The Bluffs Homeowners' Association
Responsible Governance Policies

PURPOSE: To set forth the Board of Director's policies to promote responsible governance and provide for due process to all Unit Owners within The Bluffs Homeowners' Association.

DIRECTIVE: Pursuant to the Articles of Incorporation of The Bluffs Homeowners' Association, the Association was formed "To provide an entity for the furtherance of the interests of all Members of The Bluffs Subdivision with the objectives of establishing and maintaining it as a prime-ownership development of the highest quality and value and to enhance and protect its value, desirability and attractiveness."

EFFECTIVE DATE: September 9, 2013

REVISION/AMENDMENT DATES: March 20, 2022; September 5, 2024;

AUTHORITY: Declaration of Restrictions and Protective Covenants for The Bluffs Filing No. 1, Filing No. 2, and Filing No. 3[1], Articles of Incorporation of The Bluffs Homeowners' Association, By-Laws of The Bluff's Homeowners' Association, and the Colorado Common Interest Ownership Act, Sections 38-33.3-209.5 and 38-33.3-302, Colorado Revised Statutes.

RESOLUTION

WHEREAS, the Board of Directors finds that Colorado law requires homeowners associations to adopt policies, procedures, rules and regulations concerning collection of unpaid assessments; handling conflicts of interest; conducting meetings; enforcing covenants and rules of the association; inspection and copying of association records by unit owners; information about the source and investment of reserve funds; adoption and amendment of policies, procedures, and rules; and procedures for addressing disputes between the association and unit owners;

WHEREAS, the Board of Directors finds that the Association must adopt such policies, procedures, rules and regulations to come into compliance with Colorado law as amended from time to time; and

[1] Declaration of Restrictions and Protective Covenants Affecting All Real Property in The Bluffs Filing No. 1 recorded in the records of the El Paso County Clerk and Recorder at Reception Number 695506, Book 2316, Page 458 and the Addendum to the same recorded at Reception Number 700238, Book 2320, Page 153; Declaration of Protective Covenants for The Bluffs Filing No. 2, recorded in the records of the El Paso County Clerk and Recorder at Reception Number 91354, Book 2694, Page 936; Declaration of Restrictions and Protective Covenants Affecting Lots 1 through 5 in Block 1 and Lots 1 through 5 in Block 2 in The Bluffs Filing No. 2, recorded in the records of the El Paso County Clerk and Recorder at Reception Number 782159, Book 2390, Page 83; and Declaration of Restrictions and Protective Covenants Affecting all Real Property in The Bluffs Filing No. 3 recorded in the records of the El Paso County Clerk and Recorder at Reception Number 802421, Book 2410, Page 180.

WHEREAS, the Articles of Incorporation and the Colorado Common Interest Ownership Act give the Board of Directors the right to establish, make, and enforce compliance with such rules and regulations as may be necessary for the operation of the Association and furtherance of its objectives, with the right to amend the same from time to time.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bluffs Homeowners Association that the following Policies, Procedures, and Rules and Regulations are hereby adopted:

I. Collection of Annual Assessments.

On or before December 1 of each year, the Board of Directors shall deliver or mail to each Unit Owner an itemized annual budget showing the estimated or actual expenses for which assessments will be made for the following fiscal year, which runs from January 1 through December 31. Such budget will list the amount of the annual assessment payment due for each Unit.

Annual assessments are due in advance by no later than December 31 of each year. Unit Owners will be responsible for submitting their annual assessment payment electronically or by check made out to The Bluffs Homeowners Association and mailed to the address provided on the assessment invoice. Insufficient funds/returned checks received as payment will be treated as if no check had been received, and late fees and interest at 8% per annum may be added as an additional assessment against the Unit.

If a Unit Owner fails to pay their annual assessment payment within thirty (30) days after the due date, the Board shall send the Unit Owner a written Notice of Default and Right to Cure. The notice shall specify:

(A) the total amount due, including an accumulating monthly late fee of $25.00 per month shall be added, with an accounting of how the total was determined;

(B) that the Unit Owner may enter into a payment plan with the Association using the payment agreement attached to the notice;

(C) the name and contact information for the individual the Unit Owner may contact to request a copy of the Unit Owner's ledger in order to verify the amount of the debt; and

(D) that action is required to cure the delinquency and that failure to do so within thirty days may result in the Unit Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Unit Owner, the filing and foreclosure of a lien against the Unit Owner's property, or other remedies available under Colorado law.

The Board shall deliver the notice by certified mail, return receipt requested, to the Unit Owner at his or her current mailing address of record, and by posting a copy on the Owner's unit. The Board shall also contact the Unit Owner by one of the following means:

(A) first-class mail;

(B) text message to a cellular number that the Association has on file because the Unit Owner has provided the cellular number to the Association; or

(C) e-mail to an e-mail address that the Association has on file because the Unit Owner has provided the e-mail address to the Association.

