

**BYLAWS
OF
CHATFIELD II HOMEOWNERS ASSOCIATION, INC**

ARTICLE I.
NAME AND LOCATION

The name of the corporation is Chatfield II Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 2022 West Liberty Court, Grand Junction, Colorado 81503, but meetings of members and the Board of Directors may be held at such places within the State of Colorado as may be designated by the Board of Directors.

ARTICLE II. DEFINITIONS

The definitions set forth in the Declaration for Chatfield II Subdivision to be recorded in the Mesa County Clerk and Recorder's records and all amendments thereto shall apply to these Bylaws.

ARTICLE III.
MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the members shall be held on or before one year following the recordation of the Declaration at a time and place to be designated by the initial Board. Thereafter, annual meetings of the members shall be held on or before one year following the recordation of the Declaration at a time and place to be designated by the initial Board. Thereafter, annual meetings of the Members shall be held in May of each fiscal year beginning in 2005. Excepting for Saturdays and Sundays, if the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by a majority of the Board, or upon written request of the members having twenty percent (20%) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by

mailing a copy of such notice, postage prepaid, at least ten (10) days before, but not greater than fifty (50) days before, such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and items in the agenda.

Any notice given pursuant to this Article III shall be deemed to be delivered when deposited in the United States mail addressed to such Owner or co-Owner at his address as it appears on the records of the nonprofit corporation, with postage prepaid.

Written waiver of notice signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meeting of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot. A proxy terminates eleven months after its date, unless it provides otherwise.

Section 6. Action of Members Without a Meeting. Any action required to be taken, or any action which may be taken, at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Owners of memberships entitled to vote with respect to the subject matter thereof.

ARTICLE IV.

BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number and Qualifications. The affairs of the Association shall be managed by a Board of Directors (Board) a minimum of three (3) persons not to exceed five (5) persons who, except for the initial Board named in the Articles of Incorporation, and except for those Board members chosen by Declarant pursuant to the Declaration, shall be members of the Association.

Section 2. Term of Office. Subject to the rights of Declarant to select the Board pursuant to the Declaration, at the first annual meeting, the members shall elect one Board member for a term of one year, one Board member for a term of two years, and one Board member for a term of three years. At the election of the Board, the nominee receiving the highest number of votes shall be elected as the Board member to serve for three years, the nominee receiving the second highest number of votes shall be elected as the Board member to serve two years, and the nominees receiving the third highest number of votes shall be elected as the Board member to serve one year. Thereafter, at the annual meeting, if one Board position is available, the members shall elect a nominee for a one year term. If more than one Board position is available, the members shall elect one Board member for a term of one year, one Board member for a term of two years, and if necessary, one Board member for a term of three years.

Section 3. Removal and Vacancies. Except for Board members appointed by Declarant, the members of the Board may be removed from the Board, with or without cause, by a two-thirds (2/3) vote of the members present at a meeting at which a quorum is present. In the event of death, resignation or removal of a Board member, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 4. Compensation. No Board member shall receive compensation for any service rendered to the Association. However, any Board member may be reimbursed for actual expenses incurred in the performance of his or her duties.

Section 5. Action Taken Without a Meeting. The Board shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all members of the Board. Any action so approved shall have the same effect as though taken at a meeting of the Board.

ARTICLE V. MEETINGS OF THE BOARD

Section 1. Regular Meetings. Regular meetings of the Board shall be held not less frequently than annually without notice, following the annual meeting of members, at the place of the annual meeting of members.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any two Board members, after not less than three (3) days' notice to each Board member.

Written waiver of notice signed by a Board member, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Board member at any meeting shall constitute a waiver of notice of such meeting except when a Board Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 3. Quorum. A majority of the number of the Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Attendance. All regular and special meetings of the Board shall be open to attendance by any member or their representative, except that the Board may restrict attendance to discuss matters set forth in section 38-33.3-308(4)(a) through (e), C.R.S.

Section 5. Meeting by Electronic Device. Members of the Board may participate in a meeting by means of a conference telephone, videolink or similar communication equipment if all persons participating in the meeting can hear and speak to each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting.

