

**RULES, REGULATIONS AND RESPONSIBLE GOVERNANCE POLICIES
THE TERRACES HOME OWNERS ASSOCIATION, INC.**

The Executive Board (“**Board**”) of The Terraces Home Owners Association, Inc., a Colorado nonprofit corporation (“**Association**”), as the governing body of The Terraces at Meadows Run condominium community (“**Terraces**”), in accordance with the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101, et seq. (the “**Act**”) has adopted the following Rules, Regulations and Responsible Governance Policies:

1. Rules and Regulations
 - Flow Meters *(as amended and restated May 4, 2023)*
 - Access
 - Parking *(as amended and restated May 4, 2023)*
 - Pets
 - Renters and Guests
 - Décor
 - Quiet Hours
 - Trash and Recycling
2. Policy for Collection of Unpaid Assessments *(First Amended and Restated May 4, 2023)*
3. Policy for Handling of Conflicts of Interest Involving Board Members
4. Policy for Conduct of Meetings
5. Policy for Enforcement of Governing Documents (including notice and hearing procedures and fines) *(First Amended and Restated May 4, 2023)*
6. Policy for Maintenance, Inspection and Copying of Association Records
7. Policy and Procedures for the Adoption and Amendment of Policies, Rules and Regulations
8. Policy and Procedures for Addressing Disputes Arising Between the Association and Owners *(First Amended and Restated May 4, 2023)*
9. Policy for Reserves
10. Policy and Procedures for Budget Ratification

These Rules and Regulations and Responsible Governance Policies amend, restate and replace all prior rules regulations and policies adopted by the Board and are in addition to the terms and provisions of the Condominium Declaration for The Terraces at Meadows Run, a Condominium Community recorded January 29, 1998 in the office of the San Miguel County Clerk and Recorder, at Reception No. 316791 as amended and supplemented (“**Declaration**”), the Condominium Map Recorded the same day at Reception No. 316792, as amended and supplemented, the Articles of Incorporation of The Terraces Home Owners Association, Inc. (“**Articles of Incorporation**”) and the Bylaws of The Terraces Home Owners Association, Inc. (“**Bylaws**”) (collectively the “**Governing Documents**”), and the laws of the State of Colorado, and may be amended from time to time by the Board following notice to the Unit Owners and an opportunity for them to comment as set forth herein. Capitalized terms not defined herein shall have the meaning(s) ascribed to them in the Governing Documents.

**RULES AND REGULATIONS
OF
THE TERRACES HOME OWNERS ASSOCIATION, INC.**

These Rules and Regulations are adopted by the Board pursuant to sections 3.03(a) and 8.17 of the Declaration and shall amend and fully replace all previous rules and regulations adopted of the Association.

1. **Flow Meter Policy.** The following Flow Meter Policy was adopted by the Executive Board and effective on May 19, pursuant to Sections 7.08(e) and 10.10 of the Declaration

a. Each Unit must have a 1” FloLogic Complete System or comparable flow meter approved by the Board, to monitor the flow of water into their Unit. Such meters shall have an automatic shut off feature. All flow meters must be installed and operating by no later than December 15, 2022 (extended to June 30, 2023). All flow meters must be installed by a licensed plumber.

b. Owners, and not the Association, are responsible for monitoring water flow or flow meter operations for their Unit. Upon discovery, Owners shall promptly report to the Association any flow meter malfunctions or failures. The Association may hold Owners liable for any and all damage arising in whole or in part out of the Owners’ failure to monitor and promptly address and report water flow changes to or in their Unit.

c. Owners who do not have a flow meter installed in their Unit, which complies with the requirements of Section 1 above, shall be liable for all damage within and outside of their Unit, which results from leaks in their Unit.

d. In no event shall the Association or its manager(s) be responsible for selecting, purchasing, installing flow meters, or for monitoring water flow or be liable for any flow meter malfunctions or failures or damage resulting therefrom. Owners are and shall remain responsible for maintenance, repair and replacement of their Units and everything located within their Unit boundaries or considered part of their Unit pursuant to the Governing Documents.

2. **Access**

a. Owners shall grant the Manager or other person authorized by the Board the right of access to the Owner’s Unit and appurtenant limited Common elements during reasonable hours and upon reasonable notice as may be necessary for the maintenance, repair and replacement of the Common Elements or Limited Common Elements, or at any time deemed necessary by the Manager or the Board for making emergency repairs or to prevent damage to any of the Common Elements or Limited Common Elements.

b. Owners must provide a copy of their Unit's key to the Association to be used in the instance of an emergency; this key will be accessible to a Manager, a Board Member and/or emergency services provider only. In the event of an emergency, which means a situation in which a swift response will lessen, or

make less likely, damage to the Common Elements, Limited Common Elements, or Unit(s) the Association may enter the Unit(s) to take reasonable steps to address the emergency. In such case, the Association will as promptly as practical notify the Owners of the Units involved. An Owner who fails to cooperate as provided herein waives their right to make a claim against the Association for costs or damages that are caused at the Owners failure to cooperate.

3. Parking

- a. Owners who have parking garages shall use their garages for parking before using an open space. This applies to renters and guests as well.
- b. Owners' guests and contractors may also park directly in front of the garage doors for buildings 1, 2, 3, and 4 and as long as any vehicle parked in front of any garage door does not block or impede use of the Terraces driveway.
- c. Subject to section 2.a above, Owners or guests may park in the guest parking areas. Any vehicle parked in a parking space at the Terraces must have a current Terraces parking permit displayed on the dashboard. (Owners are provided 2 parking passes each year by the Property Management) Parking is not permitted except as noted above. In particular, there is no parking in the U-turn/Fire Lane areas at the end of the Terraces driveway or in any area or space that is not specifically identified with parking space lines.
- d. Trailers and other recreational vehicles must be parked in lined and marked parking spaces and must fit completely within such space without encroaching on adjacent parking spaces or into the driveway. Trailers and RV's may not be parked at the Terraces for more than two (2) consecutive days. Trailers must also display a current Terraces parking permit.
- e. Any vehicle that is not parked in accordance with this section may be towed at the vehicle owner's expense. Owners are responsible for notifying their property managers, guests and tenants of the parking rules.

