

RED MOUNTAIN RANCH OF GUNNISON COUNTY ASSOCIATION, INC.

REGULATIONS

(As Amended June 6, 2024)

Table of Contents

Art. 1. Collection of Unpaid Assessments 3

Art. 2. Handling of Conflicts of Interest Involving Board Members 5

Art. 3. Conduct of Meetings 5

Art. 4. Enforcement of Covenants and Rules, Including Notice and Hearing Procedures and the Schedule of Fines6

Art. 5. Inspection and Copying of Association Records by Owners 8

Art. 6. Investment of Reserve Funds 8

Art. 7. Procedures for Adoption and Amendment of Policies, Procedures, and Rules 9

Art. 8. Procedures for Addressing Disputes Arising Between the Association and Members9

Art. 9. Reserve Study9

Art. 10. Design Guidelines 10

Art. 11. Rules 10

Art. 12. Building Envelope Adjustments 10

Red Mountain Ranch of Gunnison County Association, Inc., a Colorado nonprofit corporation (the "Association"), for the purpose of complying with C.R.S. § 38-33.3-209.5 and pursuant to the power and authority granted to the Board of Directors under Article 3, Section 7 the Covenants, hereby adopts the following rules, regulations, policies, and procedures (the "Regulations"). Unless otherwise defined herein, terms defined in the Declaration of Protective Covenants of Red Mountain Ranch recorded in the real property records of Gunnison County, Colorado at reception number 465230 (as supplemented and amended, the "Covenants"), and the Association's Articles of Incorporation (as amended, the "Articles") and the Association's bylaws (as amended, the "Bylaws") shall have the same meaning herein. The Covenants, Bylaws, Articles, Design Guidelines and these Regulations are collectively referred to herein as the "Governing Documents". In the event of any conflict between these Regulations and the Covenants, Articles and/or Bylaws, the Covenants or Articles shall control unless the conflicting provision of the Covenants or Articles is contrary to law, in which case these Regulations shall control. In the event of any conflict between these Regulations with the Bylaws, these Regulations amend and supersede such conflicting provision of the Bylaws which are hereby amended to the conflicting provision of these Regulations. These Regulations supersede and replace all prior Regulations, including all prior responsible governance policies.

Article 1: Collection of Unpaid Assessments – C.R.S. § 38-33.3-209.5(1)(b)(I) and C.R.S. § 38-33.3-209.5(5)(a):

1. Unless otherwise stated in the notice for an assessment and except for any regular assessments, all assessments are due within 30 days of the date of notice for such assessment. Regular assessments may be monthly, quarterly or annually at the discretion of the Board of Directors. Regular assessments are due on the 10th of the month in which they are due and shall be delinquent if not paid by the 10th of the month in which the assessment is due. All other assessments not paid within 30 days of the due date for such assessment are delinquent.
2. Interest on delinquent assessments, including recovery of attorneys' fees incurred in pursuing delinquent assessments, is 8% per annum from the date the assessments became delinquent, which shall be charged at the rate of 0.67% per month.
3. A late charge of 8% on the amount due and owing on a delinquent assessment shall be assessed.
4. The Association charges a \$75.00 returned check charge.
5. Before the Association turns over a delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, the Association must: (i) fully comply with all notice and other requirements of C.R.S. § 38-33.3-209.5, and (ii) specifically, but without limitation, send the Owner a notice of delinquency. All notices of delinquency by the Association for unpaid assessments, fines, fees or charges must be sent by certified mail, return receipt requested written in English and in any language that the Owner has indicated a preference for correspondence and notices pursuant to C.R.S. § 38-33.3-209.5(1.7)(a)(I) and must:

