

RED SKY RANCH ASSOCIATION

BOARD OF DIRECTORS

RESOLUTION

**AMENDMENT AND RESTATEMENT OF  
CERTAIN RESPONSIBLE GOVERNANCE POLICIES**

The Board of Directors of the Red Sky Ranch Association, a Colorado nonprofit corporation (the “Association”) hereby approves and adopts the following Resolutions by written action in lieu of a meeting:

RESOLVED, that the following policies (each a “Policy” and collectively, the “Policies”) of the Association are hereby adopted and ratified as a portion of the responsible governance policies of the Association pursuant to C.R.S. § 38-33.3-209.5, as amended. These Policies are to supplement the provisions of the Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch Association (the “Declaration”). These Policies and replace, in full, any prior versions of the Association’s Policy for Collection of Unpaid Assessments and Other Charges and the Policy for Enforcement of Covenants and Rules, and supplement the Conduct of Meetings Policy. Capitalized terms used herein shall have the meanings as defined in the Declaration, unless separately defined in these Policies.

RESOLVED, that these Policies are adopted to be effective as of August 9, 2022, in compliance with provisions of the Colorado Common Interest Ownership Act (the “Act”) which become effective on the same day, notwithstanding any contrary provision of other responsible governance policies of the Association concerning procedures for the adoption and amendment of policies, procedures, and rules, pursuant to the determination of the Board of Directors to dispense with notice and opportunity to comment as impracticable given the legislative emergency nature of these Policies. Notwithstanding the effective date of the following Policies, Owners may provide comment concerning the Policies to the Board of Directors, which comment the Board of Directors may consider to the extent the policy provisions are not mandated by the Act.

**POLICY FOR COLLECTION OF UNPAID ASSESSMENTS AND OTHER CHARGES**

1) Due Dates. Any installment of annual Common Assessments, Special Assessments, and other assessments (other than Specific Assessments, described below) as determined by the Association and as allowed for in the Declaration shall be due and payable in full on or before the first day of the month, quarter, or fiscal year as indicated in the most recent notice from the Association in the amount specified in such notice. Specific Assessments shall be due and payable in full on the date indicated in the most recent notice from the Association regarding such Specific Assessment, in the amount specified in such notice. Real Estate Transfer Assessments shall be due and payable at the closing giving rise thereto. Any other assessment made pursuant to the Association’s governing documents shall be due upon the date of the assessment, as specified in the most recent notice from the Association or as otherwise determined by the Board of Directors. Any assessments or other charges not paid in full to the Association on

or before the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association when due shall incur interest as provided below.

2) Receipt Date. The Association shall post payments on the day that the payment is received by the Association.

3) Interest; Late Fee; Returned Check Charge. If any assessment (a) remains unpaid fifteen (15) calendar days after the due date, then the Board of Directors may assess a one-time "late charge" on the installment in an amount of twenty percent (20%) of the amount outstanding or such other charge as the Board of Directors may fix by rule from time to time, and (b) remains unpaid thirty (30) calendar days after the due date, then the Board of Directors may also assess default interest equal to eight percent (8%) of such assessment per year, which default interest shall be imposed retroactive to the due date and thereafter on the first day of each calendar month on account of the previous calendar month or portion thereof, so long as the assessment remains unpaid. In addition, the Association shall be entitled to impose and shall collect a fee of \$20.00 against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. All interest and fees described in this paragraph are collectively referred to in this Policy as "Late Charges". Any Owner delinquent in the payment of Assessments shall be automatically suspended from voting in Association matters during the period of delinquency.

4) Personal Obligation for Late Charges. Any late charges and interest shall be the personal obligation of the Owner(s) of the Lot for which such assessment or installment is unpaid. All late charges and interest shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of assessments.

5) Owner's Designated Contact and Preferred Language.

(a) An Owner may, by written notice in the form attached to this Policy as Exhibit A (the "Owner's Designation"), identify the Owner's preferred language for correspondence and notices from the Association, if other than English, and/or identify another person to serve as a designated contact (the "Designated Contact") for the Owner, to be contacted on the Owner's behalf for purposes of collection of unpaid assessments and other charges. Any Owner's Designation shall:

i) if the Owner elects to appoint a Designated Contact, identify the name and valid US mailing address for a single Designated Contract who must be a natural person and consent to the appointment as Designated Contact in writing;

ii) indicate if the Owner prefers that correspondence and notices from the Association be given in a language other than English. If an Owner has not provided an Owner Designation or if an Owner Designation does not indicate a preference for a language other than English, then the Association will deliver all correspondence and notices related to collection of unpaid assessments and other charges in English.

iii) be delivered to the Association by certified mail, return receipt requested; and

iv) not be used to frustrate the collection process or disrupt the orderly business of the Association.

(b) Anytime the Association sends out notice under this Policy, the Association will provide the same correspondence to the Owner and the Designated Contact, if any, except that the Owner must receive correspondence and notices in the language for which the Owner has indicated a preference, if any, as designated in the Owner's Designation. An Owner's Designation shall remain valid until revoked by the Owner or superseded by a new Owner's Designation. Receipt by the Association or its managing agent (hereinafter, "Manager"), of a new Owner's Designation shall be deemed to automatically revoke any previously submitted Owner's Designation. The Owner's Designation discussed in this Policy for Collection of Unpaid Assessments and Other Charges is the same Owner's Designation discussed in the Association's Policy for Enforcement of Covenants and Rules.

(c) The Association is entitled to reject any Owner's Designation that does not comply with the requirements of this Section. In the event an Owner's Designation is rejected, the Association will notify the Owner by written notice delivered by certified mail, return receipt requested, and, if the Association has the relevant email address, by email.

6) Payment Plans.

(a) Except as otherwise provided in this Section, in the event that an Owner owes past due assessments or other delinquent payments, including associated fees, late charges, interest, other charges, attorney fees, or fines, the Association shall make a written offer to the Owner to enter into a payment plan that will govern the Owner's payment of the deficiency. Any such payment plan will permit the Owner to pay off the deficiency in installments over a period of at least eighteen (18) months. The Owner may determine the amount of each monthly installment payment so long as each payment is in an amount of at least Twenty-Five Dollars (\$25.00) until the balance of the amount owed is less than Twenty-Five Dollars or until the final payment, at which time the entire remaining balance shall be paid.

(b) In the event the Owner declines or is ineligible to enter into a payment plan, or fails to timely remit payment of at least three (3) agreed-upon installments within fifteen (15) calendar days after such installments were due, or fails to remain current with regular assessments as they come due during the agreed payment period, the Association may pursue legal action against the Owner and initiate a foreclosure action based on the Owner's delinquency in paying assessments.

(c) An Owner shall have no right to enter into a payment plan with the Association if such Owner does not occupy the Lot and has acquired the Lot as a result of: (1) a default of a security interest; or (2) foreclosure of the Association's lien. In addition, an Owner shall have no right to enter into a payment plan with the Association, and the Association shall have no obligation to negotiate a payment plan with an Owner, if such Owner has previously entered into a payment plan with the Association for payment of a deficiency. An Owner who has entered into a payment plan under this Section may elect to pay the remaining balance owed at any time during the duration of the payment plan.

