

**2011 AMENDED AND RESTATED RULES OF THE MOUNT PRINCETON
HOME OWNERS ASSOCIATION, INC.**

The Mt. Princeton Home Owners Association (MPHOA) Architectural Rules & Regulations adopted November 2004 remain effective as written.

The Standing Rules for Operation of the Board of Mount Princeton Home Owners Association, Inc. adopted November 12, 1988, as updated and reprinted March 25, 1995; the Rules of the Mount Princeton Home Owners Association, Inc. approved March 9, 2007; and the Alternative Dispute Resolution Policy adopted March 14, 2008, are superseded entirely and replaced by the following Rules:

1. The intent and purpose of these Rules are to define and control the actions and procedures of lot owners and the Board and the Board members in the conduct of MPHOA business and activities. MPHOA Board members shall adhere to these rules and non-compliance shall result in censure to the degree appropriate. Each new member of the board shall agree to comply with these Rules. All lot owners shall be notified of the Rules adopted and any revision of the Rules.
2. All business of the board shall be done on the basis of simple majority vote of a quorum of the Board present and voting, unless stipulated otherwise in the Declaration, the Bylaws, and the 7/26/85 MPHOA/MPHS agreement, all of which supersede these Rules, and these Rules shall stand before the use of *Roberts Rules of Order* which shall then be used as a guide only in the event of procedures not covered by any of the above.
3. All matters of consequence to the property owners that are presented and discussed, and all motions and votes in Board meetings shall be written in summary form into the minutes of the meeting. The proceedings of the meeting shall be recorded, and those recordings shall be the source for the written minutes, and those recordings shall be preserved in the records of the Secretary for a full year from date of the meeting. The Secretary shall, within 30 days after each Board meeting, submit the minutes to each Board member for review and comments. Corrections to the draft minutes shall be returned to the Secretary within 14 days of receipt. The minutes then shall be issued to the membership within 28 days of original mailing.
4. All business of the Board shall be transacted during regular or special meetings of the Board; however, in the event of an emergency need for Board action, notice may be given in writing to each Board member stating the action to be taken, the time by which the Board member must respond, and that failure to respond by the time stated in the notice will have the same effect as abstaining; and each member of the Board votes in writing for such action; or votes in writing against such action, abstains in writing, or fails to respond or vote; and fails to demand in writing that the action not be taken without a meeting. If the timely affirmative votes equal or exceed the minimum number of votes to take the action at a meeting, and no Board member has demanded that action be taken at a meeting, the vote shall constitute action of the Board as if there were an actual

meeting. The Secretary shall promptly notify all Board members of the record of the vote. No official action of the Board shall be done verbally or by conference call. Informal action may be ratified by the above action without a meeting more fully described in C.R.S. § 7-128-202, as amended, or at an actual meeting of the Board.

5. All meetings of the Board are open to attendance by any members of MPHOA, who may at the appropriate time in the meeting, be invited by the Board to present briefly (five minutes) his or her business to the Board or otherwise shall remain as a silent observer to permit the Board to perform its duties efficiently.
6. The Board shall prepare a letter sufficiently in advance of the issue date and submit it to the Board members for correction or addition. The format of the letter shall include only news of Board actions, occurrences in and directly concerning the subdivision, changes in ownership/membership, and similar subdivision items.
7. **Assessment Collection Rule**
 - 7.1 Annual assessments (sometimes called dues or maintenance fees) are due and payable no later than the last day of August of each year (the due date), are delinquent if not paid on the due date, and incur a late charge and bear interest from the date of delinquency if not paid on or before 30 days after the due date.
 - 7.2 Special assessments are due on the date or dates specified in the special assessment.
 - 7.3 The owner shall pay a one-time late charge of \$20.00 on each late annual payment or late special assessment payment.
 - 7.4 In addition, the owner shall pay interest on each assessment after the due date of that assessment at the rate of 18 percent per annum.
 - 7.5 When the assessment is not paid by the due date, the Association will send a **reminder** to the owner that the assessment payment is delinquent, the owner has incurred a late charge, interest is accruing, and the owner must immediately pay the assessment, plus late charge, plus interest.
 - 7.6 When delinquency exceeds 30 days, the Association will send the **first warning notice** to owner, stating the late charge(s) and interest, and stating that owner must pay the account current on or before the end of the month of the date on the first warning notice, OR enter into a written payment plan acceptable to the Association, OR the Association will take further collection action.
 - 7.7 When delinquency exceeds 60 days, the Association will send **final warning notice**. The owner must pay the account current by paying all