- A. Specify whether the delinquency concerns unpaid assessments; unpaid fines, fees or charges; or both unpaid assessments and unpaid fines, fees, or charges, and, if the notice of delinquency concerns unpaid assessments, the notice of delinquency must notify the Owner that unpaid assessments may lead to foreclosure.
 - B. Include a description of the steps the Association must take before the Association may take legal action against the Owner, including a description of the cure process set forth in subsection (1.7)(b) of C.R.S. § 38-33.3-209.5, which is the Association's cure process.
 - C. Include a description of what legal action the Association may take against the Owner, including a description of the types of matters that the Association or Owner may take to small claims court, including injunctive matters for which the Association seeks an order requiring the Owner to comply with the declaration, bylaws, covenants, or other governing documents of the Association.
 - D. Include the total amount due, with an accounting of how the total was determined.
 - E. Include a statement of whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan.
 - F. Include the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt.
 - G. Include a statement that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.
6. In accordance with C.R.S. § 38-33.3-316.3, a delinquent Owner may be eligible to enter into a payment plan, but not where:
 - A. The Owner does not occupy the Owner's lot and has acquired the Owner's lot as a result of a default of a security interest encumbering the lot or foreclosure of a lien by the Association; or
 - B. The Owner has previously entered into a payment plan with the Association; or
 - C. The Association informs the delinquent Owner of the potential for a payment plan and the delinquent Owner does not agree to pay in accordance with the terms of the offered payment plan within 30 days of the Association informing the delinquent Owner of the potential for a payment plan and the terms of any such payment plan. The Association is under no obligation to negotiate or provide an opportunity for a payment plan of a greater duration than eighteen months as provided below.
7. Any payment plan shall permit the delinquent Owner to pay off the deficiency in equal installments over a period of at least eighteen months. The Owner may choose the amount to be paid each month, so long as each payment must be in an amount of at least \$25.00 dollars until the balance of the amount owed is less than \$25.00. The Board of Directors of the Association, in its sole discretion, may determine whether a payment plan should exceed eighteen months in duration, and no Owner shall have any right to demand or request a payment plan for in excess of eighteen months. An Owner's failure to remit payment of three or more agreed-upon installments, or to remain current with regular

assessments as they come due during the payment plan, constitutes a failure to comply with the terms of his or her payment plan.

8. Payments on a delinquent account of an Owner are applied first to unpaid assessments, with the oldest paid first, and then attorney fees and costs that the Owner is responsible for, then late charges, then return check charges, and then interest.
9. Unpaid assessments will be collected through enforcement of all rights, procedures and remedies under the Covenants in accordance with the Governing Documents and applicable law. These rights, procedures and remedies may include the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, obtaining and foreclosing a judgment against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law. Delinquent Owners will be liable for all costs of collection, including without limitation attorneys' fees and court costs.

Article 2: Handling of Conflicts of Interest Involving Board Members – C.R.S. § 38-33.3-209.5(1)(b)(II)

1. Pursuant to C.R.S. § 7-128-501, C.R.S. § 38-33.3-310.5, and C.R.S. § 38-33.3-209.5(4):
 - A. A "conflicting interest transaction" means: A contract, transaction, or other financial relationship between a nonprofit corporation and a director of the nonprofit corporation, or between the nonprofit corporation and a party related to a director, or between the nonprofit corporation and an entity in which a director of the nonprofit corporation is a director or officer or has a financial interest.
 - B. No loans shall be made by the Association to its directors or officers.
 - C. A director shall disclose any conflicting interest transaction or possibility thereof by disclosing to the Board of Directors in an open meeting prior to any action being taken to which the conflict of interest relates the material facts as to the director's relationship or interest and as to the conflicting interest transaction.
 - D. A board member must recuse himself or herself from discussing or voting on any issue for which a conflicting interest transaction exists or is proposed.
 - E. The Board of Directors may authorize, approve or ratify the conflicting interest transaction duly disclosed in accordance with C.R.S. § 7-128-501.
 - F. There shall be a periodic review of the Association's conflict of interest policies, procedures, and rules and regulations.

Article 3: Conduct of Meetings – C.R.S. § 38-33.3-209.5(1)(b)(III)

1. Annual and special meetings of the Association and meetings of the Board of Directors shall be held in accordance with, and upon such notice as required by, Colorado law and the Governing Documents. The conduct of all meetings shall be in accordance with the Governing Documents and Colorado law. To the extent not otherwise provided by the Governing Documents and Colorado law, it shall be the policy of the Association that all Owners shall be provided a reasonable opportunity to speak and be heard at annual and special meetings of the Association and, where the interests of efficiency and an orderly

and prompt meeting do not dictate otherwise as determined in the sole discretion of the Board of Directors, at meetings of the Board of Directors.