4. Pets

- a. Pets are allowed only by Owners and Owner's families and shall be subject to these Rules and Regulations and other provisions of the Governing Documents. Except as may be required by law, no pets are allowed in Terraces by guests, renters contractors, etc.
- b. Owners are responsible for the actions of their pets including, but not limited to property damage.
- c. Owners must have complete control of their pets when outside either by voice command or on a leash. Pets must not be outside on Association grounds without direct control of a responsible person.
- d. Pets are not to be left unattended on decks.
- e. No pets may unreasonably disturb other occupants or guests of the Terraces or otherwise be a nuisance.
- f. Barking and other obnoxious pet behavior must be controlled. Barking between 10 pm and 7 am, or for more than 15 minutes, shall be considered a nuisance.

- g. Owners must direct the toilet activities of their pets away from the entrances of all buildings. Toilet activities of pets is strictly prohibited from any paved area or cleared trail.
- h. Owners are responsible for immediately picking up solid wastes of their pets and disposing of such waste in pet waste bags and then in a proper trash receptacle.
- i. After three (3) violations, where for each violation the Owner has been given notice of the violation and an opportunity to be heard and found to have violated this section of the Rules and Regulations, the Owner may be required to remove the pet permanently.

5. Renters and Guests

- a. Owners are responsible for the actions of their guests, renters and other invitees. Any violation of these Rules and Regulations by a renter or guest will be enforced against the Owner(s) of the Unit. Owners who rent their Unit shall provide the Association's Manager with contact information for their Unit's property and/or rental manager and are encouraged to notify, or have their manager notify, the Association's manager of, each occupancy, including arrival and departure dates and contact information for the occupants.
- b. Owners are required to provide a copy of these Rules and Regulations to renters at the time of booking their Unit for rent. Owners failure to provide this information to their renters resulting in renters failure to comply with Terraces HOA rules and regulations are subject to a \$250 fine being assessed against the Unit and its Owner.
- c. Owners must provide renters and guests with storage for skis, boots, snowboards, sleds, bicycles, coolers and other bulky items. Skis, boots, snowboards, bicycles and other bulky items are not to be stored on the decks or in the common areas of any building pursuant to Section 5, Décor, below.
- d. Owners will provide or post for their guests and tenants with a site parking map of designated available parking spaces as well as parking permit placards and a list of alternative off-property parking options. These will be part of any renter's agreement and will be included with the signed and returned Unit Rental Documents given to the Association prior to the arrival of any renter.
- e. Owners will clearly identify where all trash and recycling receptacles are located in the Terraces and direct renters and guests to use all available receptacles. Owners will direct renters and guests to physically remove their rubbish and recycling from the Terraces property if all trash and recycling receptacles are full.
- f. The number of renters in a Unit must not exceed the maximum occupancy allowed pursuant to local zoning ordinances. Owners must inform the Association of their Unit's maximum occupancy prior to any further rentals of their Unit. This occupancy limit will be kept on file by the Association in order to confirm that no rental of any Unit exceeds the maximum allowable occupancy.

6. Décor

- a. Interior window coverings are to be horizontal wood blinds of a medium wood tone. No white window coverings of any kind are permitted.
- b. Deck furniture must be wood or metal of a dark brown or black color (glass table tops are permitted). White or plastic furniture must not be used. Decks are to be used exclusively for deck or patio furniture and barbeque units. Decks may not be used for storage, for children's toys, pet enclosures or other such uses.
- c. Small wooden planters of a dark brown or black color may be placed on the deck surfaces provided proper drainage is provided to allow proper water drainage.

- d. Barbeque units on decks must be completely covered with a dark colored cover when not in use. Smokers and charcoal grills are prohibited.
- e. Skis, boots, snowboards, bicycles and other bulky items are not to be stored on the decks or in the common areas of any building.

7. Quiet Hours

- a. Owners, renters and their guests shall observe quiet hours from 10 p.m. to 7 a.m., during which time all noise from a Unit, including, but not limited to, voices, music, television, or outdoor activities, shall be kept to a level ~~that~~ cannot be heard by neighbors.
- b. No construction or maintenance work shall be performed prior to 8 a.m. or after 7 p.m. except in the case of an emergency.

8. Trash and Recycling

All garbage and recycling must be placed into trash and recycling receptacles provided or approved by the Association and must be kept locked shut at all times. Construction debris including but not limited to flooring carpeting, etc. May not be disposed of in the Association's trash receptacles.

The foregoing Rules and Regulations were adopted by the Board effective August 20, 2019 and as amended by the Board May 4, 2023.

ATTEST:

The Terraces Homeowner's Association, Inc.

By: 

Tim Cass, President

**Responsible Governance Policy for
For Collection of Unpaid Assessments
(First Amended and Restated)**

1. Assessments; Invoices; Monthly Statements of Outstanding Amounts. Invoices for regular assessments for annual common expenses are emailed to Owners (and their contact, if any, designated pursuant to Section 10a below) each Month. Every month, the Association shall also send to each Owner who has any outstanding balance owed the Association an itemized list of all assessments, fines, fees, interest and any other charges that the Owner owes to the Association. The Association shall send such statements in English and in any other language that the Owner has notified the Association of the Owner's preference for pursuant to section 10a below. Failure of the Board to timely send an invoice for an installment of regular or special assessments due, or a monthly statement of past due amounts shall not relieve or release any Owner from liability for payment.

2. Due Dates. The date of the invoice is the due date. Pursuant to Colorado law, assessments or other charges not paid in full to the Association within fifteen (15) days of the due date shall be considered past due and delinquent and shall incur late fees and interest as provided below. The Board shall notice all Owners of any change of regular or special assessments within ten (10) days of such changes. Owners are responsible for providing their correct email address and mailing address to the Association's Manager.

3. Receipt Date. The Association shall generally post payments within five (5) days of the date that the payment is received.