delinquent assessments, late charges, interest, and costs of collection on or before the end of the month of the date of the final warning notice, OR enter into a written payment plan acceptable to the Association, OR the account will be turned over to the Association's legal counsel for collection.

- 7.8 From the time the owner's **account is turned over to legal counsel**, the owner must communicate only with the law firm to pay or settle the account. The owner must pay all late charges, interest, costs of collection, and legal fees incurred by the Association.
 - 7.9 An owner's payment of less than the full amount owed to the Association at any time shall be applied to pay the following (if applicable) in the order listed, from the oldest to most recent in each category:
 - 7.9(a) Attorney fees and legal costs
 - 7.9(b) Association costs and expenses
 - 7.9(c) Late charges
 - 7.9(d) Interest
 - 7.9(e) Fines (if applicable)
 - 7.9(f) Utilities, storage (if applicable)
 - 7.9(g) Assessments
 - 7.10 In the normal course of business, the Association will reject any check containing a restrictive endorsement or a request that the payment be applied other than in accordance with this Rule.
8. The Treasurer may request that the Board appoint an Assistant Treasurer or accountant to assist in the performance of his/her duties and the cost for same shall be included in the annual budget approved by the Board and not disapproved by owners of a majority of lots. The Treasurer shall enter in the check book register the date, payee, amount, and account for each check and each deposit, and transfers between checking and savings accounts shall be by bank check and bank deposit. The Treasurer shall at the end of each quarter of the fiscal year, deliver a copy of the said check book register and bank statements to the Assistant Treasurer or accountant and that person shall prepare a double entry bookkeeping by accounts and prepare a comparison to bank balance reconciliation and show a comparison of actual expenditures to date to the annual budgeted amount for each account.
9. The Treasurer shall perform the services described in Rule 8 above whether performed by the Treasurer or an Assistant Treasurer. The Treasurer is to deliver to each Board member a copy of the accounts before the Spring-scheduled Board meeting for use in preparation of budgets at that Spring meeting. The Treasurer shall prepare a year-end statement of accounts, secure the verification of the accuracy of the books by a person acceptable to the Board and deliver a copy of that financial report to all Board members in advance of mailing by the Secretary to all property owners on or about August 1.

10. The Chairman of the Pool Committee shall meet with MPHSR prior to the Spring Board meeting to review the pool improvements performed during the previous year, analyze that as to compliance with the 7/26/85 agreement of MPHS/MPHOA, and submit same to the Secretary on or before the Spring Board Meeting.
11. The Board shall hold a Spring meeting no later than the first week of April to perform the following activities in addition to other business of the Board:
 - 11.1 Prepare and approve a budget for the subsequent year of Annual Administrative Assessment, Water Maintenance Assessment, Road Maintenance Assessment, Maintenance Manager Assessment, Water Service Assessment, and Pool Improvement Fund, and authorize the Secretary to submit those budgets to the property owners **no later than 30 days prior to the annual meeting.**
 - 11.2 Review and approve the negotiated contracts offered by the President for water service, snow removal, road grading, equipment/labor rental, MPHOA Maintenance Manager, and insurance. Authorize the President to finalize and sign those approved contracts, subject to approval of those requirements for ballot by the property owners described above, and to make appropriate billing of assessments.
 - 11.3 The Nominating Committee shall submit the names of proposed candidates for the Board and Committees, and the Board shall authorize the Secretary to submit a slate of nominees to the property owners so the owners may vote in person or by proxy at the Annual Meeting.
 - 11.4 Review and approve the recommendations of the Pool Committee as to proposed pool improvements for the subsequent year and authorize the Treasurer as to conditions for payment of pool funds to MPHSR.
12. All Board communications to property owners shall be by persons designated by the Board.
13. All votes taken by the Board shall be by show of hands.
14. Board members shall not be paid for travel, travel expenses, or meals to attend Board meetings as a Board member. All normal and necessary expenses will be reimbursed, including phone calls, supplies, copies, postage, and travel for Board projects.
15. All files, records, and documents connected with a Board or Committee member's MPHOA duties are MPHOA property. It is the responsibility of Board and Committee members to turn over all files, records, and documents as soon as possible to their immediate successor.