2. At meetings of the Association, only Members in good standing are eligible to vote. For purposes of these Regulations, “good standing” shall mean all of the following: (i) ownership of a lot, (ii) no delinquent amounts owed to the Association; and (iii) no outstanding violation of any provision of any of the Governing Documents.
3. To the extent not otherwise provided for by the Governing Documents and applicable law, meetings shall be conducted by the taking of a motion, receiving a second, a call for any further discussion, and then calling the vote. A motion may be amended upon the consent of the person that made the motion and the person that made the second prior to the taking of the vote. Any objection to the conduct of a meeting must specify the failure to comply with the Governing Documents or applicable law, explain how such failure may be remedied, and be raised at the time of such alleged non-compliance. No one may speak until called upon by the chairperson. Only one person may speak at a time. Only the individual presiding over the meeting may interrupt a speaker and then only for purposes of limiting the time of the discussion or keeping the discussion on topic. Any person in violation of this Article regarding conduct of meetings may be ejected from the meeting and removed from the same. The chairperson may adjourn or terminate any meeting at which business cannot be effectively conducted due to incivility as determined by the chairperson.

Article 4: Enforcement of Covenants and Rules, Including Notice and Hearing Procedures and the Schedule of Fines – C.R.S. § 38-33.3-209.5(1)(b)(III)

1. Any violation of any Governing Document by any guest, invitee, agent, family member or employee or contractor of an Owner shall be deemed to be a violation committed by such Owner.
2. All enforcement procedures shall comply with the Governing Documents and any applicable law. All notices and communications must be provided in accordance with C.R.S. § 38-33.3-209.5.
3. In the absence of contrary procedures and provisions in the Governing Documents and the law, the procedures for enforcement of the Governing Documents other than for non-payment of assessments shall be as follows:
 - A. Prior to the imposition of any fines for any violation of any provision of the Governing Documents or any applicable law, it shall be the policy of the Association to attempt in good faith to contact the Owner allegedly in violation. This good faith obligation is not intended to be a bar to any subsequent enforcement actions if contact is not made. Failure to make contact shall not, in any way, prevent the Association from enforcement of the Governing Documents and correction of any violation.
 - B. Such Owner shall be provided with a written notice describing the alleged violation in sufficient detail to allow the Owner to determine the nature of the violation

alleged if the Board of Directors decides to enforce such provision. Such notice shall (1) provide notice regarding the nature of the alleged violation, (2) provide notice regarding the action or actions required to cure the alleged violation, (3) set a deadline for compliance based upon applicable law, (4) inform the Owner that the Owner may dispute that a violation exists or occurred and demand a hearing, and (5) set a deadline to demand a hearing. These deadlines shall be set by the Board of Directors based upon applicable law and in accordance with what the Board of Directors believes to be reasonable under the circumstances taking into consideration the nature of the alleged violation. In no event shall these deadlines be less than 3 business days or any other minimum prescribed by statute.

- C. Any Owner who requests a hearing as provided above shall be afforded a fair and impartial hearing before a hearing board comprised of individuals that are impartial decision makers. An individual is an impartial decision maker if the individual has the authority to make a decision regarding the enforcement of the Association's Governing Documents, including its architectural requirements, and does not have a direct personal or financial interest in the outcome of the hearing. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. The hearing board shall decide whether a violation exists or occurred, whether the Owner is responsible for such violation, and impose the applicable fine. The hearing board may rule orally at the hearing or through a written document provided to the Owner within 30 days of the hearing.

4. The schedule of fines for violations shall be as follows:

- A. First violation: \$100 per violation.
- B. Second violation: \$200 per violation.
- C. Third violation and all violations thereafter: \$300 per violation.

5. All fines are immediately due and payable when incurred. A fine becomes late if not paid within 30 days of being imposed and such late fines will bear interest at the rate of 8% per annum. Any violation which is continuing in nature and is not stopped, halted removed or otherwise ceased within any cure provision provided by law, shall be deemed a continuing violation and a new violation for every other day that it continues and a new fine for continuing violations shall be imposed every other day and not every day. The maximum fine for a single violation is \$500.00.

6. The Association may at any time to the fullest extent permitted by law and upon compliance with all applicable law, pursue all other legal remedies available as provided by the Governing Documents and applicable law. The failure to enforce any provision of the Governing Documents, these rules or other applicable law, shall not be deemed a waiver of the right to do so for any subsequent violations. In all instances, the imposition of a fine in an amount less than the maximum possible fine will not preclude the Association from imposing the maximum fine allowable under this section for subsequent offenses. It shall be the policy of the Association to impose only such fine as is appropriate

under the totality of the circumstances, including without limitation the nature of the violation.