ARTICLE VI POWERS AND DUTIES OF THE BOARD

Section 1. Powers. The Board shall have all powers, privileges and duties, and perform all of the obligations, as are described in the Declaration, and as set forth in the Colorado Common Interest Ownership Act, sections 38-33.3-101, et seq., C.R.S.

Section 2. Duties. The Board shall perform all duties as shall be described in the Declaration, and undertake all reasonable and necessary action to perform such duties.

Section 3. Management of Funds. If the Association delegates powers of the Board or officers relating to collection, deposit, transfer or disbursement of Association funds to other persons or to a managing agent, then the following requirements shall apply:

- a. That the other person or managing agent maintain fidelity insurance coverage or a bond in an amount not less than Fifty Thousand Dollars (\$50,000.00) or such higher amount as the Board may require;

b. That the other person or managing agent maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other person or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and

c. That an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant or a certified public accountant.

ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president, vice-president, secretary, and treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

a. President. The president shall see that the orders and resolutions of the Board are carried out; shall sign all legal and other written instruments and shall co-sign all checks and promissory notes. The president shall also execute, certify and record amendments to the Declaration on behalf of the Association.

b. Vice-president. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

c. Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of the meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and in general, shall perform all duties incident to the office of secretary.

d. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association, provided the Board may authorize a manager to sign checks up to \$500.00; keep the financial books and records of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE VIII. BUDGETS

As more fully provided in the Declaration, within thirty days after adoption of any proposed budget for the common interest community, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the unit owners and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing or other delivery of the summary. Unless at that meeting a majority of all unit owners or any larger percentage specified in the declaration reject

the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the unit owners must be continued until such time as the unit owners ratify a subsequent budget proposed by the Board of Directors.

ARTICLE IX.
COMMITTEES

The Board may appoint such committees as it deems necessary or appropriate in carrying out its powers and duties under the Declaration, provided that, when so delegated, the Board shall not be relieved of its responsibilities pursuant to the Declaration.

ARTICLE X.
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI.
ASSESSMENTS

As more fully provided in the Declaration, the Association shall levy and enforce regular and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid when due, the assessment shall bear interest from the date of delinquency at the rate provided in the Declaration, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner subject to assessments may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII
CORPORATE SEAL

The Association shall have a seal, if any, in circular form having within its circumference the words "CHATFIELD II HOMEOWNERS ASSOCIATION, INC."

ARTICLE XIII
AMENDMENTS

Section 1. These Bylaws may be amended by a majority vote of the members present at a regular or special meeting of members at which a quorum of members is present in person or proxy; provided that, at all times, the Bylaws meet the requirements of section 38-33.3-306(l), C.R.S., or the Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV
INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Pursuant to sections 7-123-102(1)(r) and 7-129-101, et seq., C.R.S., the corporation shall indemnify its officers, Board members, employees and agents who are threatened to be made, or are made, a party to any action, suit or proceeding, whether criminal, civil, administrative or investigative arising out of such person serving at the request of the corporation as Board member, officer, employee or agent to the fullest extent and subject to the qualifications and requirements of article 129 of title 7, C.R.S., including the advance of expenses.

Section 2. Any indemnification permitted hereunder, including the advance of expenses, shall be made upon the determination that such Board member, officer, employee or agent has met the applicable standard of conduct set forth in section 7-129-102, C.R.S. Such determination shall be made, including the advance of expenses, in accordance with section 7129-106, C.R.S.

Section 3. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or who is or was

serving at the request of the corporation as a Board member, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity arising out of the status of such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE XV.
MISCELLANEOUS

Section 1. Contracts. The Board may authorize any officer or agent of the nonprofit corporation to enter into any contract or execute and deliver any instrument in the name of the nonprofit corporation, except as otherwise specifically required by the Articles of Incorporation, Declaration or by these Bylaws.

Section 2. Conveyances and Encumbrances. Corporate property may be conveyed or encumbered by authority of the Board or such other person or persons to whom such authority may be delegated by resolution of the Board. Conveyances or encumbrances shall be by instrument executed by the president or vice president and by the secretary or an assistant secretary, or executed by such other person or persons to whom such authority may be delegated by the Board.

