

RAINBOW LAKE ESTATES HOMEOWNERS ASSOCIATION

POLICY AND PROCEDURE

INSPECTION AND COPYING OF ASSOCIATION RECORDS

SUBJECT: Adoption of a procedure for the inspection and copying of Association records by Owners.

PURPOSE: To adopt a policy regarding an Owner's right to inspect and copy Association records. To adopt a standard procedure to be followed when an Owner chooses to inspect or copy Association records.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

EFFECTIVE DATE: *January 8, 2014*

RESOLUTION: The Association hereby adopts the following Policy and Procedures:

1. Records for Inspection

The following are the records of the Association which shall be deemed to be the sole records of the Association for purposes of inspection by Owners:

- (a) 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 any such claims;
- (c) Minutes of all meetings of Owners;
- (d) Minutes of all meetings of Board members (except records of executive sessions of the Board);
- (e) Records of actions taken by the Owners without a meeting;
- (f) Records of actions taken by the Board without a meeting, including written communications and e-mails among Board members that are directly related to the action so taken;
- (g) Records of actions taken by any committee of the Board without a meeting;
- (h) A list of the names of the Owners in a form that permits preparation of a list of the names and mailing addresses of all Owners, as well as the number of votes of each Owner is entitled to vote;
- (i) The Association's governing documents which are comprised of:
 - (1) The declaration;
 - (2) The bylaws;
 - (3) The articles of incorporation;

- (4) Any rules and regulations and/or design guidelines; and
- (5) Any policies adopted by the Board, including the Association's responsible governance policies.
- (j) Financial statements for the last three years, which at a minimum shall include the balance sheet, the income/expense statement, and the amount held in reserves for the prior fiscal year;
- (k) Tax returns for the last seven years, to the extent available;
- (l) The operating budget for the current fiscal year;
- (m) A list of the Association's current assessments, including both regular and special assessments, if any;
- (n) The result of the Association's most recent available financial audit or review, if any;
- (o) A list of the Association's insurance policies, which shall include the company names, policy limits, policy deductibles, additional named insured, and expiration dates of the policies listed;
- (p) A list of the names, e-mail addresses and mailing addresses of the current Board members and officers;
- (q) The most recent annual report delivered to the Secretary of State;
- (r) A ledger of each Owner's assessment account;
- (s) The most recent reserve study, if any;
- (t) Current written contracts and contracts for work performed for the Association within the prior two years;
- (u) Records of Board or committee actions to approve or deny any requests for design or architectural approval from Owners;
- (v) Ballots, proxies and other records related to voting by Owners for one year after the election, vote or action to which they relate;
- (w) Resolutions adopted by the Board;
- (x) All written communications sent to all Owners generally within the past three years;
- (y) A record showing the date on which the Association's fiscal year begins;
- (z) A record of any capital expenditures in excess of Three Thousand Dollars (\$3,000.00) approved by the Executive Board for the current and next two (2) succeeding fiscal years;

(aa) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;

(bb) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(cc) A record of any alterations or improvements to Lots 1-70 or Limited Common Elements which violate any provisions of the Declaration of which the Executive Board has knowledge;

(dd) A record of any violations with respect to any portion of the Common Interest Community of health, safety, fire or building code laws, ordinances or regulations of which the Executive Board had knowledge;

(ee) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Element;

(ff) Waivers of notice;

(gg) Other records required by local corporate law; and

(hh) Any other records specifically defined in the Declaration or Bylaws and not already identified above.

2. Exclusions

The Association may withhold from inspection and copying certain records as provided by Colorado law, and which shall not be deemed to be records of the Association, which shall include, but are not limited to:

(a) Architectural drawings, plans and designs, unless released upon the written consent of the owner of such drawings, plans or designs;

(b) Contracts, leases, bids or records related to transactions currently under negotiation;

(c) Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine;

(d) Records of executive sessions of the Board;

(e) Individual unit files other than those of the requesting Owners.

The Association shall withhold from inspection and copying the following records as provided by Colorado law:

(a) Personnel, salary or medical records relating to Individuals;

(b) Personal identification and account information of Owners, including bank account information, telephone numbers, e-mail addresses, driver's license numbers, and social security numbers.

3. Inspection/Copying Association Records

An Owner or his/her authorized agent is entitled to inspect and copy any of the books and records of the Association, as listed above, subject to the exclusions set forth above, upon submission of a written request to the Association describing with reasonable particularity the records sought. The Association shall provide access to the requested records by:

- (a) Making the requested records available for inspection and copying by the Owner within 10 days of the Association's receipt of such written request, which inspection shall be during the regular business hours of 9:00 a.m. to 5:00 p.m. at the office of the Association's Managing Agent; or
- (b) Making the requested records available for inspection and copying by the Owner during the next regularly scheduled Board meeting occurring within 30 days of the Owner's request; or
- (c) If the requested records are available electronically, e-mailing the requested records to the Owner within 10 days of the Association's receipt of such written request, if so requested by the Owner.

4. Use of Records

Association records and the information contained within the records shall not be used for commercial purposes. Furthermore, while Owners are not required to state a purpose for any request to inspect the records of the Association, the membership list may not be used for any of the following without the consent of the Board:

- (a) To solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election held by the Association;
- (b) For any commercial purpose; or
- (c) Sold to or purchased by any person.

5. Fees/Costs

Any Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association to copy such records for the Owner. 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 an Owner request for copies of such records. If, after payment of the deposit, it is determined that the actual cost was more than the deposit, 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 Owner with the copies.

6. Inspection

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

7. Original

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

8. Creation of Records

Nothing contained in this Policy shall be construed to require the Association to create records that do not exist or compile or synthesize information.

9. Definitions

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

10. Supplement to Law

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

11. Deviations

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

12. Amendment

This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S CERTIFICATION: The undersigned, being the President of the Rainbow Lake Estates Homeowners Association, a Colorado nonprofit corporation, certifies that the foregoing Policy was approved and adopted by the Board of Directors of the Association in accordance with the Association Bylaws on January 7, 2014 and in witness thereof, the undersigned has subscribed his/her name.

RAINBOW LAKE ESTATES HOMEOWNERS ASSOCIATION,

a Colorado non-profit corporation,

A handwritten signature in black ink, appearing to read "D. J. Swain". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.

By:

President,

Rainbow Lake Estates Home Owners Association