Article 5: Inspection and Copying of Association Records by Owners – C.R.S. 38-33.3-209.5(1)(b)(V)

1. It shall be the policy of the Association to make all appropriate documents readily available to satisfy reasonable requests by Owners. Owners shall be provided with reasonable access to all Association documents to which they are legally entitled a right to inspect. Owners shall be entitled to inspect only those records required to be kept by C.R.S. § 38-33.3-317(1), as amended.
2. All requests for inspection and/or copying must be in writing and describe with reasonable particularity the records sought.
3. All costs of copying shall be paid by the Owner requesting the copies. The Association may copy the documents itself or may send the documents away for copying in its sole discretion.
4. The Association's membership list or other member information shall not be used for solicitation, including financial and political solicitation, and shall not be used for any commercial purpose. The Association's membership list or other member information shall not be sold to any person or entity. Any Owner that requests an opportunity to review or copies of membership lists or information agrees to comply with this provision of these rules. The Association may pursue any Owner for damages or injunctive relief or both, including without limitation attorneys' fees, for abuse of the inspection and copying rights.

Article 6: Investment of Reserve Funds – C.R.S. § 38-33.3-209.5(1)(b)(VI)

1. All reserve funds shall be invested in accordance with the provisions of C.R.S. § 38-33.3-303(2.5) and C.R.S. § 7-128-401 in a manner that the Board of Directors believes is in the best financial interests of the Association taking into consideration the existing and anticipated needs of the Association. The directors may employ the service of such investment advisors as desired by the Board of Directors. The Board of Directors will monitor ongoing investment activities to ensure property safety and liquidity are being provided and that the investment strategy is consistent with the Association's objectives.
2. Eligible investments of reserve funds are only:
 - a. Certificates of deposit;
 - b. Money market deposit accounts;
 - c. Money market funds; and
 - d. U.S. treasuries and U.S. treasury zero coupons.
3. All investments shall be AAA-rated or U.S. Treasury securities.
4. The following maturity limits shall apply to all reserve funds:

- a. No individual investment may exceed 2 years in maturity; and
 - b. The weighted average maturity of the portfolio will not exceed 1 year. The Association must structure its investment portfolio to meet anticipated cash requirements.
5. Investments shall be structured so they mature in successive years for liquidity.
 6. Investments will be held in custodial accounts with approved banks or financial institutions federally insured either through FDIC or the US Government, with no more than \$100,000.00 held in any one bank.
 7. Procedures for the investment, transfer and reporting of reserve funds shall be as follows:
 - a. Transfers of budgeted additions to reserves shall be made at least quarterly.
 - b. A quarterly report of earnings shall be prepared by management, a financial advisor or the treasurer and presented at a Board meeting at least quarterly.
 - c. Two Board member signatures are required to withdraw funds from investment accounts. An exception may be made for transfers between accounts of the Association so long as both accounts require two Board member signatures for withdrawals of funds.
 - d. In addition to any requirements provided by the Association's governing documents, the Association shall obtain coverage by fidelity insurance to protect the Association from loss due to theft for any person with access to its investments.

Article 7: Procedures for Adoption and Amendment of Policies, Procedures, and Rules – C.R.S. § 38-33.3-209.5(1)(b)(VII)

1. The Board of Directors of the Association shall have the authority to adopt and amend these rules and policies to the extent such adoption or amendment does not conflict with the Governing Documents or Colorado law. Such adoption or amendment shall take place at an open Board of Directors' meeting and be documented in the minutes.

Article 8: Procedures for Addressing Disputes Arising Between the Association and Members – C.R.S. § 38-33.3-209.5(1)(b)(VIII)

1. To the extent feasible, an Owner should attempt to address and resolve any dispute the Owner has with the Association through written correspondence with the Association, a private meeting with the appropriate individual on behalf of the Association, or discussion at an appropriate meeting. Any Owner that provides a written grievance to the Association shall be provided an opportunity to be heard at the next scheduled Board of Directors' meeting if not responded to by the Board of Directors prior to that meeting.

Article 9: Reserve Study – C.R.S. § 38-33.3-209.5(1)(b)(VIII)

1. In accordance with the Governing Documents, the Association may prepare and maintain a reserve study for those portions of the community maintained, repaired, replaced and improved by the Association. Except if otherwise provided in the Governing Documents,

a funding plan may be prepared and maintained as part of the reserve study and the expected source of funds for any work will be regular and special assessments. Except if otherwise provided in the Governing Documents, any reserve study will be based on a physical analysis and financial analysis. Except if otherwise provided in the Governing Documents, any reserve study may be internally conducted.