4. Late Charges and Interest on Delinquent Installments. The Association shall impose a late charge of Fifty Dollars (\$5.00) per installment for each Owner who fails to timely pay such Owner's assessment installment within fifteen (15) days of the due date. The Association shall also impose interest at the rate of eight percent (8%) per annum on the amount owed for each Owner who fails to timely pay their installment of a regular or special assessment within fifteen (15) days of the due date. Late charges shall not be imposed on a daily basis and interest shall not be imposed on interest.

5. Lien for Assessments and Other Amounts. Pursuant to the Declaration and Colorado law, the Association shall have a lien against each Unit to secure payment of any assessment, charge, fine, late fee, penalty and other amounts due and owing to the Association by an Owner with respect to the Owner's Unit. Such lien may be foreclosed in any manner provided by law and the Governing Documents, subject to the limitations set forth in Section 13 below.

6. Personal Obligation. The amount of any assessment, charge, fine, late fee, and/or interest payable by any Owner shall be a joint and several obligation to the Association of the Owners and such their heirs, personal representatives, successors and assigns. Each such amount, together with interest thereon, may be recovered by suit for a money judgment by the Association without foreclosing or waiving any lien securing the same.

7. Return Check Charges. In addition to any and all charges imposed under the Governing Documents, or this Policy, a fifty dollar (\$50.00) fee and any charges assessed by the Association's bank shall be assessed 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. This returned check charge shall be a "common expense" for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such return check charges shall be due and payable immediately, upon demand and the Association shall be entitled to all additional remedies as may be provided by law. Returned check charges shall be the obligation of the Owner(s) of the Unit for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Governing Documents or this Policy after the date adopted. If an Owner's check is returned unpaid by the bank within any twelve (12) month period, the Association may require that all of the Owner's future payments, for a period of one (1) year, be made by certified check or money order. This return check charge shall be in addition to any late fees and interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the installment of the annual assessment is not timely made within fifteen (15) days of the due date.

8. Attorney Fees on Delinquent Accounts. As permitted under the Governing Documents and by Colorado law, the Association shall be entitled to recover collection costs, including but not limited to reasonable attorneys' fees incurred, once the Association has complied with the notice requirements set forth in section 10 below (and section 38-33.3-209.5(1.7)(a) of the Act) and other charges due the Association from a delinquent Owner.

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, returned check charges or other charges owed.

10. Collection Process.

- a. After an installment of an assessment or other charges due to the Association becomes more than sixty (60) days delinquent, the Association shall send a written notice (the "**First Notice**") of non-payment, the amount past due, and interest and late fees that have accrued and a request for immediate payment. This First Notice shall be posted on the delinquent Owner's Unit and sent via U.S. mail, certified, return receipt requested. The Association shall also send a copy to the Owner via regular first-class U.S. Mail, via e-mail (provided the Owner has provided an e-mail address that is in effect) or via text message (provided the Owner has provided a cellular number). A Owner may identify in a written notice sent to the Association, another person to serve as a designated contact for the Owner to be contacted on the Owner's behalf for purposes of this Section 10. Such notice to the Association shall be sent via U.S. mail, certified, return receipt requested, with a copy sent via regular first-class U.S. Mail, and via e-mail to the Association and its Manager, if any. A Owner

must also notify the Association, in the manner set forth above, if the Owner prefers that correspondence and notices from the Association be made in a language other than English, so long as such language may be translated from English utilizing Google Translate. The Owner and the Owner's designated contact, if any, must be sent the same correspondence and notices anytime communications are sent out; except that the Owner must receive the correspondence and notices in the language for which the Owner has indicated a preference as set forth above, if any, in addition to English. A notice to an Owner which is translated from English utilizing Google Translate shall be sufficient for all purposes hereunder, notwithstanding any translation errors. Any notice from an Owner to the Association must be in English.

The First Notice shall contain the following information:

- i. It shall specify the total amount due, with an accounting of how the total was determined, including unpaid assessments, fines, late fees, interest, and any other charges (the "**Delinquent Amount**").
 - ii. It shall contain the name and contact information of the individual the Owner may contact to request a copy of the Owner's account statement in order to verify the amount of the debt (there shall be no charge for an account statement) and the Association shall not charge the Owner for providing such statement.
 - iii. It shall inform the Owner that the Owner is entitled to enter into a Payment Plan as provided below.
 - iv. It shall notify the Owner that, unless within thirty (30) days of the date of the First Notice, the Owner either pays off the fully Delinquent Amount, or enters into a payment plan to pay off the Delinquent Amount, as set forth herein, the Association may notice and conduct a Board hearing (pursuant to Section 10.d. below) to: authorize referring the Delinquent Amount to a collection agency or an attorney for collection; authorize a lawsuit being filed against the Owner to collect the Delinquent Amount; authorize the foreclosure of the Association's lien against the Owner's Unit, authorize court appointment of a receiver; authorize, where applicable, the filing in small claims, county or district court, as jurisdictionally allowed, for an injunction against the Owner and/or authorize the pursuit of any other remedies available under Colorado law.
- b. The Association shall make a good-faith effort to coordinate with the Owner to enter into a written agreement setting up a payment plan ("**Payment Plan**"). Such Payment Plan negotiated between the Association (or a holder or assignee of the Association's debt) and the Owner pursuant to this section and shall permit the Owner to pay off the Delinquent Amount in installment amounts determined by the Owner, but in no event less than \$25.00 per month until the balance owed is less than \$25.00, over a period of at least eighteen (18) months, with no prepayment penalty. Nothing in this section prohibits the Association or a holder or assignee of the

Association's debt from pursuing legal action against the Owner in the event the Owner fails to remit three (3) or more installments under the Payment Plan or fails to remain current with regular assessments as they come due while the Payment Plan is in effect. The Payment Plan shall authorize the Association to notice a formal Board meeting in executive session (pursuant to C.R.S. §38-33.3-308 (4)(e)) for purposes of authorizing legal action to collect the Delinquent Amount if the Owner fails to comply with the Payment Plan. Payment Plans shall be written in English.