16. These Rules may be changed by a majority vote of a quorum of Board members at a duly constituted Board meeting.

17. **Procedures for Adopting and Amending Rules**

17.1 After due consideration, the Board will draft or cause to be drafted proposed rules and/or amendments of rules (“proposed rules”) for the Board’s proposed rulemaking.

17.2 The Board will act upon the proposed rules upon proper motion, second, and discussion by the Board members only (and any others only as specifically requested by the Board) and will adopt, reject, amend, or otherwise act upon the proposed rules.

17.3 Upon adoption of the final rules, as the rules may be amended by the Board, the Board shall mail by regular first class mail or hand deliver the rules as adopted to the owners at their addresses of record with the Association.

17.4 The rules will be numbered and will show the date of adoption and the date on which each rule shall be effective.

17.5 The Association shall maintain the current, effective rules in an orderly manner so that owners and Board members may readily access the rules.

18. **Enforcement of Governing Documents**

18.1 The Association shall be diligent in the enforcement of the governing documents consisting of the Declaration, articles of incorporation, bylaws, and rules. As stated in the governing documents, reasonable enforcement is intended to maintain the values of all the lots in the community and to make the community a desirable place to live. The Association objective is to be fair, firm, and consistent in its enforcement.

18.2 Regardless of the language of the governing documents, Senate Bill 05-100 states and the governing documents are superseded by the following:

18.3 Owners may display on their property, in their windows, or on the balconies adjoining their units American flags of no larger than 4 feet by 6 feet and install flagpoles of no greater height than 12 feet.

18.3(a) Owner(s) may display on the inside of the unit’s window or door a service flag (sometimes called blue star or gold star banner) of no more than 20 inches by 30 inches indicating the military service of a member of the owner’s immediate family during a time of war or armed conflict.

18.3(b) Owner(s) may display one political sign on the owner’s sole property or in the unit’s window for each contested election and