Section 3. Checks. All checks, drafts, notes and orders for the payment of money shall be signed by the president or a vice president or the treasurer, or shall be signed by such other officer of the nonprofit corporation as shall be duly authorized by resolution of the Board.

Section 4. Fiscal Year. The fiscal year of the nonprofit corporation shall be the calendar year.

CERTIFICATE

I certify that the foregoing Bylaws of Chatfield II Homeowners Association, Inc. are the Bylaws that were adopted by a Unanimous Consent in Lieu of Organizational Meeting of Board of Directors effective April 16, 2004.



Merlin Unruh, Secretary

Rules and Regulations on Enforcement of Covenants and Rules

In order to maintain property values, safety, and quality of life the Association enforces restrictions itemized in the Declaration (Covenants), Bylaws, and the Rules and Regulations (sometimes called Policies and Procedures). This may be referred to as Covenant enforcement, or Covenant control, or Covenant compliance.

The Property may be monitored by either a Management Company engaged for that purpose, or by the Board of Directors, or any committee appointed by the board for this purpose. This entity will henceforth be referred to as the Managing Agent.

Engaging in any activity prohibited by the Declarations, Bylaws, or the Rules and Regulations constitutes a violation. If violations cannot be resolved through informal requests, violations may be reported to the Managing Agent by any member in writing, and the member may request anonymity.

A written report of violation will initiate formal action by the Association. The report should be specific as to time, date, place, persons involved, and what circumstances constituted the alleged violation. The Board of Directors (or designated committee) will review the report. Any Board Member named in the report must remove themselves from the committee for this review. The Board shall investigate and may photograph potential violations. If the violation has been corrected or if the Board finds it without merit, the member will be advised. If the violation is considered with merit, the following will occur:

1.) Compliance Letter: The owner of the property where the violation has occurred will be notified in writing that the Board has reviewed the situation. The violation will be described, along with the controlling regulation, and the right of the owner to request a Hearing before the Board of Directors to challenge the cited violation. The owner will be asked to remedy the situation, typically within 10 days (or sooner if deemed dangerous or imperative).

If the owner requests a Hearing, such notice must be received in writing by the Board within the same 10 day period. Upon receipt of such a request, a Board of Directors meeting will be scheduled and arguments heard. The Owner shall be mailed a Notice of the Hearing date, time, alleged violation, and the proposed sanction if a violation is confirmed and is not corrected within a revised timeframe which will be determined by the Board. The Owner will be allowed to present a statement, evidence, and witnesses to support their position. After the Hearing the owner will be advised in writing of the Board's decision.

2.) Notice of Action: If there is no compliance or Request for Hearing within the specified time limit, the owner of the property where the violation occurred will be notified by certified mail that the Association will impose sanctions as of a specified date (normally, 3 days after the certified letter is mailed).

3.) Sanctions: Sanctions for violations may include any or all of the following, without limitation. Any fines or monetary sanctions will be collectible as Assessments:

- The initial fine will be \$50.00. In addition, a daily non-compliance fee of \$15.00 per day will begin to be assessed 7 days after the date of the initial fine if the violation is not corrected.
- For Repeat Violations: After the initial Enforcement process has been completed, a repeat offense of the same violation, as verified by the Board, will subject the Owner to

- The Board may hire a third party to remedy the situation (i.e. remove trash, repair landscaping, etc.) and cause a special assessment to be placed upon the property to be paid by the owner (in addition to any fines assessed).
- The Board may seek remedy at law or in equity including, but not limited to, an injunction prohibiting further violations, money damages, costs and attorneys' fees expended as provided for by the Declarations and the Colorado Common Interest Ownership Act (CCIOA).

Complaints regarding noise, disturbing the peace, speeding, reckless driving, and dogs running loose must be reported to the Mesa County Sheriff.