- c. The requirement for the Association to attempt to arrange a Payment Plan with the Owner does not apply if:
 - i. The Owner does not occupy the Unit and has acquired the property as a result of a default of a security interest encumbering the Unit or foreclosure of the Association's lien; or
 - ii. The Owner has previously entered into a Payment Plan under this section.

- d. If within thirty (30) days after the Association has offered a Payment Plan the Owner has either declined the Payment Plan either affirmatively in writing or by failing to provide written notice to the Association of acceptance of the Payment Plan, or, if after accepting the Payment Plan, the Owner has failed to pay at least three (3) monthly installments within fifteen (15) days after the monthly installments were due, the Association shall issue a written notice ("**Second Notice**") to the Owner and their designated contact, if any, as specified in Section 10.a., above, notifying the Owner that the Board shall be convening a meeting to authorize in an executive session, pursuant to C.R.S. §38-33.3-308(4)(e), legal action to collect the Delinquent Amount as provided above. Such Second Notice shall be issued at least ten (10) days prior to the Board meeting and shall state that if the Delinquent Amount is paid in full prior to the Board meeting, the executive session to authorize such legal action shall be canceled. If the Delinquent Amount remains unpaid, and a majority of the Board so elects, then at the executive session, the Board shall formally resolve, by a recorded vote, to refer the delinquent account to a collection agency or an attorney. At the meeting, the Board may authorize the legal action (including but not limited to foreclosure) to be filed, but the Board shall not authorize the foreclosure to be actually filed until and unless the balance of the Delinquent Amount equals or exceeds six (6) months of regular common expense assessments based on a periodic budget adopted by the Association. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include the Association's costs of the action, including but not limited to attorney fees, expert witness fees, court costs, administrative costs, interest and late fees.
 - i. The Association shall make a record of any contacts to or from Owners regarding collection of past due amounts, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made. Any contact that the Manager makes on behalf of the Association is deemed a contact made by the Association and not by a

debt collector as defined in C.R.S. §5-16-103(9), or any successor provision of the Colorado statutes.

- ii. In addition to the steps outlined above, the Board may suspend any Owner's voice and vote at any meeting and from participation in any Association activities if such Owner has an existing past due indebtedness to the Association. Such suspended owner shall not be entitled to receive a proxy from any other owner or to grant a proxy to anyone.

11. Certificate of Status of Assessment. The Association shall furnish, free of charge, to an Owner or such Owner's designee or to a holder of a security interest or its designee request upon written request to the Association, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Unit. The statement shall be furnished within 14 calendar days after receipt of the request.

12. 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 Unit within the Association, the Association shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

13. Authorization of Action to Collect Delinquent Accounts. The Association may not pursue legal action to enforce unpaid assessments until the Owner fails to pay at least three (3) monthly installments or one (1) annual or quarterly installment. Upon the Board's authorization to proceed with collection procedures (i.e. to refer the delinquent account to an attorney or collection agency), the Association shall take all appropriate action to collect the accounts referred. The Association is authorized to take whatever action available under Colorado law as the Board deems necessary and that is in the Association's best interests, including, but not limited to:

- a. Filing of a suit against the delinquent Owner for a money judgment;
- b. Instituting a judicial foreclosure action of the Association's lien (if and when the amount due exceeds 6 months' worth of regular assessment installments, unless the debt consists only of fines, collection costs or attorney fees that the Association has incurred and that are only associated with the assessed fines);
- c. Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and
- d. Filing a court action seeking appointment of a receiver.
- e. Legal action to collect assessed fines, costs and other amounts associated with a non-monetary violation of the Governing Documents are subject to additional requirements of the Act, the Governing Documents and the Association's enforcement Policy(ies) in effect from time to time.

14. Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments as set forth above. A receiver is a disinterested person, appointed by the court that manages the rental of the property, collects the rent and disburses the rents according to the court's order. The purpose of a receivership for the

Association is to: obtain payment of current assessments, reduce past due assessments; and prevent the waste and deterioration of the Unit.

15. Foreclosure. Foreclose may only occur if the balance of assessments and charges secured by the Association's lien equals or exceeds 6 months of common expense assessments based on a periodic budget adopted by the Association and the board has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific Unit on an individual basis. Foreclosure may not be pursued if the debt consists only of fines assessed against the subject Unit and Owner and/or attorneys' fees and costs incurred in connection with enforcing or collecting fines. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment.

16. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as permitted by law, as the Association shall determine appropriate under the circumstances.

Responsible Governance Policy for Collection of Unpaid Assessments (*First Amended and Restated*) was adopted by the Executive Board effective May 4, 2023.

ATTEST:

The Terraces Home Owners Association, Inc.

By: 

Tim Cass, President

Responsible Governance Policy for Conflicts of Interest

1. **Definition.** A "conflicting interest transaction" means: A contract, transaction, or other financial relationship between the Association and a Director (i.e. a member of the Board) of the Association, or between the Association and a party related to a Director, or between the Association and an entity in which a Director is a manager, director or officer or has a financial interest. "Officer" means any person appointed as an officer of the Association and any person to whom the Board delegates responsibilities, including a managing agent or Association committee member.

2. **Loans.** No loans shall be made by the Association to its Board members ("Directors") or Officers. Any Director or Officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

3. **Procedures.** The following procedures shall be followed when a conflict of interest exists. Common or interested Directors, and Officers as applicable, may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction. A "party related to a Director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or Officer or a party related to a Director or Officer has a beneficial interest, or an entity in which a party related to a Director or Officer is a manager, director or officer, or has a financial interest.

- a. The conflicted Director or Officer must disclose to the Board in detail the material facts as to the Director's relationship or interest regarding the conflicting interest transaction.
- b. The conflicted Director or Officer may be present and participate in the meeting of the Association's Executive Board or of the committee of the Executive Board that authorizes, approves, or ratifies the conflicting interest transaction, but the conflicted Director may not participate in the final deliberations of the Board or committee, nor may the conflicted Director vote on the conflicting interest transaction.
- c. No conflicting interest transaction 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 manager, director or officer or has a financial interest or solely because the Director or Officer is present at or participates in the meeting that authorizes, approves, or ratifies the conflicting interest transaction if:

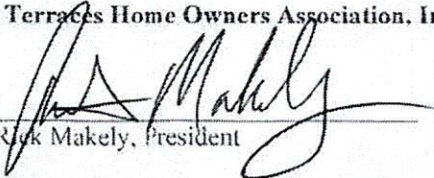
1. The material facts as to the Director's or Officer's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Executive Board or the committee, and the Executive Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; and
2. The conflicting interest transaction is fair as to the Association.