7) Collection Process. In the event an Owner fails to timely pay assessments, Late Charges, fines or other charges as provided in the Association Documents, the Owner's delinquent account may ultimately be turned over to a collection agency or an attorney for legal action. But, before the Association turns over any delinquent account to a collection agency or attorney for legal action, the Association will contact the Owner and the Designated Contact, if any, as set forth below. The Association maintains a record of any contacts, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made. Any contacts that the Manager makes on behalf of the Association are deemed contacts made by the Association and not by a debt collector as defined in Colorado Revised Statutes § 5-16-103(9), C.R.S. The collection process will proceed as follows:

(a) *Informal Reminders*. Prior to a delinquency arising, the Association may send such informal reminders, notices, re-billing statements or other communications to an Owner regarding the status of the Owner's account as the Association shall determine.

(b) *Notice of Delinquency*. After an installment of an annual assessment or other charges due to the Association becomes delinquent, and prior to turning over the delinquent account to a collection agency or referring the delinquent account to an attorney for legal action, the Association, by or through its Manager if applicable, shall send the Owner and Designated Contact, if any, a written notice of delinquency ("Notice of Delinquency") in the English form attached to this Policy as Exhibit B, and any other language for which the Owner has indicated a preference in an Owner's Designation duly delivered to and received by the Association or its Manager in advance of the Association's delivery of the Notice of Delinquency. The Notice of Delinquency must be sent by certified mail, return receipt requested, and be physically posted at the Owner's Lot. Additionally, the Notice of Delinquency must be sent to the Owner by one of the following means: (a) First-Class Mail; (b) text message to a cellular number provided to the Association by the Owner; or (c) email to an email address provided to the Association by the Owner. A Notice of Delinquency shall set forth the following:

- i) the total amount due with an accounting therefor specifying whether the delinquency concerns unpaid assessments, unpaid fines, fees, or charges, or both unpaid assessments and unpaid fines, fees, or charges;
- ii) whether an opportunity to enter into a payment plan exists and instructions therefor;
- iii) the name and contact information of the individual who can provide a copy of the Owner's ledger for verification of the debt amount;
- iv) that action is required to cure the delinquency and failure to do so within 30 calendar days may result in the account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing of a lien statement and, if the Notice of Delinquency concerns unpaid assessments, foreclosure of a lien against the Owner's Lot, or other remedies under Colorado law;
- v) A description of the steps the Association must take before the Association may take legal action against the Owner, including a description of the Association's cure process; and

vi) 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, or other governing documents of the Association.

(c) Thirty (30) calendar days after the mailing of the Notice of Delinquency, if all amounts owing to the Association have not been paid, or a valid payment plan has not been agreed with the delinquent Owner, the Association may record a statement of assessment lien in the real property records of Eagle County, Colorado and, if the balance of the assessments and charges secured by the lien equals or exceeds six months of common expense assessments based on a periodic budget adopted by the Association, upon a majority vote of the entire Board of Directors taken in a meeting conducted in accordance with the Bylaws and in executive session pursuant to Section 38-33.3-308(4)(e), C.R.S., (i) turn over the delinquent account to a collections agency or attorney for communication with the delinquent Owner and legal action, and (ii) authorize the filing of a legal action against the Owner and/or the Owner's Lot. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney's fees together with the cost of the action and any applicable interest and late fees.

(d) *Monthly Notice.* On a monthly basis and by first-class mail and, if the Association has the relevant email address, by email, the Association shall send to each Owner who has any outstanding balance owed to the Association, and the Designated Contact, if any, an itemized list of all assessments, fines, fees, and charges that the Owner owes to the Association. This monthly list will be provided in English and any other language for which the Owner has indicated a preference in an Owner's Designation duly delivered to and received by the Association or its Manager.

8) Attorney Fees and Collections Costs on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, in the event the Association refers a past due account to an attorney for legal action as provided under Colorado law, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments and other charges due the Association from a delinquent Owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand. In addition, if a past due account is turned over to a collections agency, the Association shall be entitled to reimbursement for collection costs.

Fees, charges, late charges, attorney fees up to the maximum amount authorized by law, fines, and certain interest charges may be subject to a statutory lien but are not subject to a foreclosure action.

9) Application of Payments. If an Owner who has both unpaid assessments and unpaid fines, fees, or other charges makes a payment to the Association, the Association shall apply the payment first to the assessments owed and any remaining amount of the payment to the fines, fees, or other charges owed.

10) Association's Legal Remedies. In the event an Owner fails to timely pay assessments, late charges, interest, or any other charges or fees related to the assessments, the

following legal remedies shall be available to the Association to collect on the Owner's delinquent account: use of collections agency; lawsuit against the Owner including but not limited to action in the court of small claims; filing of a lien statement and, to the extent applicable, foreclosure of the Association's lien against the Owner's Lot, with such lien to also secure reasonable attorney's fees incurred for collection and enforcement of such lien; acceleration of all remaining assessment installments for the remainder of the fiscal year and for future fiscal years at the commencement thereof if a delinquency then exists; and any and all other remedies available under Colorado law and/or the Association's governing documents. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment.

11) Limitations on Remedy of Foreclosure.

(a) The Association shall not foreclose on an assessment lien if the debt securing the lien consists only of one or both of the following: (i) fines that the Association has assessed against the Owner; or (ii) collections costs or attorney fees that the Association has incurred and that are only associated with assessed fines.

(b) If the Association forecloses on a Lot, the following parties are prohibited from purchasing the foreclosed Lot: (i) a member of the Board of Directors; (ii) an employee of the Manager; (iii) an employee of a law firm representing the Association; or (iv) an immediate family member of any of the foregoing.

12) Certificate of Status of Assessment. Upon written request of an Owner or Designated Contact, the Association shall, without charging any fee or costs, furnish to an Owner and/or such Designated Contact, a written statement setting forth the amount of unpaid assessments levied against such Owner's Lot.

13) Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any Lot within the Association, the Manager shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

14) No Waiver. Failure by the Association to enforce any provision of this policy shall in no event be deemed to be a waiver of the right to do so thereafter. The Association is hereby authorized to modify the procedures contained herein, as the Board of Directors shall determine appropriate under the circumstances.

15) Defenses. Except as expressly provided by applicable law, failure of the Association to comply with any provision in this Policy shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Policy.

**EXHIBIT A TO COLLECTIONS POLICY  
NOTICE OF OWNER'S DESIGNATION  
RED SKY RANCH ASSOCIATION**

Owner Name: \_\_\_\_\_

Lot Address/Legal Description: \_\_\_\_\_

Notice is hereby given of the following on behalf of the above-named Owner (check the box for all that apply):

The Owner's preferred language for correspondence and notices from the Association, if other than English, is \_\_\_\_\_.

The Owner hereby designates the following person as the Owner's Designated Contact to be contacted on the Owner's behalf for purposes of collection of unpaid assessments and other charges:

Name: \_\_\_\_\_

US Mailing \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Basis of \_\_\_\_\_  
appointment of \_\_\_\_\_  
Designated Contact: \_\_\_\_\_

**I, \_\_\_\_\_, do hereby consent to my appointment as Designated Contact for the above-named Owner and agree that I may be contacted on the Owner's behalf for purposes of collection of unpaid assessments and other charges.**

\_\_\_\_\_  
Designated Contact                      Date

**This Notice of Owner's Designation is submitted by the undersigned Owner who hereby certifies that this Notice of Owner's Designation is not being used to frustrate the collection process or disrupt the orderly business of the Association.**

\_\_\_\_\_  
Owner    Date

Original signatures for Owner and Designated Contact may be provided on separate pages, but this Notice of Owner's Designation is not complete unless and until both Owner and Designated Contact signatures are delivered to the Association by certified mail, return receipt requested.

