owners;
  - c. Clear and unambiguous;
  - d. Reasonably relates to the preservation, protection and enhancement of property values; and
  - e. Is consistent with (i) the Association's governing documents; (ii) applicable federal and state statutes and case law; and (iii) local laws and ordinances.
- C. Voting Rules. Adoption or amendment of any policy, procedure, or rule and regulation requires an affirmative vote of a majority of members of the Board who are in attendance at the meeting, or who participate by telephone.
- D. Effective Date. Any policy, procedure, or rules and regulations and any amendment shall be effective fifteen days after delivery of written notice to each Member/Owner (including posting on the Association's website, or other publication).

**19. Bedbug Detection and Extermination** [Adopted 4/13/2012]

- A. Owner Action. If bedbugs are suspected on the premises, Owners and Occupants are forbidden from attempting to eliminate the pests through fumigation or other means prior to following the additional procedures listed herein.
- B. Notification of Lake Cliffe. Upon suspicion of the presence of bedbugs in a unit, the Owner or Occupant shall immediately notify the Lake Cliffe Property Manager and, if applicable, the Owner and rental management company. The Owner shall follow the procedures set forth herein and as directed by the Lake Cliffe Property Manager.
- C. Inspection. The Owner of the unit where bedbugs are suspected ("Source Unit") shall immediately (within 24 hours) make arrangements for a canine inspection of the premises and the units above, below, and adjacent to the Source Unit. This inspection must be performed by a pest control vendor approved by the Lake Cliffe Property Manager. A list of approved vendors is available on the Lake Cliffe website and from the Property Manager.
- D. Notification of Adjacent Owners. Lake Cliffe Management will immediately notify the Owners of units above, below, and adjacent to the Source Unit of the suspected presence of bedbugs on the premises, and of requirements to prepare for potential inspection of their units if bedbugs are detected in the Source Unit.
- E. Adjacent Inspection. If bedbugs are detected by the inspection, the Owner of the Source Unit shall make arrangements to have any additional adjacent units canine-inspected to determine the extent of any migration.
- F. Pest Control Approval. If it is determined that extermination is required, the Owner of the Source Unit will make immediate arrangements for extermination to be performed by a pest control vendor approved by the Lake Cliffe Property Manager.
- G. Participation of Property Manager. All preparation and extermination must be conducted under the direction and supervision of the Lake Cliffe Property Manager and the approved pest control vendor.
- H. Costs. The Owner of the Source Unit shall be responsible for all costs associated with the detection and elimination of the pests in that unit and any other affected unit. The Lake Cliffe Property Manager and approved vendor will determine the Source Unit, and their determination shall be final and binding.