Responsible Governance Policy for Conflicts of Interest was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc.

By:


Rick Makely, President

Responsible Governance Policy for Conduct of Meetings

1. Conduct of Meetings. Association meetings shall be conducted in accordance with the following protocols:
 - a. The President of the Association shall chair all Unit Owners and Board meetings. If the President is unavailable, the Vice President shall chair. If the Vice President is unavailable, the Board shall appoint an alternate chair. Committees shall select a meeting chair of one is not selected by the Board or present at the committee meeting.
 - b. Roll call shall be taken, and any proxies shall be noted.
 - c. Anyone wishing to speak must first be recognized by the Chair. Only one person may speak at a time. Each person who speaks shall first state his or her name and Unit owned. Those addressing the meeting shall be permitted to speak for a reasonable period of time without interruption as long as these rules are followed. The Chair may place reasonable restrictions on the length of comments and the number of Unit Owners making comments if the comments are duplicative, as determined by the Chair based upon the number of individuals wishing to speak, the length of the agenda and other time constraints. Unit Owners supporting prior comments may simply reference the fact without further discussion. 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. 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.
 - d. All actions and/or decisions will require a first and second motion.
 - e. Once a vote has been taken, there will be no further discussion regarding that topic unless authorized by the Chair.
 - f. Any motions must be seconded prior to discussion and voting. Because the nature of a motion and vote may be outside the Unit Owners' authority, the Board reserves the right to determine whether a motion will be considered binding on the Association or rather a recommendation for proceeding.
 - g. Meetings may be recorded by audio or video, except during executive sessions.
 - h. Minutes of the meeting shall be taken and shall be a concise summary of topics and major discussion points, and motions made, including the movant and the second, and the conclusion of the motion.
2. Electronic Participation. Directors, Unit Owners and committee members may participate in meetings via electronic means, including via telephone and/or Internet. Votes cast in such a manner shall be valid and shall be counted as if such Director, Unit Owner and/or committee member were present in person at the meeting.
3. Voting and Proxies / Unit Owners Meetings. In the event of multiple Unit Owners of one Unit, only one vote from each Unit will be counted for each ballot item. All written ballots will be counted by a neutral party appointed by the Board. In the event of an election for Director, voting shall be by secret ballot, and the ballot counter shall not be a candidate, and results of votes will be reported without reference to names, addresses or other identifying information of those casting ballots. All votes taken at a meeting of the Unit Owners shall be taken in such method as determined by the Board including by hand, by voice, by ballot or by electronic means. A Unit Owner may appoint a representative to vote on behalf of said Unit

Owner by written proxy. Proxies must be signed and dated. Proxies are not valid for any other meeting. Proxies must be provided to the Association prior to the commencement of the meeting. Proxies shall be counted for determination of quorum. The Board may suspend any member's voice and vote at any meeting and from participation in any Association activities if such Unit Owner has an existing indebtedness of any assessment. Such suspended member shall not be entitled to receive a proxy from any member or grant a proxy to anyone.

4. Voting at Board Meetings. Votes taken by the Board shall be taken in such method as determined by the Board including by hand, by voice, by written ballot or by electronic means. Proxies shall not be permitted at Board Meetings.
5. Board Meetings. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Unit Owners or their representatives. Unit Owner comments are subject to the limitations set forth in section 1.c. above. Agendas for meetings of the Board shall be emailed to all Unit Owners who have provided their email address to the Association. Such notice shall be given at least twenty-four hours (24 hrs.) before the meeting.
6. Unit Owner Participation in Board Meetings. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Unit Owners or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue. After such time, non-Board Members may not participate in deliberations or discussions unless the Chair allows it.
7. Executive Session. The Board or any committee thereof may hold an executive or closed-door session and may restrict attendance to Board members and such other persons requested by the Board during a regular or specially announced meeting or a part thereof.
 - a. The matters to be discussed at such an executive session shall include only matters as follows:
 1. Matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
 2. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 3. Investigative proceedings concerning possible or actual criminal misconduct;
 4. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters Upon the final resolution of any matter for which the Board received from public disclosure;
 5. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and/or
 6. Review of or discussion relating to any written or oral communication from legal counsel.
 - b. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the

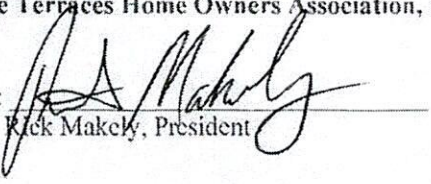
- attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.
- c. Prior to the time that the Board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion as enumerated in section (a), above.
 - d. No rule or regulation of the Board or any committee thereof shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session.
 - e. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.
 - f. Meetings in executive session shall not be recorded.

Responsible Governance Policy for Conduct of Meetings was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc.