- ballot issue from 45 days before through 7 days after election up to the size and number of signs allowed by the local municipal or county ordinance. If there is no such ordinance, each sign shall be no larger than 36 inches by 48 inches.
- 18.3(c) A member of a volunteer fire department, and owner(s) whose emergency service provider employer (defined in C.R.S. § 29-11-101(1.6)) requires such vehicle access, may park an emergency vehicle bearing an official emblem and weighing less than 10,000 pounds on the common interest community when it does not bar emergency access or other owners' reasonable use of streets.
 - 18.3(d) Owner(s) may remove trees and shrubs around the home for fire prevention purposes if the removal complies with a written defensible space plan created by a governmental entity.
 - 18.3(e) Owner(s) may replace cedar shake shingles with nonflammable shingles.
 - 18.3(f) The governing documents cannot prohibit or limit xeriscape or require turf grass only or primarily.
 - 18.3(g) The Association shall not enforce covenants against the owners during a period of water restrictions when the lawns have died as a result of water restrictions if the owners are complying with the restrictions.
- 18.4 In the normal course of Association business, the Board will supervise those acting on behalf of the Association to communicate with the owners so that owners are aware of their responsibilities and the standards of behavior in the community. The communication will reasonably use such means as the Association's website (if in existence), newsletters, correspondence, email broadcast messages, and postings in areas of the community frequented by the owners to advise owners of agenda items in regular and special Board meetings. The Association will encourage real estate agents, and title insurance companies to provide full packages of applicable governing documents to all new owners in the community.
- 18.5 If an owner or resident of the community allegedly violates any of the governing documents (other than the requirement to pay assessments), the Association will promptly give notice to the owner (and resident, if a different person) of the apparent violation and request prompt compliance. The Association will set deadlines for compliance in accordance with its governing documents and the urgency of the situation.
- 18.6 If the owner (and resident, if applicable) fails to comply, then the Association may enforce the governing documents by any direct Association remedy of the violation provided in the governing documents and by bringing appropriate legal or injunctive action in court against the violating parties. In such enforcement actions, the Association will seek to recover all of its costs of enforcement, including direct costs to the Association charged by agents, court costs, and costs of enforcement and collection, including attorney fees.

- 18.7 In a proper instance, the Association may consider a fine against the owner and/or resident, after proper notice, the opportunity to be heard, and hearing before the Board on each and every fine. The Association will comply with the following:
- 18.8 Fines are levied on a case-by-case basis by the Board of Directors to assist in the enforcement of the Declaration of Covenants, articles of incorporation, bylaws, rules and regulations, and other governing documents of the Association.

Fining Procedure for owner's or resident's violation of governing documents:

- | | |
|---------------|--|
| First Notice | Written Warning (two weeks to respond or comply from date of notice.) |
| Second Notice | Notice of Hearing before Board. Advise that Board may levy up to a \$500.00 fine. |
| Third Notice | Notice of Hearing before Board. Advise that Board may levy up to a \$1,000.00 fine. |
| Fourth Notice | Association attorney gives notice of impending legal action for any and all remedies under the governing documents, including collection of fines as assessments under the Declaration and the Colorado Common Interest Ownership Act. |

In its sole discretion, the Board may cease the fining process and take other appropriate legal or injunctive action.

The Association shall provide proper notice and the opportunity to be heard at a specific Board hearing, at a set time, date, and location specified in the notice (sample form of notice letter for violation of a section of the Declaration follows as Exhibit A and is made a part hereof by this reference). If the Board assesses a fine, the fine shall be posted to the appropriate owner's ledger as an amount payable in the same manner as periodic or special assessments, with all the same Association remedies as provided for collection of assessments in the Association's governing documents.

EXHIBIT A TO RULE ON ENFORCEMENT

MOUNT PRINCETON HOME OWNERS ASSOCIATION, INC.

HEARING NOTICE FOR POSSIBLE FINES BY ASSOCIATION

Date

Address

Notice of Hearing and Opportunity to be Heard

Dear Homeowner:

As a homeowner in a community subject to governing documents, you have definite responsibilities to the Association and to the other homeowners in the community. This includes compliance with covenants or agreements found in the governing documents, such as the Declaration, and certain owner obligations to maintain, repair, and/or correct the exterior of your residence, within your Limited Common Elements, or on the General Common Elements.

This is notice of a hearing on your apparent violation of **Section _____**, **of the _____** as follows:

The board will hold a hearing to determine the existence of the violation(s), whether or not you committed the violation(s), and what action the Association will take under the governing documents, including possibly levying a fine against you in the amount of \$_____. You have the opportunity to attend, to hear any allegations against you, to present your side of the story, and to be heard by the Board. Should you decide not to attend the hearing, the Board will proceed with the hearing of the matter under the violation procedures in place and take appropriate action within the Board’s power.

Board of Directors Hearing: Day of the week _____,
Date: _____, 20____
Time: _____
Location: _____

Board of Directors
Mount Princeton Home Owners Association, Inc.