Rules and Regulations which Clarify and Supplement Restrictions Listed in the Declaration (Covenants):

- 1) Modification to the exterior of property requires prior written approval by the Architectural Design Review Committee (ARC). Failure to get approval may result in removal or redoing plus a fine. Approval shall include, but not be limited to, consideration of a pleasing appearance which is in harmony with other property in the subdivision.
- 2) In accordance with provisions of Senate Bill 05-100 amendments to the Colorado Common Interest Ownership Act, one political sign per candidate or ballot issue is allowed on your property within the time period of 45 days before until 7 days after an election. No sign may exceed 36" by 48", or less if specified by a Mesa County Ordinance. Also, the American flag may be displayed when the display is consistent with the Federal Flag Code; and a service flag may be displayed by an owner whose immediate family is a member of the active or reserve military service.
- 3) Landscaping shall be maintained in a neat and attractive condition, including periodic watering, fertilizing, trimming, pruning, removal of weeds, and replacement of landscaping when necessary. In accordance with Senate Bill 05-100, Xeriscaping is allowed however the plans must be approved by the ARC. Landscaping variances may be issued during drought conditions.
- 4) "Vehicles are in violation if they obstruct the flow of traffic or block driveways or sidewalks. It is a violation for prohibited vehicles to be parked in view except for temporary loading and unloading. A temporary variance for campers, trailers and recreational vehicles may be granted for short term visitors.

Prohibited vehicles are defined as: boats, campers, trailers, vans other than passenger vans and recreational vehicles. Also included are buses, step vans, utility trailers, truck tractors, tow trucks or wreckers, tractor trailers, limousines, any agricultural, construction, or industrial equipment, all terrain vehicles (ATVs), quads or any off road vehicles, any vehicles (included pickups with an altered or removed cargo box) designed for transporting people, goods, or things for profit, any truck with visible work racks or visible work related equipment, supplies or debris, and any truck over 1 ton.

Emergency vehicles which weigh less than 10,000 pounds and display an official emblem are not prohibited if they do not impede the safe and efficient use of streets.

It is recommended that vehicles shall be parked first in the garage with overflow parking in the driveway. Street parking of drivable vehicles is allowed when an owner has guests.

Garage doors shall be closed when not in use.”

5) Household pets must be under control on a leash when not secured in the house or in a fenced yard. It is a violation for an animal to threaten or attack a person or another animal; the Owner shall be responsible for all costs if any medical treatment is required. Pets that bark or make other noises which irritate neighbors are a violation, except for brief barking of dogs as people pass by.

6) When exercising a pet, every effort should be made to prevent the animal from defecating anywhere except on the owner's property. If this does occur, the owner shall clean it up immediately. Plastic bags should be carried when walking a dog for this purpose.

7) Installation of satellite dishes and antennas, notwithstanding the Over the Air Reception Devices Rule adopted by the FCC pursuant to the Telecommunications Act of 1996, shall be erected in such a manner as to be hidden from the street or other neighbors view, if this can be done without unreasonable delay or increased cost, and does not preclude the reception of an acceptable quality signal.

8) Unsightly conditions are a violation when visible from the street or from other houses. Trash and trash receptacles shall not be visible; except during trash pickup when they shall be placed near the curb, but not blocking the sidewalk, after dusk the day before trash collection and removed soon after the trash is collected.

9) Nuisances encompass those actions and activities which are stated in the Declaration. Loud noises, blocking sidewalks, and failure to remove snow from sidewalks within 24 hours are violations.

Rules and Regulations on Delinquent Assessments

Assessments are delinquent when payment has not been received by the due date. A 10 day grace period is provided for receipt of payment after which the property is assessed a late charge of \$10.00 per month. Assessments may include, but are not limited to, the annual (regular) assessment, special assessments, late charges, interest, fees, fines, attorney fees, collection costs and court costs. All costs related to a delinquent account shall be assessed to the property and paid by the owner. The Declaration (Covenants) establishes that an assessment is a continuing lien upon the property and a personal obligation of the owner.