By:


Rick Makely, President

**Responsible Governance Policy for
Enforcement of Governing Documents
(First Amended and Restated)**

1. Governing Document Violations Generally

a. If the Association reasonably determines that an Owner (or their family member, guest, tenant, contractor, or other invitee) has violated any provision of the Governing Documents, other than a violation that threatens public health or safety, the Association shall, through certified mail, return receipt requested, provide the Owner written notice (in English and in any language that the Owner has notified the Association of the Owner's preference for pursuant to Section 3 below), of the violation informing the Owner that the Owner has thirty (30) days to cure the violation.

b. If the Owner cures the violation within the period to cure afforded the Owner, the Owner may notify the Association of the cure and, if the Owner sends with the notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the Unit as soon as practicable to determine if the violation has been cured. If the Association does not receive notice from the Owner that the violation has been cured, the Association shall inspect the Unit within seven (7) days after the expiration of the thirty (30)-day cure period to determine if the violation has been cured.

c. If, after the inspection and whether or not the Association received notice from the Owner that the violation was cured, the Association determines that the violation has not been cured: (i) a second thirty (30)-day period to cure commences if only one thirty (30)-day period to cure has elapsed; or (ii) the Association may take legal action if two thirty (30)-day periods to cure have elapsed.

d. Once the Owner cures a violation, the Association shall notify the Owner (in English and in any language that the Owner has notified the Association of the Owner's preference for pursuant to Section 3 below, with a copy sent to the Owner's representative, if any, designated pursuant to Section 3 below): (i) that the Owner will not be further fined with regard to the violation; and (ii) of any outstanding fine balance that the Owner still owes the Association.

2. Violations Threatening Public Health or Safety

With respect to any violation of the Governing Documents that the Association reasonably determines threatens public safety or health, the Association shall provide the Owner written notice (in English and in any language that the Owner has notified the Association of the Owner's preference for pursuant to Section 3 below, with a copy sent to the Owner's representative, if any, designated pursuant to Section 3 below), of the violation informing the Owner that they have

seventy-two (72) hours to cure the violation or the Association may fine the Owner. The Association shall also send a copy of the notice to the Owner via regular mail and via e-mail (provided the Owner has provided an e-mail address that is in effect). If, after an inspection of the Unit, the Association determines that the violation has not been cured within seventy-two (72) hours, the Association may impose fines on the Owner and may take legal action against the Owner for the violation as set forth below.

3. Contents of Violation Notices. Violation notices:

- a. Shall identify the alleged violation;
- b. Shall identify the action required to cure the violation;
- c. Shall state the timeline for a hearing that will be held in executive session for the Board to consider corrective action, legal action and/or the assessment of fines, costs, legal fees, etc.;
- d. Shall specify the amount and interval of fines that may be levied for continuing violations, which shall not be levied more than every other day.

An Owner may identify in a written notice sent to the Association, another person to serve as a designated contact for the Owner to be contacted on the Owner's behalf for purposes hereof. Such notice to the Association shall be sent via U.S. mail, certified, return receipt requested, with a copy sent via regular first-class U.S. Mail, and via e-mail to the Association and its manager. An Owner must also notify the Association, in the manner set forth above, if the Owner prefers that correspondence and notices from the Association be made in a language other than English, so long as such language is translatable from English utilizing Google Translate. The Owner and the Owner's designated contact, if any, must be sent the same correspondence and notices anytime communications are sent out; except that the Owner must receive the correspondence and notices in the language for which the Owner has indicated a preference as set forth above, if any, in addition to English. A notice to an Owner which is translated from English utilizing Google Translate shall be sufficient for all purposes hereunder, notwithstanding any translation errors. Any notice sent by or on behalf of an Owner to the Association or its manager must be in English.

4. Complaints by Owners

Owners are encouraged to resolve concerns and complaints amicably with their neighbors. Unresolved complaints regarding alleged violations may be reported by an Owner or resident within the Community by submission of a written complaint by email to the Association and/or sent U.S. Mail to the Association. Complaints by Owners shall identify the complainant and the alleged violator if known, describe the alleged violation, describe when and where the violation was observed, and provide any other pertinent information. Photographs and audio or video recordings are recommended where possible. Complaints may also be initiated by any member of the Board or the Association's manager. The Board shall have no obligation to consider oral complaints or anonymous complaints that cannot be independently verified. The Board shall have the discretion to

determine the scope of investigation and any inspections, grant extensions of required cure periods, undertake informal communications with the alleged violator, and to determine whether a complaint is justified, before following the Notice and Hearing Procedure.

5. Fact Finding Hearings

In cases other than where the Association reasonably determines that a violation threatens public health or safety, the Association shall, pursuant to Section 1, above, grant a Unit Owner two (2) consecutive thirty (30)-day periods to cure a violation before the Association may take legal action against the Unit Owner for the violation. If the notice includes notice of a Board meeting/hearing, the notice shall be given not less than ten (10) days before the date of the scheduled Board meeting/hearing. The hearing shall be held in executive session, and the subject Owner(s) shall have the right, personally or by a representative, to give testimony orally, in writing or both, subject to any reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but it is not binding in making the decision. The Board shall deliberate and make its decision in executive session without the subject Owner(s) or their representatives present, and the subject Owner(s) shall be provided a copy of the Board decision.

6. Fines, Legal and/or Corrective Action

Fines may not be assessed without notice and the opportunity for the violating Owner to be heard at a Board meeting concerning whether the alleged violation actually occurred and whether the Owner is the one who should be held responsible for the violation.

If the Board determines that the Owner should not be held responsible for the alleged violation, the Association shall not allocate to the Owner's account with the Association any of the Association's costs or attorneys' fees incurred in noticing or hearing the claim, other than the Owner's general share of common expenses as a member of the Association.

If, at the Board's hearing, the Board concludes that a violation has taken place, the Board may:

a. Impose fines in its discretion, of up to \$250 per day, levied not more than every other day, for the duration of the violation, except that the total amount of fines imposed for the violation may not exceed \$500.00.

b. Assess the Association's attorneys' fees and costs incurred in connection with the enforcement, including but not limited to fees incurred in conferring with counsel and having notices issued, which may be collected from the Owner(s) as a common expense pursuant to the Act and the Governing Documents.

c. Authorize corrective action by the Association and assess the cost thereof to the Owner and Unit.

d. If the violation is continuing, and the Board has reason to believe the Owner is refusing to cease the violation, the Board may also authorize legal action against the Owner for injunctive and other appropriate relief, including damages, attorneys' fees and other costs incurred, etc., and, if authorized by the Declaration, eviction of tenants. Legal action, however, may not be commenced until after

expiration of the requisite cure period. The Association may not pursue foreclosure based on fines, and/or associated costs of collection and attorney fees, alone.