**EXHIBIT B TO COLLECTIONS POLICY  
NOTICE OF DELINQUENCY  
RED SKY RANCH ASSOCIATION**

Owner Name: \_\_\_\_\_  
Lot Legal Description: \_\_\_\_\_  
Date of Notice of Delinquency: \_\_\_\_\_

This Notice of Delinquency is being provided to inform you that the records of the Association indicate that you have failed to timely pay assessments and/or related charges to the Association and that accordingly, you are deemed to have a delinquent account. This Notice of Delinquency is being provided to you, by Certified Mail, return receipt requested, to inform you of the total amount due and the basis therefor, as well as the options available to you to resolve the delinquency.

As of the date of this Notice of Delinquency, the total amount due is: \_\_\_\_\_. This amount was determined as follows:

Assessments\*: \_\_\_\_\_  
Interest: \_\_\_\_\_  
Late Charges: \_\_\_\_\_  
Fines\*\* : \_\_\_\_\_  
Fees\*\* : \_\_\_\_\_  
Other: \_\_\_\_\_  
**Total Amount Due:** \_\_\_\_\_

Payment Plan: (check one)

- You have the opportunity to enter into a payment plan with the Association pursuant to C.R.S. § 38-33.3-316.3. If you are interested in entering into a payment plan on these or other terms, please contact \_\_\_\_\_ at \_\_\_\_\_.
  
- You are not eligible for a payment plan for reasons provided by law. If you have any questions about why you are not eligible for a payment plan, please contact \_\_\_\_\_ at \_\_\_\_\_.

If you would like to receive a copy of your ledger in order to verify the amount of the debt, please contact \_\_\_\_\_ at \_\_\_\_\_

**ACTION IS REQUIRED TO CURE THE DELINQUENCY. PLEASE SEE NEXT PAGE  
OF THIS NOTICE OF DELINQUENCY FOR MORE INFORMATION.**



**\*IF UNPAID ASSESSMENTS ARE ALL OR PART OF THE BASIS OF THE DELINQUENCY, FAILURE TO TAKE ACTION WITHIN THIRTY (30) CALENDAR DAYS AFTER THE DATE OF THIS NOTICE MAY RESULT IN YOUR PAST DUE ACCOUNT BEING TURNED OVER TO A COLLECTION AGENCY, THE RECORDING OF A LIEN STATEMENT AGAINST YOUR LOT, A LAWSUIT BEING FILED AGAINST YOU AS OWNER WHICH MAY INCLUDE A CLAIM FOR INJUNCTIVE RELIEF IN THE COURT OF SMALL CLAIMS, AND FORECLOSURE OF LIEN AGAINST THE LOT, OR OTHER REMEDIES AVAILABLE UNDER COLORADO LAW.**

**\*\*THE ASSOCIATION WILL NOT FORECLOSE ON AN ASSESSMENT LIEN IF THE DEBT SECURING THE LIEN CONSISTS ONLY OF UNPAID FINES AND/OR COLLECTION COSTS OR ATTORNEY FEES THAT THE ASSOCIATION HAS INCURRED AND THAT ARE ONLY ASSOCIATED WITH ASSESSED FINES, AND NO UNPAID ASSESSMENTS ARE INCLUDED IN THE TOTAL AMOUNT DUE. HOWEVER, THE ASSOCIATION MAY PURSUE A JUDGMENT AGAINST YOU, PERSONALLY, FOR THESE BALANCES AND OTHER DAMAGES.**

**IF, IN ADDITION TO THIS NOTICE OF DELINQUENCY, YOU HAVE ALSO BEEN PROVIDED WITH A NOTICE OF VIOLATION, YOU MUST CURE THE VIOLATION AS DIRECTED IN THE NOTICE OF VIOLATION IN ADDITION TO ADDRESSING THE DELINQUENCY DESCRIBED IN THIS NOTICE OF DELINQUENCY. THE NOTICE OF VIOLATION DESCRIBES THE PROCESS TO CURE THE VIOLATION BASED UPON THE BOARD OF DIRECTORS'S DETERMINATION OF WHETHER THE VIOLATION AFFECTS THE PUBLIC HEALTH AND SAFETY. YOU MUST CURE OR REQUEST A HEARING WITHIN THE TIME PROVIDED IN THE NOTICE OF VIOLATION. YOU MAY NOTIFY THE ASSOCIATION OF CURE.**

The Association has or must do the following before turning over a collection file to an attorney or collection agency for legal action:

1. The Association must send a Notice of Delinquency to the Owner and the Designated Contact, if any, to alert the Owner of the delinquency.
2. A majority of the Board of Directors must formally vote to refer the matter to an attorney or collection agency, at a meeting conducted in executive session (i.e., closed session).

The Association or an Owner of a Lot may take certain matters to small claims court pursuant to Section 13-6-403, C.R.S. 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.

## **POLICY FOR ENFORCEMENT OF COVENANTS AND RULES**

1) Reporting Violations. Complaints regarding alleged violations of the Declaration, Bylaws, Articles of Incorporation, policies, any rules and regulations adopted by the Association, or other governing documents of the Association may be reported by an Owner or resident within Red Sky Ranch, a group of Owners or residents, the Association's Manager, the Board of Directors or member(s) thereof, or committee member(s) by submission of a written complaint as provided for below.

2) Complaints.

(a) Complaints by Owners or residents shall be in writing and submitted to the Board of Directors through the Association's Manager or directly to an officer of the Association. The complaining Owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Respondent"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. If a complaint is not in writing or fails to include any information required by this provision, such complaint may be investigated and prosecuted or not investigated or prosecuted at the discretion of the Board of Directors.

(b) Complaints by a member of the Board of Directors, a committee member, or the Manager, if any, may be made in writing or by any other means deemed appropriate by the Board of Directors if such violation was observed by a Director or Manager.

3) Owner's Designated Contact and Preferred Language. An Owner may, by written notice in the form attached to the Association's Policy for Collection of Unpaid Assessments and Other Charges as Exhibit A (the "Owner's Designation"), identify the Owner's preferred language for correspondence and notices from the Association, if other than English, and/or identify another person to serve as a Designated Contact for the Owner, to be contacted on the Owner's behalf for purposes of collection of unpaid assessments and other charges including, but not limited to, fines assessed pursuant to this Policy for Enforcement of Covenants and Rules. Any Owner's Designation provided pursuant to the Association's Policy for Collection of Unpaid Assessments and Other Charges shall also apply for the purpose of this Policy for Enforcement of Covenants and Rules.

4) Investigation and Determination of Threat to Public Safety or Health. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by the Association's Manager. If the Board of Directors finds that the allegations in the complaint are sufficient to constitute a violation of the Association's covenants or rules, the Board of Directors shall determine whether the alleged violation threatens the public safety or health (a "Health and Safety Violation") or does not threaten the public safety or health (a "Governance Violation"). Health and Safety Violations and Governance Violations are both generally referred to in this Policy for Enforcement of Covenants and Rules as "violations".