The Unit Owner shall have 30 days from the date the Notice is mailed to make payment. If the Unit Owner fails to cure his or her default and make payment in full within the 30 day notice period, the Association may refer the account to a collection agency, bring legal action against the Unit Owner to collect the amount due, or file and foreclose a lien against the Unit Owner's property. Interest at the rate of 8% per annum shall accrue from the due date of each monthly payment until paid, and the Unit Owner will be liable for reasonable attorneys' fees and costs incurred and all costs of collection regardless of whether the Board commences legal action.

II. Enforcement of Covenants and Rules, and Imposition of Fines.

A) If the Board finds that a Unit Owner has violated the Covenants, Bylaws, or any of the Rules and Regulations of The Bluffs Homeowners' Association, and the Board reasonably determines that the violation threatens the public safety or health, the Board shall provide the Unit Owner written notice of the violation informing the Unit Owner that he or she has seventy-two (72) hours to cure the violation or the Association may fine the Unit Owner up to $50 every other day the violation remains uncured.

The Board shall deliver the 30 day notice required by this Article II Section (A) by personally delivering it to the Unit Owner, or by posting a copy on the Owner's unit. The Board shall also contact the Unit Owner by one of the following means:

(1) text message to a cellular number that the Association has on file because the Unit Owner has provided the cellular number to the Association; or

(2) e-mail to an e-mail address that the Association has on file because the Unit Owner has provided the e-mail address to the Association.

B) At the end of the seventy-two (72) hour notice period, the Board will inspect the Unit. If the Board determines that the Unit Owner has not cured the violation, the Association may fine the Unit Owner $50 every other day that the violation remains uncured and may take legal action against the Unit Owner for the violation, which legal action shall not include foreclosure against the Unit Owner for fines owed.

C) The following procedure shall apply in the event the Board reasonably determines that a Unit Owner committed a violation of the Covenants, Bylaws, or any of the Rules, and Regulations of the Association other than one that threatens the public safety or health:

1) The Board shall notify the Unit Owner in writing of the violation. Such notice

shall cite to the covenant, condition, restriction, rule, or regulation at issue; describe the basis of the violation; state the means by which the Unit Owner can cure the violation; inform the Unit Owner that he or she has 30 days to cure the violation; inform the Unit Owner that the Association, after conducting an inspection and determining that the Unit Owner has not cured the violation, may fine the Unit Owner up to $500; and inform the Unit Owner of his/her right to a hearing.

2) The Unit Owner shall have the right to request a hearing, which request must be in writing and submitted to and received by the Board within 15 days of the date of the notice of violation.

3) Upon receipt of a timely request for a hearing, the Board shall schedule a hearing on the matter to occur within 10 days from the date of the request, at a place designated by the Board. The Unit Owner shall have a reasonable time and opportunity to present arguments, witnesses, and exhibits in his or her defense at the hearing. After the hearing is completed, a written decision will be issued, which shall become the final action of the Board.

4) If it is determined the Unit Owner is not responsible for the alleged violation or noncompliance, the Association shall not allocate to the Unit Owner's account any of the Association's costs or attorneys' fees incurred in asserting the charge or hearing the appeal.

5) If the Unit Owner cures the violation within the 30 day notice period, the Unit Owner may notify the Association of the cure and, if the Unit Owner sends with the notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the Unit Owner sends the notice. If the Unit Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the Unit as soon as practicable to determine if the violation has been cured.

6) If the Unit Owner does not provide notice he or she has cured the violation as provided in paragraph (C)(5) above, within 7 days after the expiration of the 30 day notice period, the Board will inspect the Unit to determine if the violation has been cured. If the Board determines that the Unit Owner has not cured the violation, the Association may fine the Unit Owner up to $500.

7) Prior to taking any legal action against the Unit Owner, the Board will issue a second and final 30 day notice to cure, which notice shall again cite the covenant, condition, restriction, rule, or regulation at issue; describe the basis of the violation; state the means by which the Unit Owner can cure the violation; inform the Unit Owner that he or she has an additional 30 days to cure the violation; and inform the Unit Owner that the Association, after conducting an inspection and determining that the Unit Owner has not cured the violation, may take legal action against the Unit Owner for the violation, which legal action shall not include foreclosure against the Unit Owner for fines owed. The Unit Owner's account will be assessed the costs and attorneys' fees incurred by the Association, and interest will accrue on all amounts due at the rate of 8% per

annum.

8) All fines, accrued interest, costs, and attorneys' fees charged to the Unit Owner's account will become an assessment against the Unit Owner's property.