By _____

cc: Board of Directors
Tenant
Manager

19. **Association Records and Information**

- 19.1 The Association will keep a record of all actions taken at meetings of owners, the Board, and all committees, plus a record of all notices of meetings and waivers of notice.
- 19.2 The Association will maintain records of owners in a form that allows preparation of a list of names and addresses. All Association records must be maintained in a form that allows conversion into written form in a reasonable time.
- 19.3 The Association will charge owners copying charges to copy association records that do not exceed actual cost per page to the Association, including all costs such as paper, copy machine supplies, parts and maintenance, and all labor costs for the copying.
- 19.4 Owners are allowed to inspect and copy records during normal business hours, on five business days' notice, if the request is made in good faith and for a proper purpose and the records are described sufficiently and are relevant.
- 19.5 These records will be maintained at the Association's principal office located at the home of the Association Secretary, elected from time to time:
 - 19.5(a) Declaration
 - 19.5(b) Articles of incorporation
 - 19.5(c) Bylaws
 - 19.5(d) Rules
 - 19.5(e) Architectural Rules & Regulations
 - 19.5(f) Resolutions of the board
 - 19.5(g) Minutes of all owners' meetings for the past three years
 - 19.5(h) Records of all actions by owners without a meeting for the past three years
 - 19.5(i) All written communications to owners generally for the past three years
 - 19.5(j) List of the names and addresses of current directors and officers
 - 19.5(k) Most recent annual report, if any
 - 19.5(l) Any audits or reviews for the past three years
- 19.6 The Association shall maintain accurate and complete accounting records.
- 19.7 Audits or reviews of the records of Association shall be done at least every two years.

- 19.7(a) Audits are required only if the Association has annual revenues or expenditures of \$250,000 and at least 1/3 of the members request an audit.
 - 19.7(b) Copies of any audits or reviews are to be available on request to any owner 30 days after completion.
 - 19.7(c) Annually, within 90 days after the end of each fiscal year, the Association will give written notice of the following items by first class mail, personal delivery, a binder at the principal place of business, or on the association's website:
 - 19.7(d) Names of the Association and the common interest community
 - 19.7(e) Name and address of management company, if any
 - 19.7(f) Physical address and phone number for the Association and the manager
 - 19.7(g) Date of recording of the Declaration and recording information
- 19.8 Within 90 days after the end of each fiscal year, the Association will make the following information available to owners upon reasonable notice:
- 19.8(a) Date the fiscal year begins
 - 19.8(b) Operating budget for the current year
 - 19.8(c) List of current regular and special assessments, by lot type
 - 19.8(d) Annual financial statements, including reserves
 - 19.8(e) Results of any financial audit or review for previous fiscal year
 - 19.8(f) List of all Association insurance policies (property, general liability, director and officer liability, fidelity), including companies, policy limits and deductibles, additional insureds, and expiration dates
 - 19.8(g) Association's bylaws, articles, and rules and regulations
 - 19.8(h) Minutes of board and member meetings for prior fiscal year
 - 19.8(i) Association's "Responsible Governance Policies (contained in bylaws and rules)
- 19.9 In the event of any damage to lots or common area, owners shall first inform the Association through its managing agent and its officers so the claim may be evaluated and coordinated for most efficient handling with Association's insurance company. Owners may file claims against the insurance policy of the Association as if owners were additional named insureds.
- 19.10 The Association will provide free education annually to all owners on the general operations of the Association and the rights and duties of the owners, the Association, and the Board of Directors. The criteria for this education shall be determined from time to time by the Board.
- 19.11 The Association encourages education on good governance for the members of the Board. Upon submission prior to the seminar or course, the Board may approve payment of expenses for education for individual members of the Board if the education is directly related to good Association operations within the common interest community.