5) Notice of Violation. If the Board of Directors finds that the allegations in the complaint are sufficient to constitute a violation, a notice (the “Notice of Violation”) shall be sent to the Respondent, and Designated Contact, if any, in English and any other language for which the Respondent has indicated a preference in an Owner’s Designation duly delivered to and received by the Association or its Manager in advance of the date on which the Notice of Violation is sent. The Notice of Violation shall advise the Respondent of the following:

- (a) the details of the complaint or include a copy of the complaint;
- (b) the Board of Directors’ determination of whether the alleged violation threatens the public safety or health;
- (c) the action or actions that are required to cure the alleged violation and the timeframe within which cure must occur;

- i) With respect to any alleged Health and Safety Violation, the Notice of Violation shall be sent by any reasonable means including First-Class Mail; text message to a cellular number provided to the Association by the Owner; or email to an email address provided to the Association by the Owner and shall provide the Respondent with seventy-two (72) hours from the date and time of the Association’s delivery of the Notice of Violation to come into compliance.

- ii) With respect to any alleged Governance Violation, the Notice of Violation shall be sent to the Respondent by Certified Mail, return receipt requested and shall provide the Respondent will have thirty (30) calendar days from the date of the Association’s delivery of the Notice of Violation to come into compliance.

- (d) that action may be taken against the Respondent if the violation is not timely cured;

- (e) the Respondent’s right to be heard, orally or in writing, on the merits of the alleged violation, provided that such hearing is requested in writing within the time allotted according to the type of alleged violation, and the timeline for the hearing process as follows:

- i) With respect to any alleged Health and Safety Violation, the Respondent must request a hearing within twenty-four (24) hours of delivery of the Notice of Violation. If requested, a hearing on an alleged Health and Safety Violation must be held within forty-eight (48) hours of delivery of the Notice of Violation.

- ii) With respect to any alleged Governance Violation, the Respondent must request a hearing within five (5) calendar days of delivery of the Notice of Violation. If requested, a hearing on an alleged Governance Violation must be held within fifteen (15) calendar days of delivery of the Notice of Violation.

- (f) that if the Respondent does not timely request a hearing, he or she will be deemed to have waived any and all rights to a hearing with respect to the alleged violation and admitted the facts of the violation; and

(g) that the Board of Directors may proceed with or without a hearing, at its discretion, to make its determination of the allegations contained in the complaint based on all relevant facts and circumstances, if the Respondent fails to appear at the specified date and time or submit a written response to the complaint in advance of the hearing.

Notwithstanding the foregoing provisions of this Section 5, if the Board of Directors determines that the alleged violation is a Governance Violation, the Board of Directors may, in its sole discretion, elect to proceed by way of a written warning letter to the Respondent in lieu of immediate delivery of the Notice of Violation. No fine may be assessed to the Respondent except following delivery of a Notice of Violation as provided for above. If the alleged violation is not cured within a reasonable time after delivery of the warning letter, and the Board of Directors determines that action is warranted, the Board of Directors shall proceed to deliver a Notice of Violation in accordance with the procedures set forth in this Section above.

6) Notice of Cure. If the Owner cures a violation within the period to cure afforded the Owner in the Notice of Violation, the Owner may notify the Association of the cure (“Cure Notice”) and, if the Owner sends with the Cure Notice visual evidence sufficient to show, that the violation has been cured, the violation is deemed cured on the date that the Owner sends the Cure Notice.

7) Inspection. If the Association does not receive a Cure Notice from the Owner, or if the Cure Notice does not include visual evidence sufficient to show that the violation has been cured, and for any violation that is not continuing in nature and does not require allowance of time for cure (e.g. a noise violation), the Association is authorized to and shall inspect the Lot as soon as practicable and, in the case of a Governance Violation, within seven (7) calendar days of the expiration of the thirty-day cure period, to determine if the violation has been cured. The Respondent shall provide the Association with reasonable access to the Respondent’s Lot for the purpose of conducting timely inspections.

(a) If, after inspection, the Association determines that a Health and Safety Violation has not been cured, the Association may impose fines on the Owner every other day, and may take legal action against the Owner not including foreclosure.

(b) If, after inspection, the Association determines that a Governance Violation has not been cured, a second consecutive thirty-day period to cure shall immediately commence if only one thirty-day period to cure has elapsed. If, after expiration of the second thirty-day period to cure, the Association determines that the Governance Violation has not been cured, the Association may impose fines on the Owner every other day, subject to the limitations set forth below, and may take legal action against the Owner not including foreclosure.

8) Schedule of Fines; Limitations. Fines shall be imposed as follows and all fines shall be due and payable to the Association on the date of their imposition and shall be deemed delinquent if not timely paid.

(a) Except where a specific fine has been established in the Declaration, Bylaws, Articles of Incorporation, rules and regulations, policies, or other governing documents of the Association, any violation that is continuing in nature and uncured within the time provided

in a Notice of Violation, after the Association's inspection of the Lot, shall result in a fine of \$100.00 every other day, until the Board of Directors in its sole discretion determines that the violation has been cured, provided that the total amount of fines imposed for any Governance Violation shall not exceed \$500.

(b) For violations that are not continuing in nature and do not require allowance of time for cure (e.g. a noise violation), the Respondent shall be fined \$100 for the first violation, \$150 for the second violation, and \$250 for the third violation, at which time the Association may also take legal action against the Owner for the violation.

9) Confirmation of Cure; Outstanding Balance. Once an Owner cures a violation, the Association shall notify the Owner in English and any other language for which the Owner has indicated a preference in an Owner's Designation, (a) that the Owner will not be further fined with regard to the violation; and (b) of any outstanding fine balance that the Owner still owes the Association, in accordance with the Association's Policy for Collection of Unpaid Assessments and Other Charges.

10) Notice of Hearing. If a hearing is requested by the Respondent, the Board of Directors, committee or other impartial decision maker, as such term is defined in C.R.S. 38-33.3-209.5(2)(b)(II), conducting such hearing as may be determined in the sole discretion of the Board of Directors (the "Hearing Panel"), shall serve a written notice of the hearing to all parties involved as follows:

i) With respect to any alleged Health and Safety Violation, the hearing will be convened as soon as reasonably possible within the time allotted upon immediate written notice.

ii) With respect to any alleged Governance Violation, the hearing will be convened within the time allotted upon not less than three (3) calendar days' written notice.

11) Hearing; Written Decision. At the beginning of each hearing, the presiding officer shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Complainant and Respondent or their designated representatives, may, but are not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. Neither the Complainant nor the Respondent is required to attend the hearing, and any party may appear orally or in writing. If the Respondent does not appear at any hearing and does not submit a written response to the complaint to the Hearing Panel in advance of the hearing, the Hearing Panel may make a decision with respect to the alleged violation based on the complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. The Hearing Panel shall base its decision solely on the matters set forth in the complaint, written comments of Complainant and Respondent, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Hearing Panel, all hearings shall be open to attendance by all Owners. The presiding officer may also impose such other rules of conduct as may be appropriate under the circumstances.

After all testimony and other evidence has been presented at a hearing, the Hearing Panel shall render a decision at the conclusion of the hearing. Within a reasonable time following the conclusion of the hearing, the Hearing Panel shall render any written findings and provide copies to the Respondent and Complainant. A decision, either for or against the Respondent, shall be by a majority of the Hearing Panel members present at the hearing. The decision of the Hearing Panel so rendered shall be final and not subject to appeal. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

12) Failure to Timely Request Hearing. If the Respondent fails to request a hearing in writing within the time allotted, the Board of Directors may determine that such failure constitutes the Respondent's waiver of the right to a hearing and a no contest plea to the complaint and impose fines and/or pursue other legal remedies as provided for in this Policy for Enforcement of Covenants and Rules.

