

ELCHO PLACE ASSOCIATION

REGULATIONS

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Elcho Place Association, a Colorado nonprofit corporation (the “Association”), pursuant to C.R.S. § 38-33.3-209.5 and its Covenants, hereby adopts the following policies, procedures, and rules and regulations (collectively, these “Regulations”). Unless otherwise defined herein, terms defined in the Elcho Place Declaration of Protective Covenants as recorded in the real property records of Gunnison County, Colorado at Reception No. 684457, as amended (the “Covenants”), and, if not defined therein, in the Association’s Articles of Incorporation (the “Articles”) and, if not defined therein, in the Association’s bylaws, as amended (the “Bylaws”) shall have the same meaning herein. The Declaration, Articles, and Bylaws, and these Regulations shall hereafter be collectively referred to as the “Governing Documents.”

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, all assessments are due within 30 days of the date of notice for such assessment. All 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 18% per annum from the date the assessments became delinquent, which shall be charged at the rate of 1.5% per month.
3. A late charge of 10% 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 send the Owner a notice of delinquency specifying:
 - A. The total amount due, with an accounting of how the total was determined;
 - B. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan;
 - C. 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; and
 - D. That action is required to cure the delinquency and that failure to do so within 30 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 Townhome and has acquired the Owner's Townhome as a result of a default of a security interest encumbering the Townhome 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 six 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 six months. The Board of Directors of the Association, in its sole discretion, may determine whether a payment plan should exceed six months in duration, and no Owner shall have any right to demand or request a payment plan for in excess of six months. An Owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the six-month period, 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 interest and other costs or fees, and then to unpaid principal.
 9. Unpaid assessments will be collected through enforcement of all rights, procedures and remedies under the Covenants in accordance with the remaining Governing Documents and applicable law. These rights, procedures and remedies 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.
 10. In determining which methods of enforcement to employ, it shall be the policy of the Association that the person or persons making such decision on behalf of the Association take into consideration, to the extent legally permissible, the totality of the circumstances, including without limitation any history with the Owner. The Association may only file a Statement of Lien as set forth in the Covenants after complying with the provisions hereof and the provisions relating to the same in the Covenants.

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. To the extent not otherwise provided for by the Governing Documents and applicable law, meetings shall be conducted by the making of a motion, a second on the motion, an opportunity for the Board of Directors and any present Owners or their designated representatives to comment, and the taking of the vote. A vote may be amended upon the consent of the original movant and the second, but if no such consent is given the vote will be called upon the motion as made. The person presiding at the meeting may limit duplicative comments and discussion.

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)(IV)

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.
3. In the absence of contrary procedures and provisions in the Governing Documents and the law, the procedures for enforcement of the Covenants and rules and regulations 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) set a deadline for compliance, (2) inform the Owner that the Owner may dispute that a violation exists or occurred and demand a hearing, and (3) set a deadline to demand a hearing. These deadlines shall be set by the Board of Directors 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.
 - 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 on a claimed violation and does not have a direct personal or financial interest in the outcome of the hearing. The hearing board shall decide whether a violation exists or occurred, whether the Owner is responsible for the 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

12% per annum. Any violation which is continuing in nature and is not stopped, halted removed or otherwise ceased within seven business days of the board's finding of such violation, shall be deemed a continuing violation and a new violation for each day that it continues.

6. The Association may at any time, 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 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. Any non-compliance with the Governing Documents by any Owner, tenant of an Owner, guest of an Owner, family member of an Owner, or invitee or licensee of an Owner, will be the responsibility of the Owner.

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 to the fullest extent permitted by law. 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 Regulations. 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 directors believe is in the

best financial interests of the Association taking into consideration the existing and anticipated needs of the Association.

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 Regulations to the extent such adoption or amendment does not conflict with the Covenants, Articles, Bylaws 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 such grievance is received at least 10 business days before such meeting, or shall be responded to in writing by the Association within 30 days of being received.

Article 9: Other Rules And Regulations

1. Exterior Maintenance. Owners are required to keep the driveways, lawns, and exterior outside of their, or used by their, respective Townhomes free of trash and debris. Each Owner is responsible for its own lawn maintenance and lawn care and will maintain the lawn in good condition and in a neat and trim fashion and will ensure that the lawn is adequately watered and cared for so as to be in a healthy state. Broken fencing is prohibited.
2. Improvements. No alteration may be made to any exterior without approval by the Association. No exterior improvements are permitted without Association approval. Any request for an exterior improvement or exterior change may be submitted in writing to the Board for review.
3. Good Condition. Owners are required to maintain their Townhomes in good condition. A Townhome is not in good condition if it is not capable of occupancy or if occupancy is not permitted by any governing authority for any reason. Unfinished interiors are not permitted except during active renovations.
4. Parking. Vehicles are not permitted to be parked on the Property except within identified parking spaces and driveways. Any parking in a different Owner's LCE is prohibited except upon that Owner's permission.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association on _____, 2022, and in witness thereof, the undersigned has subscribed his or her name.

Elcho Place Association, a Colorado
nonprofit corporation

By: _____
Its: Secretary