Article 10: Design Guidelines

1. The Design Guidelines as amended and adopted by the Board of Directors on this same date and all exhibits and attachments thereto are attached hereto as **Exhibit A** and incorporated herein by this reference. Any amendment to the Design Guidelines shall constitute an amendment to these Regulations for the purpose of amending **Exhibit A** as attached hereto and incorporated herein by this reference.

Article 11: Rules

1. Sledding on Association owned roads is prohibited.
2. All new cooking or barbecue units or grills located outside of a residence shall be powered exclusively by gas or electricity.

Article 12: Building Envelope Adjustments

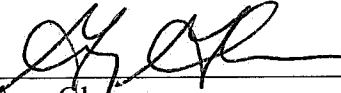
1. The following procedures and requirements shall apply to all building envelope adjustments:
 - a. The Owner requesting the adjustment (the “Applicant”) must provide to the Board of Directors with a draft depiction of the proposed building envelope modification. The depiction of the proposed building envelope modification for any building envelope adjustment must at a minimum be stamped by a surveyor and show the entirety of the lot, the current building envelope, and the proposed building envelope. Topography is certainly helpful too.
 - b. The Board of Directors shall provide informal feedback to the Applicant on the proposed building envelope if desired by the Board of Directors.
 - c. The Board of Directors shall conduct a site visit of the existing and proposed building envelope.
 - d. The Applicant shall consult with neighboring lot owners about proposed building envelope modification and instruct them to convey their position regarding the proposed modification to the Board. The position of neighboring lot owners may be provided informally via email or phone call to the Board of Directors or the property management company.
 - e. After a reasonable time, as determined by the Board of Directors, for neighbor comments, the Board of Directors shall formally review the requested building envelope adjustment. In deciding whether to oppose the building envelope adjustment, the Board of Directors will take into account the following factors among other factors the Board of Directors believes relevant:
 - i. Does the proposed modification make potential buildings more visible from the main roads?

- ii. Does the proposed modification make potential buildings more visible from neighboring properties?
 - iii. Does the proposed modification make potential buildings more visible from the valley floor or HWY 135?
 - iv. Does the proposed modification increase the total area of building envelope?
 - v. Does the proposed modification necessitate changes to driveways?
 - vi. Will potential buildings in the proposed building envelope affect natural water flows?
 - vii. Will potential buildings in the proposed building envelope affect flora or fauna habitat?
- f. If the Board of Directors decides to oppose the proposed building envelope adjustment, the Board of Directors shall take no further action, and the Board of Director reserves the right to respond to any communication regarding the building envelope adjustment made to the membership as a whole, including to state the basis of the Board of Director's opposition.
- g. If the Board of Directors approves of the building envelope adjustment: (a) the Applicant shall prepare the proposed final relocation of building site depiction and provide it to the Board of Directors, (b) the Applicant can represent that the Board of Directors has no objections to the proposed modification (the Applicant can also report the positions of the neighboring lot owners if these lot owners authorize such a representation), and (c) the Board of Directors shall submit the proposed building envelope modification to the membership for approval in accordance with C.R.S. 7-127-109,
- h. A building envelope adjustment is not approved unless 67% or more of the members consent to the proposed building envelope modification.
- i. The Applicant is responsible for obtaining any necessary Gunnison County approval and must present evidence of receipt of any necessary Gunnison County approval to the Association before the Association will sign or record any alteration to the building envelope.
- j. The Association shall execute any building envelope adjustment that complies with these procedures, receives 67% or more approval from the membership, and is approved by Gunnison County if Gunnison County approval is required. The Association shall record any approved building envelope adjustment.
- k. The Applicant shall pay all fees and costs, including without limitation attorney fees, surveyor fees, engineering fees, and recording costs, incurred by the Association in reviewing, considering, processing, and recording the building envelope adjustment. By submitting its request for a building envelope adjustment to the Association, the Applicant agrees to pay all fees and costs incurred by the Association in reviewing, considering, and recording the building envelope as such fees and costs are incurred by the Association regardless of whether such building envelope is approved by the membership, the Association, the Board of Directors or Gunnison County.

PRESIDENT'S CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association at a duly

called and held meeting of the Board of Directors on the amendment date as stated on the cover page to these Regulations.

Red Mountain Ranch of Gunnison County
Association, Inc., a Colorado nonprofit
corporation

A handwritten signature in black ink, appearing to read 'G. Glosser', is written over a horizontal line.

By: Greg Glosser

Its: President