7. Conflicts

Any Director who is incapable of objective and disinterested consideration on any hearing before the Board, as determined by the Board, shall disclose such to the President of the Association prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and the Board member shall be disqualified from all proceedings with regard to the hearing. A conflicted Director shall be one with a direct personal or financial interest in the outcome of the decision. A Director shall not be deemed to have a direct personal or financial interest in the outcome if the Director will not, as a result of the outcome, receive any greater benefit or detriment than will the general ownership of the Association.

8. Waiver of Fines.

The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the violator coming into and staying in compliance with the Governing Documents.

Responsible Governance Policy for Enforcement of Governing Documents (*First Amended and Restated*) was adopted by the Executive Board effective May 4, 2023.

ATTEST:

The Terraces Home Owners Association, Inc.

By: 

Tim Cass, President

**Responsible Governance Policy for
Maintenance, Inspection and Copying of Association Records by Unit Owners**

1. Records Maintained. The Association shall maintain 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 pursuant to settlement of those claims;
 - c. Minutes of all meetings of the Unit Owners and the Board, a record of all actions taken by the Unit Owners or the Board without a meeting, and a record of all actions taken by any committee of the Board;
 - d. Written communications among, and the votes cast by, Board members that are: (i) directly related to an action taken by the Board without a meeting pursuant to C.R.S. sec. 7-128-202; or (ii) directly related to an action taken by the Board without a meeting pursuant to the Association's Bylaws;
 - e. The names of Unit Owners in a form that permits preparation of a list of the names of all Unit Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Unit Owner is entitled to vote;
 - f. The current Governing Documents;
 - g. Financial statements as described in C.R.S. sec. 7-136-106 for the past three years and tax returns of the Association for the past seven years, to the extent available;
 - h. A list of the names, electronic mail addresses, and physical mailing addresses of the current Board members and officers;
 - i. The most recent annual report delivered to the Colorado Secretary of State;
 - j. Financial records sufficiently detailed to enable the Association to comply with C.R.S. sec. 38-33.3-316(8) concerning statements of unpaid assessments;
 - k. The Association's most recent reserve study, if any;
 - l. Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;
 - m. Records of Board or committee actions to approve or deny any requests for design or architectural approval from Unit Owners;
 - n. Ballots, proxies, and other records related to voting by Unit Owners for one year after the election, action, or vote to which they relate;
 - o. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Unit Owners or any class or category of Unit Owners; and
 - p. All written communications within the past three years to all Unit Owners generally as Unit Owners.

2. Inspection/Copying Association Records. In accordance with Section 10.05 of the Bylaws, a Unit Owner or such Unit Owner's authorized agent is entitled to inspect and copy any of the books and records of the Association, subject to the exclusions, conditions and requirements set forth below:
 - a. The inspection and/or copying of records of the Association shall be at the Unit Owner's expense;

- b. The inspection and/or copying of records of the Association shall be conducted by appointment during regular business hours of 9 a.m. to 4 p.m. at offices of the Association or its manager; and
 - c. The Unit Owner shall give the Association a written request describing with reasonable particularity the records sought, at least ten (10) business days before the date on which the Unit Owner wishes to inspect and/or copy such records.
- 3. Purpose/Limitation. Without the written consent of the Board, a Unit Ownership list or any part thereof 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 Unit Owners in an election to be held by the Association;
 - b. Sold to or purchased by any person; or
 - c. Obtained or used by any person for any purpose unrelated to a Unit Owner's interest as a Unit Owner.

In no event shall the Association records be used for any commercial purpose.
- 4. Exclusions. Pursuant to Colorado law, certain records may be withheld from inspection and/or copying, and certain records must be withheld from inspection and/or copying, as follows:
 - a. Without the written consent of the Board, records maintained by the Association shall be withheld from inspection and/or copying to the extent that they are or concern:
 - 1. Architectural drawings, plans, and designs, unless such drawings, plans, or designs; have been presented to the Board or any Committee appointed by the Board.
 - 2. Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;
 - 3. Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine;
 - 4. Records of an executive session of the Board; and/or
 - 5. Individual Units other than those of the requesting Unit Owner.
 - b. The following records shall not be available for inspection and/or copying:
 - 1. The E-mail address of a Unit Owner, unless the Unit Owner has provided a written consent authorizing the release of the Unit Owner's email address to other Unit Owners.
 - 2. Any documents that are confidential under constitutional, statutory or judicially imposed requirements;
 - 3. Personnel, salary, or medical records relating to specific individuals;
 - 4. 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, bank account information, telephone numbers and driver's license numbers; or
 - 5. Records that the disclosure of which would be in violation of the law.
- 5. Fees/Costs. Any Unit Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association, which have been determined to be \$40.00 per hour for the time to search for, retrieve, and copy such records, and

\$0.25 per page for copies. For copy requests estimated to be \$10.00 or more, the Association may require a deposit equal to the anticipated actual cost of the requested records. Failure to pay such deposit shall be valid grounds for denying a Unit Owner copies of such records. If after payment of the deposit it is determined that the actual cost was more than the deposit, the Unit Owner shall pay such amount prior to delivery of the copies. If after payment of the deposit it is determined that the actual cost was less than the deposit, the difference shall be returned to the Unit Owner with the copies.

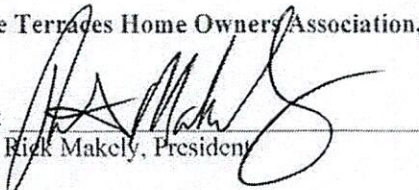
6. **Inspection.** The Association reserves the right to have a third party present to observe during any inspection of records by a Unit Owner or the Unit Owner's representative such third party costs of forty dollars (\$40) per hour shall be assessed to the respective Unit Owner(s).
7. **Originals. Means.** No Unit Owner shall remove any original book or record of the Association from the place of inspection nor shall any Unit Owner alter, destroy or mark in any manner, an original book or record of the Association. The right to copy records under this Policy includes the right to receive copies by photocopying or other means, including the receipt of copies through an electronic transmission, if available, upon request by the Unit Owner, or at the discretion of the Association's Manager.
8. **Creation of Records.** Nothing contained in the Policy shall be construed to require the Association to create records that do not exist, compile records or information in a particular format or order or synthesize information.