13) Waiver of Fines. The Board of Directors may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board of Directors may condition waiver of the entire fine, or any portion thereof, upon the Respondent coming into and staying in compliance with the Articles, Declaration, Bylaws, policies, rules and regulations, and other governing documents of the Association.

14) Small Claims and Injunctive Relief. The Association may file a claim in small claims court pursuant to Section 13-6-403(1)(b)(I), C.R.S., to enforce rights and responsibilities arising under the Declaration, Bylaws, Articles, policies, any rules and regulations adopted by the Association, or other governing documents of the Association in relation to disputes arising from assessments, fines, or fees owed to the Association and for which the amount at issue does not exceed seven thousand five hundred dollars, exclusive of interest and costs. The Association may also seek injunctive relief to compel compliance with the Declaration, Bylaws, Articles, policies, any rules and regulations adopted by the Association, or other governing documents of the Association.

15) Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation, Bylaws, policies, rules and regulations, and Colorado law including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages. The use of this process does not preclude the Association from using any other enforcement means. Without limiting the generality of the foregoing, the Board of Directors may provide a written Notice of Violation (with a right of the Respondent to request a hearing) pursuant to the procedures above stating the Board of Directors' intention to suspend the Respondent's right to vote on Association matters, to suspend any services provided by the Association and/or to impose other sanctions authorized in the Declaration or the Act, and (b) the Association may seek assistance from other enforcement authorities, such as police, zoning, fire, or animal control, as it deems appropriate. Any provision of any Association governing document that permits the restriction of any Owner from using any common element shall not be enforceable except as provided for in Section 38-33.3-302.5, C.R.S.

16) Responsibility for Actions of Tenant or Guest. Owners shall at all times be responsible for the actions of their tenants and guests. In the event that an Owner's tenant or guest violates the Declaration, Bylaws, Articles of Incorporation, policies, any rules and regulations adopted by the Association, or other governing documents of the Association and a fine is imposed, the fine shall be assessed against that Owner.

17) Architectural and Design Review Violations. To the extent that separate, alternative or additional procedures and fines not in conflict with this this Policy for Enforcement of Covenants and Rules are provided or adopted in the Design Standards and Guidelines of the Association or the Red Sky Ranch DRB, said procedures and fines shall be applied in applicable matters to the extent that such procedures and fines do not conflict with the provisions of this Policy for Enforcement of Covenants and Rules. In addressing architectural or design review matters, the Association and the Red Sky Ranch DRB shall follow the processes contained in this Policy for Enforcement of Covenants and Rules in connection with enforcement rights and obligations.

## **POLICY FOR CONDUCT OF MEETINGS**

The Policy for Conduct of Meetings is hereby amended to add the following as Section 2(c):

(c) *Executive Session.* All regular and special meetings of the Board of Directors, or any committee thereof, shall be open to attendance by all members of the Association or their representatives provided that the members of the Board of Directors or any committee thereof may hold an executive or closed-door session and may restrict attendance to Board of Directors members and such other persons requested by the Board of Directors during a regular or specially announced meeting or a part thereof for any purpose authorized by Colorado law including, but not limited to, matters the disclosure of which would constitute an unwarranted invasion of individual privacy.

- (1) Prior to convening an executive or closed session of the Board of Directors, the Chair shall announce the general matter of discussion.
- (2) Any vote concerning a delinquency or disciplinary matter or to refer such a matter to an attorney or collection agency must be taken in an executive or closed-door session.
- (3) An Owner who is the subject of a disciplinary hearing or a referral of delinquency may request and receive the results of any vote taken at the relevant meeting.



**AND FURTHER RESOLVED**, that the following provisions are hereby adopted and approved and shall apply to all of the foregoing Policies of the Association:

1. Definitions. Unless otherwise defined in these Resolutions, initially capitalized terms defined in the Declaration shall have the same meaning herein.

2. Supplement to Law. The provisions of these Resolutions shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing the Association.

3. Severability. The provisions of these Resolutions shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

4. Deviations. The Board of Directors may deviate from any procedures set forth in these Resolutions if in its sole discretion such deviation is reasonable under the circumstances.

### **CERTIFICATION OF ADOPTION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of the Association and,

That the foregoing Resolutions, duly adopted by written action of the Board of Directors to be effective on the 9th day of August, 2022, constitute a portion of the Responsible Governance Policies of the Association.

*William Simon*

william simon, Secretary

RED SKY RANCH ASSOCIATION  
BOARD OF DIRECTORS  
RESOLUTION  
CONDUCT OF MEETINGS

March 6, 2007

The Board of Directors of Red Sky Ranch Association, a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Conduct of Meetings is hereby adopted and ratified:

1. Owner Meetings. Meetings of the Members/ Owners of the Association ("Owners") shall be called pursuant to the Bylaws of the Association.

(a) *Notice.*

(1) In addition to any notice required in the Bylaws, notice of any meeting of the Owners shall be posted at the clubhouse at least 10 days prior to each such meeting, or as may otherwise be required by Colorado law.

(2) The Association shall also post notice on its website of all Owner meetings. Such notice shall be posted 10 days prior to such meeting.

(3) If any Owner has requested that the Association provide notice via email and has provided the Association with an email address, the Association shall send notice of all Owner meetings to such Owner at the email address provided as soon as possible after notice is provided pursuant to the Bylaws but in no case less than 24 hours prior to any such meeting.

(b) *Conduct.*

(1) All Owner meetings shall be governed by the following rules of conduct and order:

(A) The President of the Association or designee shall chair all Owner meetings.

(B) All Owners and persons who attend a meeting of the Owners will sign in, present any proxies and receive ballots as appropriate. (See section below regarding voting).

(C) Anyone wishing to speak must first be recognized by the Chair.

(D) Only one person may speak at a time.

(E) Each person who speaks shall first state his or her name and Unit address.

(F) Any person who is represented at the meeting by another person, as indicated by a written instrument, will be permitted to have such person speak for him/her.

(G) Those addressing the meeting shall be permitted to speak without interruption from anyone as long as these rules are followed.

(H) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting.

(I) Each person shall be given up to a maximum of two minutes to make a statement or to ask questions. The Board may decide whether or not to answer questions during the meeting. Each person may only speak once. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair, in his or her sole discretion, but shall be uniform for all persons addressing the meeting.

(J) All actions and/or decisions will require a first and second motion.

(K) Once a vote has been taken, there will be no further discussion regarding that topic.

(L) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the meeting.

(M) The Chair may establish such additional rules of order as may be necessary from time to time.

(c) *Voting.* All votes taken at Owner meetings shall be taken as follows:

(1) Election of Board members in a contested election shall be conducted by secret ballot. Each Owner entitled to vote pursuant to the Bylaws shall receive a ballot. The ballot shall contain identifying information concerning the ballot holder in order to verify voting accuracy, but such information shall be kept confidential by the Association and not part of the public record of the vote or the meeting. In the event an Owner holds a proxy for another Owner, upon presentation of such proxy to the Secretary of the Association or the Secretary's designee, the Owner shall receive a secret ballot to cast the vote of the Owner who provided the proxy. The proxy shall be kept and retained by the Association.

(2) All other votes taken at a meeting of the Owners shall be taken in such method as determined by the Board of Directors including acclamation, by hand, by voice or by ballot, unless otherwise required by law. At the discretion of the Board or upon request of twenty percent (20%) of the Owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the Association on which all Owners are entitled to vote shall be by secret ballot.