The annual assessment is determined by the Board of Directors as part of the annual budget. The annual budget is ratified, or vetoed, by homeowners at the annual meeting. If the members veto the budget, then the prior budget, including the annual assessment, remains in effect until a new budget is approved. Statements may be provided by mail or e-mail as a reminder to homeowners of the amount and due date of an assessment. Nevertheless, it is the responsibility of the homeowner to remember to pay by the due date even if a statement is not received. An owner may request consideration by the Board of Directors to defer payment due to extenuating circumstances.

An account delinquent over 10 days will be charged 5% each month it maintains a balance over \$10.00. If a check is returned the account becomes delinquent plus there is a charge of \$35.00 for the returned check.

An account delinquent over 70 days shall be provided a warning that a lien will be recorded on the property if payment is not received within 30 days.

An account delinquent over 100 days will have a lien filed with the Mesa County Clerk. The lien amount will include a filing charge of \$100.

An account delinquent over 130 days shall be provided a warning that the account will be referred to an attorney for collection if not paid within 30 days.

The Association shall make a good faith effort to resolve disputes first with the Owner. If resolution is not reached the Association stands ready to go to binding Arbitration under the Uniform Arbitration Act. The parties are herein forewarned that if court proceedings are necessary to resolve a dispute, the court shall award to the prevailing party reasonable collection costs, attorney fees, and other costs.

Rules and Regulations on Inspection and Copying of Association Records

The records of the Association shall be reasonably available for inspection and copying during normal working hours to a Homeowner, or their appointed representative, in response to their good faith request for a proper Association purpose. The Association may withhold records such as those protected by attorney-client privilege and information which might be used for soliciting purposes.

No owner shall disclose Association information which can be used for soliciting purposes. Privacy concerns, however, are narrowly construed. For example, despite what might be embarrassing to a homeowner, delinquent account information can not be withheld from an Owner if the request is made in good faith and for a proper purpose.

The Owner shall submit a written request to the Registered Agent providing a) Name, b) Address, c) Date, d) purpose, e) Specific records for which copies are requested, f) Specific records for which only onsite review under supervision are requested. Upon receipt of a request the Agent shall contact the Owner to schedule a meeting within five business days and advise on the cost involved.

The Association shall disclose certain information to all Homeowners annually and to new Owners. Disclosure of information may be accomplished by various means: (1) maintaining a binder at the Registered Agent's office; (2) sending by E-mail upon request; (3) posting on an internet web page with accompanying notice of the web address via first-class mail or E-mail; (4) first-class mail; and/or (5) personal delivery.

Information which shall be disclosed includes:

a) The name of the Association; the name of the Association's designated Agent and Management Company, if any; physical address and phone number for both the Association and the designated Agent and Management Company, if any; and if the Association address, designated Agent, or Management Company changes then Owners shall be advised within 90 days;

- b) The Declaration of Covenants and amendments to the Declaration with the initial recorded date, and reception number or book and page;
- c) The Articles of Incorporation and amendments thereto; current Bylaws; and all current Rules and Regulations;
- d) The date the fiscal year commences; operating and reserve budgets for the current fiscal year; most recent Annual financial statements including a Balance Sheet and Income Statement; and report on results of any financial review or audit preceding the current annual disclosure;
- e) The current regular assessment and special assessments, if any;
- f) A list of all Association Insurance policies, including Property, General Liability, Directors and Officers Liability, and Fidelity. Such list shall include the Company and Agent's names, Policy limits, deductibles, additional named insured's, and expiration dates;
- g) Minutes of Member and Board meetings for the last year; and
- h) Responsible Governance Policies, which shall include maintaining accounting records using generally accepted accounting principles (GAAP) and the seven required Rules and Regulations listed in Colorado Statute 38-33,3-209.5 (1) (b) : Enforcement of Covenants and Rules, including Notice and Hearing procedures and the schedule of fines; Collection of unpaid Assessments; Inspection and copying of Association records by Owners; Conduct of meetings; Handling conflicts of interest involving Board members; Investment of reserve funds; Procedures for the adoption and amendment of Policies, Procedures, and Rules.