The Board shall deliver the 30 day notices required by this Article II Section (C) by certified mail, return receipt requested, to the Unit Owner at his or her current mailing address of record, and by posting a copy on the Owner's unit. The Board shall also contact the Unit Owner by one of the following means:

(A) first-class mail;

(B) text message to a cellular number that the Association has on file because the Unit Owner has provided the cellular number to the Association; or

(C) e-mail to an e-mail address that the Association has on file because the Unit Owner has provided the e-mail address to the Association.

D) The Colorado Springs City Code applies to all properties in Colorado Springs. The City Code is available through the City's website at https://coloradosprings.gov/ The Colorado Springs City Code covers safety and maintenance requirements applicable to all properties in the City, such as Landscape Maintenance; Duty to Prune Weeds; Sidewalks; Traffic and Pedestrian Hazards; Snow Removal; Animals on Premises; Removal of Diseased Trees; Pools; Marijuana; Illegal Parking; Accessory Structures; Workmanlike Repairs; and City Trees. The City Code is supplementary to The Bluffs' Covenants, Rules and Regulations, and the Association shall enforce the requirements of the Colorado Springs City Code through this Responsible Governance Policy Section II in the same manner it enforces The Bluffs' Covenants, Rules and Regulations.

III. Conflicts of Interest.

Board members and Officers must avoid conflicts of interest, and must not engage in any "conflicting interest transactions" while exercising their duties on behalf of the Association.

The term "conflicting interest transaction" means: a contract, transaction, or other financial relationship between the Association and a Board member of the Association, or between the Association and a party related to the Board member, or between the Association and an entity in which the Board member is a director or officer or has a financial interest. A "party related to a Board member" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board member or a party related to a Board member has a beneficial interest, or an entity in which a party related to a Board member is a director, officer, or has a financial interest.

In the event a Board member suspects that they have a conflict of interest, the following procedure must be followed:

1) The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction must be disclosed to the Board.

2) If the information disclosed is sufficient to enable the Board to determine that a conflicting interest transaction will not arise or result from the Board member's participation, and the conflicting interest transaction is fair to the Association, the Board may authorize, approve, or ratify the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board members.

3) After reporting the conflict and disclosing the material facts to the Board, the Board member reporting a possible conflict of interest must recuse themself from all discussions and may not vote on the issue.

4) The Board member with a potential conflict may be counted in determining the presence of a quorum at a meeting of the Board that authorizes, approves, or ratifies the conflicting interest transaction.

Notwithstanding the foregoing, no loans shall be made by the Association to members of the Board.

IV. Conduct of Meetings.

The Board shall issue proper advance notice of all regular and special meetings of the Association and of the Board pursuant to the notice requirements contained in the Declaration and the Bylaws. The Board shall adhere to the following policies for the conduct of meetings:

1) All meetings of the Association and of the Board are open to every Unit Owner of the Association, or to any person designated in writing by a Unit Owner as the Unit Owner's representative.

2) 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 the issue. The Board may place reasonable time limits on persons speaking, and will allow persons with opposing views to speak if present.

3) The members of the Board or any committee of the Board may hold an executive or closed door session during a regular or special meeting, and may restrict attendance to Board members and such other persons requested by the Board. The matters to be discussed at an executive session are limited to the following:

a) matters pertaining to employees of the Association, or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;

b) 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;

c) investigative proceedings concerning possible or actual criminal misconduct;

d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;

e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and

f) review of or discussion relating to any written or oral communication from legal counsel.

4) Prior to the time the members of the Board or committee convene in executive session, the chair person shall announce that the Board or committee will go into executive session, the general matter of discussion from those listed above, those who will be allowed to participate in the executive session, and the time the executive session will begin.

5) No rule or regulation of the Board or any committee 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.

6) The Secretary shall prepare minutes of all regular and special meetings and distribute the draft minutes to the Board members within 30 days after the meeting. 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. The Board shall review and vote to amend and/or ratify the minutes at the next regular meeting of the Board.

V. Reserve Funds.

Policy to be determined at a later date.

VI. Policies, Rules and Regulations - Adoption, Amendment, and Notice.

The foregoing Responsible Governance Policies and other policies, procedures, rules and regulations adopted by the Board shall be reviewed on an annual basis and updated as deemed necessary by the Board.

Copies of all Policies, Rules and Regulations adopted by the Board shall be furnished to each Unit Owner prior to the date the same shall become effective.

CERTIFICATION

The undersigned, being the President of The Bluffs Homeowners' Association, a

Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on ____________________, 2024, and in witness thereof, the undersigned has subscribed his name below.

THE BLUFFS HOMEOWNERS' ASSOCIATION,
a Colorado nonprofit corporation

____
By: Christopher Patton, President

ATTEST:

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By: Renee Franks, Secretary