(3) Written ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners who are selected or appointed at an open meeting, in a fair manner, by the Chair of the Board or another person

presiding during that portion of the meeting. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates for such position.

(4) The individual(s) counting the ballots shall report the results of the vote to the Chair by indicating how many votes were cast for each individual or how many votes were cast in favor and against any issue, without reference to the names, addresses or other identifying information of Owners participating in such vote.

(d) *Proxies.* Proxies may be given by any Owner as allowed by C.R.S. 7-127-203. All proxies shall be reviewed by the Association's Secretary or designee as to the following:

- (1) Validity of the signature;
- (2) Signatory's authority to sign for the unit Owner;
- (3) Authority of the unit Owner to vote;
- (4) Conflicting proxies; and
- (5) Expiration of the proxy.

2. Board Meetings. Meetings of the Board of Directors of the Association shall be called pursuant to the Bylaws of the Association.

(a) *Conduct.*

(1) All Board meetings shall be governed by the following rules of conduct and order:

(A) The President of the Association, or designee, shall chair all Board meetings.

(B) All persons who attend a meeting of the Board shall be required to sign in, listing their name and unit address.

(C) All Owners will be given an opportunity to speak as to any matter or ask questions of the Board during the Owner forum at the end of the meeting, or at such other time as determined by the Chair. Any Owner wishing to speak during the Owner forum shall so indicate at the time of sign in.

(D) Anyone desiring to speak shall first be recognized by the Chair.

(E) Only one person may speak at a time.

(F) Each person speaking shall first state his or her name and Unit address.

(G) Any person who is represented by another person as indicated by a written instrument at the meeting shall be permitted to have such person speak for them.

(H) Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are followed.

(I) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.

(J) Each person shall be given up to a maximum of two minutes to speak or to ask questions, although questions may not be answered until a later date. Each person may only speak once during the Owner forum and once on any other issue prior to a vote by the Board on such issue. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair but shall be uniform for all persons addressing the meeting.

(K) No meeting of the Board may be audio, video or otherwise recorded except by the Board to aid in the preparation of minutes. Minutes of actions taken shall be kept by the Association.

(L) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order shall be requested to immediately leave the meeting.

(b) *Owner Input.* After a motion and second has been made on any matter to be discussed, but prior to a vote by the Directors, Owners present at such time shall be afforded an opportunity to speak on the motion as follows:

(1) The Chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor or against the motion. The Chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak. The Chair shall also announce the procedure for who shall be permitted to speak if not everyone desiring to speak will be permitted to speak.

(2) Following Owner input, the Chair will declare Owner input closed and there shall be no further Owner participation on the motion at hand unless a majority of the Board of Directors votes to open the discussion to further Owner participation.

3. Definitions. Unless otherwise defined herein, initially capitalized or terms defined in the Declaration and Bylaws shall have the same meaning herein.

4. Supplement to Law. The provisions herein shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Red Sky Ranch.

5. Deviations. The Board may deviate from the procedures set forth herein if in its sole discretion such deviation is reasonable under the circumstances.

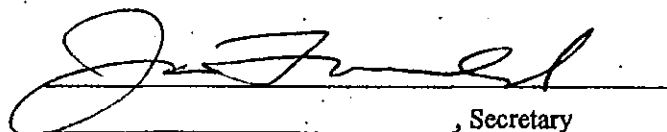
**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Red Sky Ranch Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Board of Directors of the Association at its meeting held on March 6, 2007, at which a quorum was present.

Dated: 6/15, 2007.

  
\_\_\_\_\_, Secretary

RED SKY RANCH ASSOCIATION

BOARD OF DIRECTORS

RESOLUTION

**AMENDED AND RESTATED POLICY FOR  
INSPECTION AND COPYING OF ASSOCIATION RECORDS**

December, 2013

The Board of Directors of Red Sky Ranch Association, a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Amended and Restated Policy of the Association ("Policy") related to Inspection and Copying of Association Records is hereby adopted and ratified and replaces in its entirety any policy previously adopted by the Association governing the inspection and copying of Association records:

- I. Record Retention. The Association shall retain the following records as required by Colorado law:
  - a. Detailed records of receipts and expenditures affecting the operation and administration of the Association;
  - b. Records of claims for construction defects and amounts received in settlement of those claims;
  - c. Minutes of all meetings of Owners and the Board of Directors;
  - d. A record of all actions taken by Owners or the Board of Directors without a meeting;
  - e. A record of all actions taken by any committee of the Board of Directors;
  - f. Written communications among and the votes cast by members of the Board of Directors when such communications and votes are directly related to an action taken by the Board of Directors without a meeting pursuant to C.R.S. § 7-128-202 or pursuant to the Association's Bylaws;
  - g. The names of Lot Owners in a form that permits preparation of a list of the names of all Lot Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Lot Owner is entitled to vote;
  - h. The current declaration, covenants, bylaws, articles of incorporation, rules and regulations, responsible governance policies, and other policies adopted by the Board of Directors;
  - i. Financial statements for the past three years and tax returns of the Association for the past seven years, if available;
  - j. A list of names, e-mail addresses and physical mailing addresses of current members of the Board of Directors and officers of the Association;
  - k. The Association's most recent annual report delivered to the Secretary of State, if any;

l. Financial records sufficiently detailed to enable the Association to comply with C.R.S. § 38.33.3-316(8) concerning statements of unpaid assessments;

m. The Association's most recent reserve study, if any;

n. Current written contracts to which the Association is a party and contracts for work performed for the Association within the past two years;

o. Records of Board of Director or Executive Committee actions to approve or deny any requests for design or architectural approval from Owners;

p. Ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;

q. Resolutions adopted by the Association's Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and

r. All written communications within the past three years to all Owners generally as Owners.

2. Inspection/Copying Association Records. An Owner or his/her authorized agent is entitled to inspect and copy any of the books and records of the Association described in Section 1 above, subject to the exclusions, conditions and requirements set forth below:

a. The inspection and/or copying of the records of the Association shall be at the Owner's expense;

b. The inspection and/or copying of the records of the Association shall be conducted during the regular business hours of 9:00 a.m. to 4:00 p.m. at the offices of the Association's manager, from time to time;

c. The Owner shall give the Managing Agent a written request, stating the purpose for which the inspection and/or copying is sought, at least ten (10) days before the date on which the Owner wishes to inspect and/or copy such records; and

d. The Owner shall complete and sign the Agreement Regarding Inspection of Association Records (the "Agreement") prior to the inspection and copying of any Association record. A copy of the Agreement is attached to this Policy as Exhibit A. Failure to properly complete or sign the Agreement shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.

3. Restrictions on Use of Membership List. The Association's membership list may not be obtained or used by any person for any purpose unrelated to a Lot Owner's interest as a Lot Owner without consent of the Board of Directors. Moreover, the unless the consent of the Board of Directors has been obtained, the membership list, or any part thereof, may not be: (1) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Lot Owners in an election to be held by the association; (2) used for any commercial purpose; or (3) sold to or purchased by any person.

4. Prohibition on Commercial Use. The Association's records and the information contained within those records shall not be used for commercial purposes.