20. Reserve Study and Investment of Reserve Funds

- 20.1 As reasonably determined from time to time, the Association may prepare a competent reserve study to show the required reserve funds for the portions of the community maintained, repaired, replaced, and improved by the Association. This may include such items as roads, water system, and other substantial improvements. An internally conducted reserve study shall be sufficient. If a reserve study is prepared, it shall state whether there is a funding plan, projected sources of funding, and whether the reserve study is based on a physical analysis and financial analysis.
- 20.2 The officers, Board members, managing agent, attorney, and accountant employed by the Association will be subject to the standards of conduct set forth in C.R.S. § 7-128-401 regarding the investment of reserve funds. Reserve funds shall be invested in one or more accounts separate from the general operating account of the Association. Further, the reserve funds shall be invested in conservative accounts with a small possibility of loss to the Association. The majority of the reserve funds shall be deposited in accounts and amounts that are fully insured against loss by an agency of the U.S. government.
- 20.3 Any and all persons who have access to the reserve funds shall have fidelity insurance covering the Association against dishonesty of such persons in the full amount of the funds in those accounts.

21. Disclosures in Purchases and Sales of Lots

- 21.1 In accordance with CRS § 38-35.7-102, sellers of a lot must provide copies of the following documents to the buyers:
 - 21.2 Bylaws, Rules, Architectural Rules & Regulations
 - 21.3 Declaration
 - 21.4 Party wall agreements
 - 21.5 Minutes of the most recent members' meeting for which minutes have been approved and of all board meetings that occurred within the past 6 months
 - 21.6 Association's operating budget
 - 21.7 Association's income and expense statement and balance sheet
 - 21.8 Association is to use its best efforts to accommodate requests by the seller for documents in the Association's control
 - 21.9 Sellers must provide buyers with disclosure statements in bold type stating:
 - 21.9(a) Buyer acknowledges receipt of the documents required by C.R.S. § 38-33.3-223

- 21.9(b) Buyer understands the documents are an agreement between buyer and the Association
- 21.9(c) By signing, buyer acknowledges he or she has read and understood the documents
- 21.9(d) Buyer also understands he or she must pay assessments, and failure to pay could result in a lien or sale of the property to collect assessments
- 21.9(e) Buyer also understands any change to the exterior of the property may be subject to architectural approval and that failure to comply could result in action by the Association
- 21.9(f) Seller must obtain the signed acknowledgment and deliver it to the Association as soon as practicable after closing

22. **Alternative Dispute Resolution Policy**

- 22.1 Whenever a dispute arises between the Association and any owner, the Association and the owner are encouraged to try to resolve the dispute by methods other than court action (litigation).
- 22.2 When the Association is collecting past due assessments or dues, the Association or its Managing Agent sends warning or “delinquency letters” to the owner to inform the owner of the amount owed and to encourage the owner to pay without litigation. If the Association is enforcing its governing documents, the Association will give notice to the owner of the alleged violation in an effort to avoid litigation by having the owner comply with the governing documents.
- 22.3 If the Association and the owner agree, their dispute may be submitted to mediation before a lawsuit is filed. The signed agreement submitting their dispute to mediation shall state the mediator, that the parties will pay their share of the mediator’s fees, and will provide a time limit for conducting the mediation. If no mediation is held within that limit, and no agreement extending the time is signed, either side is free to file suit.
- 22.4 If the dispute is resolved through mediation, the parties shall sign a written settlement agreement. The settlement agreement will usually state that the agreement will be enforceable by the courts in the event either side violates the terms of the agreement.
- 22.5 Mediation shall not be used in situations involving an imminent threat to the peace, health, or safety of the community.
- 22.6 Mediation is highly recommended but not mandatory before proceeding with litigation. If either the Association or the owner chooses not to attempt a resolution of their dispute through mediation, the party may file a lawsuit to resolve the issue.

This amendment of the Rules was adopted by a majority vote of a quorum of the Board on January 28,2011.

ATTEST: *Martha L. Eshelman*

Secretary