Rules and Regulations on Conduct of Meetings

All members shall be given notice in writing of the Annual meeting and any Special homeowners meetings not less than 10 days and no greater than 50 days in advance of such meeting in accordance with the Bylaws. For the annual meeting a copy of the next year's Annual budget as determined by the Board of Directors shall be provided. Each meeting notice shall include an agenda and a proxy form. For the Annual meeting the notice will also include the names of any nominated candidates for election to the Board of Directors and the procedure by which a homeowner may nominate candidates.

Meetings shall be conducted in accordance with Robert's Rules of Order and in accordance with the Colorado Non-profit Code. Owners and Proxies shall sign-in prior to the meeting and be provided the number of blank forms for which they are eligible to vote for one secret ballot.

During the Annual meeting the homeowners shall vote to ratify the annual operating and reserve budgets. The budget will identify the proposed annual assessment. If the annual budget is not ratified, then the current budget shall be continued until such time as an annual budget is approved.

An election of members to the Board of directors shall be conducted by secret ballot. A tally of the votes shall be done by two or more people who have a neutral position and the tally reported to the Chairperson. A member may call for a secret ballot on any other motion. When needed, Owners will again be provided the number of blank forms for which they are eligible to vote for one secret ballot and votes tallied by two or more people who have a neutral position.

At the Annual meeting, a Special meeting, or a Board meeting, a homeowner, or their designated representative, shall have the right to speak prior to a vote being taken. To expedite a motion within a reasonable time limit, if several owners wish to be heard on a motion the chairperson shall have the right to limit the time allowed per owner. For a motion with more than eight owners wishing to speak, the chair shall determine the number of speakers allowed and shall provide equal time for those for and opposed to the motion.

Rules and Regulations on Handling Board Member Conflicts of Interest

A conflict of interest occurs when a matter comes before the Board of Directors for consideration in which a Board member has a familial or financial interest. If any action taken by the Board would individually benefit a director or a member of their family, that director shall declare a conflict of interest for that issue. The director shall leave the meeting room while the matter is discussed and voted. They shall not participate in any discussion nor influence other Board members in any manner and shall not vote on the issue. These restrictions shall not be construed to invalidate any provision of the Declaration, or other documents that more strictly define conflicts of interest or contain further limits on participation by a director who may have a conflict of interest. Any conflict entered into in violation of this section shall be void and unenforceable and the Board member shall be sanctioned.

Rules and Regulations on Investment of Reserve Funds

A Reserve fund is maintained to provide adequate funds for future capital investments, such as fencing, landscaping, irrigation, monuments, signs, and contingencies. Reserve funds shall be invested in an account, or accounts, which shall be separate from the annual operating account, in accordance with IRS regulations. Reserve funds shall be invested at the discretion of the Board of Directors who shall consider safety of principle as the highest priority, followed by liquidity of funds, and lastly yield. Within these guidelines all funds shall be managed to maximize yield.

A 20 year reserve plan shall be maintained to assist in establishing the amount of reserve funds required. The 20 year reserve plan shall be updated every three years and in any year that a major reserve expense occurs.

The reserve funds and the operating funds needed shall be used each year to determine the Annual budget. Annual disclosure on the reserve funds and the operating funds shall be made to all homeowners.

Rules and Regulations on Procedures for Adoption and Amendment of Policies, Procedures, and Rules

The Board of Directors may adopt or amend Rules and Regulations by a majority vote of the Board members present at a duly called Board Meeting. Notice of such meetings shall be publicly posted and Members shall be invited to attend the meeting. Members shall be allowed to express their ideas on proposed new Rules and Regulations and amendments to existing Rules and Regulations. All additions, deletions, and amendments to the Rules and Regulations shall be promptly provided in writing to each homeowner.

Rules and Regulations on Home Sales

An Owner who is selling their property shall be responsible for providing required Association documents to a potential Buyer of their property. Upon request by the Seller or their authorized representative, the Association will make every effort to provide copies of the following documents, and others if requested. Costs involved for providing copies shall be paid by the Seller.