5. Exclusions. The following records shall NOT be available for inspection and/or copying as they are deemed confidential:

a. Attorney-client privileged documents, records and communications, and any other communications with legal counsel that are otherwise protected by the attorney work product doctrine or other legal privilege, unless the Board of Directors decides to disclose such communications at an open meeting;

b. Any documents that are confidential or otherwise prohibited from disclosure under constitutional, statutory or judicially imposed requirements;

c. Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy, including but not limited to social security numbers, dates of birth, personal bank account information, and driver's license numbers;

d. Architectural drawings, plans, and designs, unless released upon the written consent of the legal owner of the drawings, plans, or designs;

e. Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;

f. Records of an executive session of the Board of Directors;

g. Records concerning individual Lots other than those of the requesting Owner;

h. Any records concerning personnel, salary, or medical records relating to specific individuals; and

i. Personal identification and account information of members, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers.

6. Fees/Costs. Any Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association, which have been determined to be \$0.25 per page for copies. The Association may require prepayment of the actual cost of the requested records. Failure to pay such prepayment of costs shall be valid grounds for denying an Owner copies of such records. If after prepayment it is determined that the actual cost was less than the prepayment, the difference shall be returned to the Owner with the copies. There shall be no cost to any Owner accessing records which are required to be disclosed by Colorado law at no cost to Owners.

7. Inspection. The Association reserves the right to have a third party present to observe during any inspection of records by an Owner or the Owner's representative.

8. Original. No Owner shall remove any original book or record of the Association from the place of inspection nor shall any Owner alter, destroy or mark in any manner, any original book or record of the Association.

9. Creation of Records. Nothing contained in this Policy shall be construed to require the Association to create records that do not exist or compile or synthesize records or information in a particular format or order.

10. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

11. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Association.

12. Deviations. The Board of Directors may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Red Sky Ranch Association, a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Board of Directors of the Association at its meeting held on December 19, 2013, at which a quorum was present.

Dated: December 19, 2013.

  
\_\_\_\_\_  
James McDonald, Secretary

EXHIBIT A

**AGREEMENT REGARDING INSPECTION AND COPYING OF RECORDS  
OF RED SKY RANCH ASSOCIATION**

I have requested to inspect and/or obtain copies of the following records of Red Sky Ranch Association (be as specific as possible): \_\_\_\_\_. I understand that under the terms of the Colorado Common Interest Ownership Act, Association records may not be obtained or used for any purpose unrelated to my interest(s) as an Owner. To the extent the Association's membership list is released to me, I acknowledge and agree that such information may not be:

- (A) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election held by the Association;
- (B) used for any commercial purpose;
- (C) sold to, otherwise distributed to, or purchased by any person;
- (D) used for any other purpose prohibited by law; or
- (E) used for any purpose not related to the undersigned's interest as a Lot Owner.

In addition, I understand and agree that no Association records may be used for any commercial purpose.

In the event any document requested is used for an improper purpose or purpose other than that stated above, I will be responsible for any and all damages, penalties and costs incurred by the Association, including attorneys' fees resulting from such improper use. I will additionally be subject to any and all enforcement procedures available to the Association through its governing documents and Colorado law.

Understood and agreed to by:

\_\_\_\_\_  
Owner

Date: \_\_\_\_\_

Address: \_\_\_\_\_

RED SKY RANCH ASSOCIATION  
BOARD OF DIRECTORS  
RESOLUTION  
**DIRECTOR CONFLICTS OF INTEREST**

March 6, 2007

The Board of Directors of Red Sky Ranch Association, a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Director Conflicts of Interest is hereby adopted and ratified:

1. **General Duty.** The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors shall exercise their power and duties in good faith and in the best interest of the Association. All Directors shall comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and Rules and Regulations. As of the date of adoption of this Policy, conflicting interest transactions of directors and officers of the Association are governed by C.R.S. §7-128-501, pursuant to C.R.S. §38-33.3-310.5, and the provisions of this Policy are intended to comply with such statutes and with Section 5.12 of the Bylaws.

2. **Definition.** A "conflicting interest transaction" is as defined in Subsection 5.12(b) of the Bylaws.

3. **Disclosure of Conflicting Interest Transaction.** Any conflicting interest transaction on the part of any Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the interested Director may participate in the discussion of the matter, and may vote on the matter, in compliance with the Director's duties to the Association. The minutes of the meeting shall reflect the disclosure made, the composition of the quorum and record who voted for and against.

4. **Failure to Disclose Conflicting Interest Transaction.** As set forth in Subsection 5.12(b) of the Bylaws, no conflicting interest transaction entered into in violation of this policy shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a member or by or in the right of the Association, solely because the conflicting interest transaction involves a Director or a party related to a Director or an entity in which a Director is a director or officer or has a financial interest or solely because the Director is present at or participates in the meeting of the Association's Board of Directors that authorizes, approves or ratifies the conflicting interest transaction or solely because the Director's vote is counted for such purpose if:

a. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board of Directors and the Board of Directors in good faith authorized, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

b. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the members of the Association entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or

c. The conflicting interest transaction is fair as to the Association.

5. Definitions. Unless otherwise defined herein, initially capitalized or terms defined in the Declaration and Bylaws shall have the same meaning herein.

6. Supplement to Law. The provisions herein shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Red Sky Ranch.

7. Deviations. The Board may deviate from the procedures set forth herein if in its sole discretion such deviation is reasonable under the circumstances.

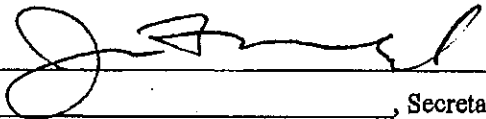
### CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Red Sky Ranch Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Board of Directors of the Association at its meeting held on March 6, 2007, at which a quorum was present.

Dated: 6/15, 2007.

  
\_\_\_\_\_, Secretary

RED SKY RANCH ASSOCIATION

BOARD OF DIRECTORS

RESOLUTION

**AMENDED AND RESTATED POLICY FOR INVESTMENT OF RESERVE FUNDS AND  
PERFORMANCE OF RESERVE STUDY**

December, 2013

The Board of Directors of Red Sky Ranch Association, a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Investment of Reserve Funds and Performance of Reserve Study is hereby adopted and ratified and replaces in its entirety any policy governing investment of reserve funds previously adopted by the Association:

1. Scope. In order to properly maintain areas in Red Sky Ranch that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' Lots and livability in Red Sky Ranch, the Board of Directors determines that it is necessary to have policies and procedures for the investment of reserve funds and for the performance of a reserve study.

2. Purpose of the Reserve Fund. The purpose of the reserve fund ("Reserve Fund") shall be to responsibly fund and finance the projected repair and replacement of those portions of Red Sky Ranch that the Association is responsible for and for such other funding as the Board of Directors may determine. Certain of the portions of Red Sky Ranch that the Association is responsible for typically have limited but reasonably predictable useful lives.

3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies:

(a) *Safety of Principal*. Promote and ensure the preservation of the Reserve Fund's principal.

(b) *Liquidity and Accessibility*. Structure maturities to ensure availability of assets for projected or unexpected expenditures.

(c) *Minimal Costs*. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.

(d) *Diversify*. Mitigate the effects of interest rate volatility upon reserve assets.

(e) *Return*. Funds should be invested to seek a reasonable rate of return.

4. Limitation on Investments. Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.

5. Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.

