

**LARKSPUR COMMUNITY  
ASSOCIATION, INC.**

**RESPONSIBLE GOVERNANCE  
POLICIES**

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Larkspur Community Association, Inc., a Colorado nonprofit corporation (the "Association"), for the purpose of complying with C.R.S. § 38-33.3-209.5, hereby adopts the following responsible governance policies, procedures, and rules and regulations. Unless otherwise defined herein, terms defined in the Declaration of Protective Covenants Larkspur, as recorded in the real property records for Gunnison County, Colorado at Reception No. 568253 (the "Covenants"), and the Association's Articles of Incorporation (the "Articles") and Bylaws dated February 22, 2007 (the "Bylaws") shall have the same meaning herein. The Declaration, Articles, and Bylaws 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)**

1. Unpaid assessments will be collected through enforcement of all rights, procedures and remedies under Article IV, section 7 of the Covenants in accordance with the remaining Governing Documents and applicable law.
2. Interest on delinquent assessments, including recovery of attorneys' fees incurred in pursuing delinquent assessments, is 18% per annum.
3. 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.

**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. To the extent not otherwise provided by the Governing Documents, 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, 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 generally in accordance with Robert's Rules of Order where applicable. Any non-compliance with Robert's Rules of Order shall not affect the validity of the actions taken at a meeting unless a specific objection is raised prior to the action being taken. Any such objection must specify the failure to comply with Robert's Rules of Order, explain how such failure may be remedied, and provide an opportunity for such defect, if any, to be corrected.

**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. All enforcement procedures shall comply with the Governing Documents and any applicable law.
2. In the absence of contrary procedures and provisions in the Governing Documents and the law, the procedures for enforcement of the Covenants and rules 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 in person the homeowner allegedly in violation. This good faith obligation is not intended to be a bar to any subsequent enforcement actions if in person contact is not made. Failure to make an in person 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 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 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.
3. The schedule of fines for violations shall be as follows:
    - a. First violation : Not to exceed \$100 per month.
    - b. Second violation: Not to exceed \$200 per month.
    - c. Third violation and all violations thereafter: Not to exceed \$300 per month.
  4. 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.
  5. The Association may at any time, pursue all other legal remedies available as provided by the covenants, bylaws 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. Any non-compliance with the governing documents by any Owner, tenant, guest, family member, 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. In the absence of greater rights provided by any applicable law, Owners shall be afforded such inspection opportunity within a reasonable period of time, which shall presumptively mean the documents are made available at the next scheduled Association or Board of Directors meeting after a request provided that the request is made at least five business days prior to the meeting.

2. All requests for inspection and/or copying must be in writing and identify the documents sought either specifically by document or by applicable category of documents.
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.
5. Presumptively, all financial records, meeting minutes, member information, resolutions, covenants, design review guidelines, polices, rules, and annual reports, if any, shall be available to Owners for copying and inspection upon appropriate written request. Attorney-client confidential documents are not available for inspection and/or copying. Similarly, any other documents that are confidential under any other constitutional, statutory or judicial provision and any documents the disclosure of which would constitute an unwarranted invasion of individual privacy, shall not be available for copying and/or inspection.

**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 rules and policies to the extent such adoption or amendment does not conflict with the Governing Documents. Such adoption or amendment shall take place at an open Board of Directors' meeting and be documented in the minutes. In considering any adoption or amendment, the Board of Directors shall take into consideration the reasonableness, necessity, and potential impacts of the proposed amendment or adoption.

**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.
2. Any provision in this document that is expressly referred to as a "policy" is non-binding on the Association, the Board of Directors, and the agents and officers of the Association. A policy is intended only as a general guideline for Association actions or statement of values for the Association. The rules, regulations, and procedures in this document are intended to promote the fulfillment of the stated policies. This nature inherent to policies will be taken into account in any dispute based upon any alleged violation of a policy.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of the Association, certifies that the foregoing policy and procedure was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on \_\_\_\_\_, 2013, and in witness thereof, the undersigned has subscribed his/her name.

Larkspur Community Association, Inc.,  
a Colorado nonprofit corporation

By: \_\_\_\_\_, Secretary