Declaration (Covenants) and all amendments thereto

Articles of Incorporation and all amendments thereto

Bylaws and all amendments thereto

All current Rules and Regulations

Minutes of the last Annual Homeowners meeting

Minutes of all Board meetings during the past six months

The Association's annual operating budget

The Association's annual Income Statement

The Association's annual Balance Sheet

The Seller shall provide a potential Buyer with a written Disclosure Statement. The Seller shall secure the Buyer's, or the Buyer's authorized representative, signature on the Disclosure Statement to acknowledge receipt of the Disclosure Statement. The Seller shall be responsible for providing a copy of a signed Disclosure Statement to the Association upon title transfer of the property. The Disclosure Statement shall be in bold-faced type that is clearly legible and in largely the following form:

“THE BUYER HEREBY ACKNOWLEDGES THAT THE BUYER HAS RECEIVED COPIES OF THE DECLARATION, COVENANTS, BYLAWS, AND RULES AND REGULATIONS OF THE CHATFIELD II HOMEOWNERS ASSOCIATION, INC., IN WHICH THE PROPERTY IS LOCATED. THE BUYER UNDERSTANDS THAT THESE DOCUMENTS CONSTITUTE AN AGREEMENT BETWEEN THE ASSOCIATION AND THE BUYER, BY SIGNING THIS STATEMENT. THE BUYER ACKNOWLEDGES THAT THE BUYER HAS READ AND UNDERSTANDS THE ASSOCIATION'S DECLARATION, COVENANTS, BYLAWS, AND RULES AND REGULATIONS. THE BUYER ALSO UNDERSTANDS THAT BY COMPLETING THIS PURCHASE, THE BUYER IS RESPONSIBLE FOR PAYING ASSESSMENTS TO THE ASSOCIATION. IF THE BUYER DOES NOT PAY THESE ASSESSMENTS, THE ASSOCIATION COULD PLACE A LIEN ON THE PROPERTY AND POSSIBLY SELL IT TO COLLECT THE DEBT. THE BUYER ALSO UNDERSTANDS THAT ANY MODIFICATION TO THE EXTERIOR OF THE PROPERTY IS SUBJECT TO ARCHITECTURAL REVIEW AND APPROVAL. FAILURE TO SECURE SUCH REVIEW AND APPROVAL IS A VIOLATION OF THE DECLARATION AND COULD RESULT IN REMEDIAL ACTION BEING TAKEN BY THE ASSOCIATION.”

Rules and Regulations which Clarify and Supplement Restrictions on Architectural Modifications

All exterior modifications to a Property must be approved by the Architectural Review Committee (ARC). The ARC members and chairperson are appointed by the Board and may be removed at any time by the Board. Members of the ARC shall serve for such term as may be designated by the Board or until they resign or are replaced by a new ARC member selected by a majority vote of the Board members. The objectives of the ARC, simply stated, are to keep the community attractive for the enjoyment of the residents and to maintain or improve property values.

The ARC chairperson shall be responsible to make periodic reports to the Board of all ARC activities since the last report. The chairperson shall provide copies of all correspondence to the Managing Agent and shall coordinate with the Agent to achieve effective monitoring for Covenant compliance.

A homeowner desiring to make modifications to the exterior of their property shall submit, in duplicate, a Request to Modify Exterior of Property form to the ARC. This will include a drawing, preferably on a Plat of Survey, roughly indicating size and placement of any proposed changes. Currently there is no fee required with the submittal of a request. Approval of a request requires complete execution of the Request form and meeting such standards as may be set, from time to time, by the Board or the ARC. The ARC shall approve requests when, in their reasonable discretion, the requested modification:

- 1) is compatible with and in harmony with the neighborhood; 2) will maintain or improve property values; 3) will maintain or improve the appearance of the neighborhood; and 4) will maintain or improve the beauty, wholesomeness, and attractiveness of the neighborhood and the quality of life of other Owners.

If an Owner does not receive approval for their request, they have the right of appeal to the Board by requesting a Hearing.

If an Owner makes a modification without approval, or if the modification made is not in compliance with the approval received, the property and the Owner are in violation and subject to having the modification revised or removed and being assessed a fine. The Association shall enforce such violations in the manner stated in the Rules and Regulations on Enforcement of Covenants and Rules.