6. Independent Professional Investment Assistance. The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.

7. Review and Control. The Board shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.

8. Reserve Study. In order to determine funding of the Reserve Fund, the Board of Directors may determine, with the assistance and advice of professionals if so requested by the Board of Directors, the life expectancy of those portions of Red Sky Ranch to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a "Reserve Study"). Although it shall have no obligation to cause a Reserve Study to be prepared at all, the Board of Directors may cause a Reserve Study to be prepared biannually at such time as is determined in the sole discretion of the Board of Directors. The Reserve Study shall be based on a physical analysis and financial analysis. Any Reserve Study may be conducted internally by the Association.

9. Funding Plan. In the event a Reserve Study recommends any work, the funding plan for such work shall be as determined by the Board in the exercise of its business judgment and with regard to the recommendations of the Reserve Study. The Reserve Fund is the projected source of funding for any work recommended by the Reserve Study. The Reserve Fund shall be funded through regular assessments and, when necessary, special assessments levied by the Association.

10. Review of Reserve Study. The Board of Directors shall cause the Reserve Study, if any, and reserve funding to be reviewed and updated periodically, to adjust and make changes in costs, inflation and interest yield on invested funds, plus modification, addition or deletion of components.

11. Standard of Conduct. With regard to the investment of the Reserve Fund, the officers and Directors of the Association shall discharge such persons' duties as a Director or officer:

- a. In good faith;
- b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- c. In a manner the Director or officer reasonably believes to be in the best interests of the Association.

12. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration and Bylaws shall have the same meaning herein.

13. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Red Sky Ranch.

14. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Red Sky Ranch Association, a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Board of Directors of the Association at its meeting held on December 19, 2013, at which a quorum was present.

Dated: December 19, 2013.

  
\_\_\_\_\_  
James McDonald, Secretary



RED SKY RANCH ASSOCIATION  
BOARD OF DIRECTORS  
RESOLUTION

**ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES**

March 6, 2007

The Board of Directors of Red Sky Ranch Association, a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Adoption and Amendment of Policies, Procedures and Rules is hereby adopted and ratified:

1. **Scope** The Board of Directors of the Association may, from time to time, adopt certain Policies as may be necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law. In order to encourage Owner participation in the development of such Policies and to insure that such Policies are necessary and properly organized, the Board shall follow the following procedures when adopting any Policy.

2. **Drafting Procedure.** The Board shall consider the following in drafting the Policy: (a) whether the governing documents or Colorado law grants the Board the authority to adopt such a Policy; (b) the need for such Policy based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and (c) the immediate and long-term impact and implications of the Policy.

3. **Notice and Comment.** A copy of the proposed Policy shall be provided to all Owners or posted on the Association's website and Owners shall be allowed a minimum of thirty (30) days to provide comment and/or feedback on the proposed Policy. The adoption of every Policy shall also be listed on the agenda for the Board meeting prior to adoption by the Board and any Owner who wishes to comment on the proposed Policy shall be afforded such opportunity in compliance with Colorado law.

4. **Emergency.** The Board may forego the notice and opportunity to comment in the event the Board determines in its sole discretion that providing notice and opportunity to comment is not practical given the emergency nature of such Policy.

5. **Adoption Procedure.** After the period for Owner comment expires, the Board may adopt any Policy. Upon adoption of a Policy, the Policy or notice of such Policy (including the effective date) shall be provided to all Owners by any reasonable method as determined by the sole discretion of the Board, including but not limited to posting on the Association's website.

6. **Definitions.** Unless otherwise defined herein, initially capitalized or terms defined in the Declaration and Bylaws shall have the same meaning herein.

7. **Supplement to Law.** The provisions herein shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Red Sky Ranch.

8. **Deviations.** The Board may deviate from the procedures set forth herein if in its sole discretion such deviation is reasonable under the circumstances.

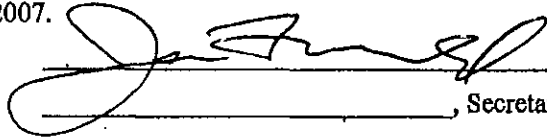
**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Red Sky Ranch Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Board of Directors of the Association at its meeting held on March 6, 2007, at which a quorum was present.

Dated: 6/15, 2007.

  
\_\_\_\_\_, Secretary

RED SKY RANCH ASSOCIATION  
BOARD OF DIRECTORS  
RESOLUTION  
**DISPUTE RESOLUTION**

March 6, 2007

The Board of Directors of Red Sky Ranch Association, a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Dispute Resolution is hereby adopted and ratified:

1. Intent to Avoid Litigation. The Association, its officers, directors and committee members, all persons subject to the Declaration including Owners, and any person not otherwise subject to the Declaration who agrees to submit to this Policy (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving Red Sky Ranch, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein ("Claims") shall be resolved using the procedures set forth below in lieu of filing suit in any court.

2. Claims. Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Association Documents, or the rights, obligations and duties of any Bound Party under the Association Documents shall be subject to the provisions of this Section. Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of this Section:

a. Any suit by the Association against any Bound Party to enforce the provisions of the Declaration relating to Assessments and the collection of Assessments.

b. Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the architectural standards and use restrictions and rules;

c. Any suit between Owners, which does not include the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;

d. Any suit in which any indispensable party is not a Bound Party; and

e. Any suit as to which any applicable statute of limitations would expire within 180 days of giving the notice required below.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth below.

3. Mandatory Procedures.

a. Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

i. The nature of the Claim, including the Persons involved and Respondent's role in the Claim;

ii. The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

iii. Claimant's proposed remedy; and

iv. That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

b. Negotiation and Mediation.

i. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board of Directors may appoint a representative to assist the Parties in resolving the dispute by negotiation.

ii. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Eagle County, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Eagle County, Colorado, area.

iii. If Claimant does not submit a claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

iv. Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that the mediation was to be mediated.

v. Within five (5) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement

Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

c. Final and Binding Arbitration.

i. If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration as may be required by the agency providing the arbitrator. The arbitrator shall be a single arbitrator to be appointed by the Parties. If the Parties are unable to agree upon an arbitrator within thirty (30) days of the Claim being submitted to arbitration, the presiding judge of Eagle County, Colorado shall appoint a qualified arbitrator upon application of a Party. No person shall serve as the arbitrator where that person has any financial or personal interest in the result of the arbitration. Any person designated as an arbitrator shall immediately disclose in writing to all Parties any circumstance likely to affect the appearance of impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Arbitrator Disclosure"). If any Party objects to the service of any arbitrator within fourteen (14) days after receipt of that Arbitrator's Disclosure, such arbitrator shall be replaced in the same manner in which that arbitrator was selected. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

ii. This subsection is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Colorado. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

d. Enforcement of Resolution. After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award including, without limitation, attorneys' fees and court costs.

3. Claim for Damages. Damages alleged or awarded in connection with a Claim shall be limited to actual damages. No punitive, incidental, consequential or other damages shall be claimed or awarded.

4. Definitions. Unless otherwise defined herein, initially capitalized or terms defined in the Declaration and Bylaws shall have the same meaning herein.

5. Supplement to Law. The provisions herein shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Red Sky Ranch.

6. Deviations. The Board may deviate from the procedures set forth herein if in its sole discretion such deviation is reasonable under the circumstances.

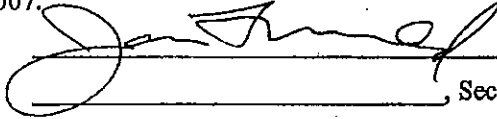
**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Red Sky Ranch Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Board of Directors of the Association at its meeting held on March 6, 2007, at which a quorum was present.

Dated: 6/15, 2007.

  
\_\_\_\_\_, Secretary