Responsible Governance Policy for Maintenance, Inspection and Copying of Association Records by Unit Owners was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc.

By:


Rick Makely, President

**Responsible Governance Policy and Procedures for
Adoption and Amendment of Policies, Procedures and Rules**

1. Notice and Comment. Unit Owners shall have the right to receive notice of a proposed Association rule, regulation or policy, and any amendments thereto and the right to comment orally or in writing prior to the time the Board takes formal action on them. Notice of the meeting at which the rule, regulation or policy will be presented for Board adoption, together with a copy of the proposed rule regulation or policy shall be given to the Unit Owners in writing, delivered personally, or by U.S. mail, at such address as appears in the records of the Association, or via E-mail (provided the Unit Owner has supplied an E-mail address) not less than ten (10) days before date on which the proposed action is to be taken. The notice shall invite comment to the Board orally or in writing. Unit Owners may declare in writing not to receive notices of such regular or special Unit Owner or Board meetings by United States mail and request email notifications as their primary means of communications.

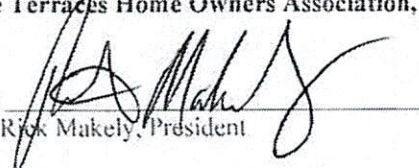
Responsible Governance Policy and Procedures for Adoption and Amendment of Policies, Procedures and Rules was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc

By: _____

Rick Makely, President



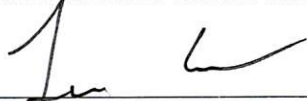
**Responsible Governance Policy and Procedures
for Addressing Disputes Arising Between the Association and Unit Owners
(First Amended and Restated)**

1. Disputes Other Than Enforcement of Covenants. This Policy concerns disputes between the Association and one or more Unit Owners other than issues concerning violations of the Governing Documents by a Unit Owner.¹
2. Notice of Dispute. In the event of a dispute between the Association and one or more Unit Owner, the aggrieved party (i.e. the Association or the Unit Owner(s) shall issue written notice (the “**Notice of Dispute**”), via U.S. mail, certified, return receipt requested, with a copy via E-mail (provided the Unit Owner has supplied an E-mail address). Notices to the Association shall be sent to the Board and to the Association Manager. The written notice shall describe the nature of the dispute in detail, and the requested relief.
3. Board Meeting. Within not less than ten (10) nor more than fifty (50) days of the date the Notice of Dispute was issued; the Board shall notice and arrange a Board meeting (noticed to all Unit Owners pursuant to standard Board meeting procedures). The notice of meeting shall generally describe the purpose of the meeting and reference the dispute. The Unit Owner(s) involved in the dispute shall also be sent a copy of the meeting notice via U.S. Mail and shall have the right to appear at the Board meeting, with counsel if the Unit Owner(s) so elect.

Responsible Governance Policy and Procedures for Addressing Disputes Arising Between the Association and Unit Owners (First Amended and Restated) was adopted by the Executive Board effective May 4, 2023.

ATTEST:

The Terraces Home Owners Association, Inc.

By: 

Tim Cass, President

1. Responsible Governance Policy for Enforcement of Governing Documents above, addresses procedures for dealing with Governing Document violations.

**Responsible Governance Policy
For Reserves**

1. Reserve Study. Common Elements and Limited Common Elements typically have limited but reasonably predictable useful lives. The Association may have one or more reserve studies performed for all or portions of the Common Elements and Limited Common Elements. Reserve studies may be updated by the Association as determined by the Board. The reserve study may be based on a physical analysis and a financial analysis. The Association may consider implementing a funding plan for work recommended by the reserve study. The Association budget shall collect "Reserve Funds" in such amounts, categories and proportions as the Board and the Unit Owners shall determine via the Association budget approval process.

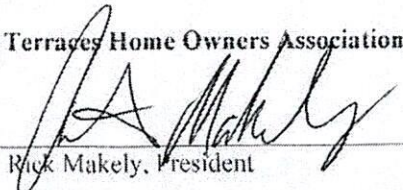
2. Investment of Reserve Funds. The Board's decisions with regards to management and investment of the reserve funds shall made in a fiscally responsible manner so as to ensure safety and liquidity and to provide the best return within a reasonable level of risk. Professional investment advice may be sought. Investments shall be made to avoid inappropriate concentrations. The Board may hire one or more qualified investment advisors to assist in formulating investment strategies. The Board shall review the Association's investments periodically to ensure that the funds are appropriately managed and shall make prudent adjustments as needed.

Responsible Governance Policy for Reserves was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc.

By: _____


Rick Makely, President

**Responsible Governance Policy and Procedures
For Budget Ratification**

1. Pursuant to Sections 3.03(c) and 7.04 of the Declaration, the Executive Board shall adopt a budget each year for revenues, expenditures and reserves based upon cash requirements needed by the Association to provide for the administration and performance of its duties during such assessment year.

2. Notice of Budget to Unit Owners. Within 90 days after adoption of a proposed budget, the Board shall cause a copy summary of the budget to be mailed, by first-class mail, to the Unit Owners and emailed to those Unit Owners who have provided their email address to the Association, and shall set a date for a meeting of the Owners to consider the budget. The meeting must occur within a reasonable time after mailing or other delivery of the summary. The Board shall give notice to the of the Unit Owner meeting as provided for in the Governing Documents.

3. Budget Approved Unless Vetoed. The budget proposed by the Board does not require approval from the Unit Owners and it will be deemed ratified by the Owners in the absence of a veto at the noticed meeting by a majority of all Unit Owners, whether or not a quorum is present. If the proposed budget is vetoed, the periodic budget last adopted by the board and not vetoed by the Unit Owners must be continued until a subsequent budget proposed by the Board is not vetoed by the Unit Owners.

Responsible Governance Policy and Procedures for Budget Ratification was adopted by the Executive Board effective August 20, 2019.

ATTEST:

The Terraces Home Owners Association, Inc

By: _____

Kick Makely, President