

Document Retention and Destruction Policy

SUBJECT: Document Retention and Destruction

PURPOSE: To adopt a Document Retention and Destruction Policy

**EFFECTIVE
DATE:**

11-1-12

RESOLUTION:

The following resolution has been adopted by the Association pursuant to Colorado law, the Declaration of Covenants, Conditions and Restrictions of The Sonoma Village at Ute Creek Homeowners Association and the Bylaws of the Association at a regular meeting of the Board of Directors.

SECTION 1 **Introduction**

1.1 Scope

This Document Retention and Destruction Policy applies to the Sonoma Village at Ute Creek Homeowners Association, Inc. (hereinafter the "Association"), the Association Manager, and the Association's Board of Directors.

The documents maintained by the Association's legal counsel are not subject to this Document Retention and Destruction Policy.

1.2 Purpose

This Document Retention and Destruction Policy is created to establish guidelines for identifying, retaining, storing, protecting and disposing of the Association's Documents (the "Documents"). This Document Retention and Destruction Policy is necessary to ensure that the Association conducts itself in a cost-effective manner while also adhering to legal and business requirements.

1.3 Policy

- A. It is the Association's policy to maintain complete and accurate Documents. Documents are to be retained for the period of their immediate use unless longer retention is required for historical reference, contractual or legal requirements, or for other purposes as set forth in this Document Retention and Destruction Policy.
- B. Documents that are no longer required or have satisfied their recommended period of retention are to be destroyed in an appropriate manner.

- C. The Association Manager is responsible for ensuring that Documents within his or her area of assigned responsibility are identified, retained, stored, protected and subsequently disposed of, in accordance with the guidelines set forth in this Document Retention and Destruction Policy.

1.4 **Compliance**

This Document Retention and Destruction Policy is not intended to be all inclusive, and accordingly must be tailored to meet the specific needs of the Association. The retention periods set forth herein are guidelines based on the current retention periods set forth in federal, state, and local statutes and regulations (none of which explicitly address the Association), and industry custom and practice.

1.5 **Board Members**

The Association does not require Board Members to maintain any Documents. Board Members in their discretion may dispose of Documents generated by the Association because the Association has maintained such Documents in the Official Files. However, if Board Members receive Documents relating to the Association, which were not generated by the Association, or not received through the Association, Board Members shall send the originals of such Documents to the Association Manager to be maintained in the Official Files. Documents created by Board members for their own use as a member of the Board of Directors, including but not limited to notes, drafts, emails, summaries, etc. are not Documents of the Association and should be destroyed by the Board Member once an Association Document is produced or within six months of creation, whichever is sooner, unless otherwise provided herein. E-mail discussions among Board members shall be copied to and saved by the Association's manager pursuant to this policy. No Board Member shall disclose or provide any Document to any owner outside of the Board of Directors. Directors shall direct Owners to make a formal request to the Association pursuant to its inspection of records policy.

1.6 **Annual Purge of Files**

The Association Manager shall conduct an annual purge of files. The annual purge of files shall be completed within the first quarter of each calendar year.

1.7 **Destruction Procedure**

All Documents to be purged or destroyed pursuant to this Document Retention and Destruction Policy shall be shredded, or permanently deleted electronically, if stored in an electronic format.

1.8 **Certification**

Following the annual purge of files, the Association Manager shall complete a Certification Letter directed to the Association's Board of Directors stating that all Documents under his or her control conform to the retention guidelines. Each Board Member shall complete a Certification Letter annually stating that all documents created

by him/her have been destroyed pursuant to Paragraph 1.5.

1.9 **Miscellaneous**

There may be an immediate destruction of copies of any Document, regardless of age, provided that an original is maintained in the Official Files of the Association.

1.10 **Onset of Litigation**

At such time as the Board or the Association has been served with a lawsuit, or if it is reasonably foreseeable that litigation may be imminent, all Documents potentially relevant to the dispute must be preserved notwithstanding anything in this policy to the contrary.

Therefore, at the direction of legal counsel the Association Manager will advise the Board Members, and any other person who may maintain Association Documents, of the facts relating to litigation. Thereafter, all Documents potentially relevant to the dispute shall be deemed "held" until such litigation is concluded and all appeal periods have expired. At the conclusion of the litigation the "hold" period will cease and the time periods provided in the Document Retention and Destruction Guidelines will recommence.

SECTION 2 **Definitions**

2.1 **Current**

Current means the calendar year in which the Document was created, obtained or received.

2.2 **Document**

Document means any documentary material that is generated or received by the Association in connection with transacting its business, is related to the Association's legal obligations, and is retained for any period of time. The term "Document" includes, among others, writings, drawings, graphs, charts, photographs, tape, disc, audio recordings, microforms, and other electronic documents from which information can be obtained or translated such as electronic mail, voice mail, floppy disks, hard discs and CD ROM. The Documents, as defined in this policy, may encompass more records than those which are available for inspection by Owners pursuant to the Association's Inspection of Records Policy. Not all Documents may be records of the Association as that term is defined in the Inspection of Records Policy and Colorado law, and therefore may not be subject to inspection by Owners.

2.3 **Association Manager**

Association Manager means the Manager of the Association, currently Flagstaff Management Company.

2.4 **Official Files**

"Official Files" means the files maintained by the Association Manager of the Association.

Legal documents and documents subject to the attorney-client privilege and the work product privilege maintained by the Association's legal counsel are not part of the "Official Files" of the Association.

2.5 **Permanent**

Permanent means that the retention period for that Document is permanent.

2.6 **Termination**

"Term + 4 years" means four years beyond the termination of the relationship, contract or coverage.

SECTION 3 **Document Retention and Destruction Guidelines**

The Association's Documents are grouped into five functional categories as set forth below. Although every conceivable Document is not listed, the following list should indicate to which subcategory a particular Document relates.

1. <u>Accounting Records</u>	<u>Retention Period</u>
Accounts Payable	7 years
Account Receivable	7 years
Audit Reports	Permanent
Chart of Accounts	Permanent
Depreciation Schedules	Permanent
Expense Records	7 years
Financial Statements (Annual)	Permanent
Fixed Asset Purchases	Permanent
General Ledger	Permanent
Inventory Records	7 years

Loan Payment Schedule	7 years
Federal and State Tax Returns	Permanent
2. <u>Bank/Financial Records</u>	<u>Retention Period</u>
Bank Reconciliation	2 years
Bank Statements	7 years
Deposit Tickets	6 years
Cancelled Checks	7 years
Cash Receipts and Cash Disbursement Journals	7 years
Owner Ledgers	While owner owns a home in the community + 7 years
Electronic Payment Records	7 years
Audit Reports	Permanent
Personal Property Tax Returns	Permanent
Budgets	1 year
Reserve Study	Retain current plan at all times
3. <u>Corporate Records</u>	<u>Retention Program</u>
Board Minutes	Permanent
Committee Minutes	Permanent
Member Meeting Minutes	Permanent
Bylaws, Articles and CC& R's	Permanent
Rules and Regulations	Permanent
Policies and Guidelines	Permanent
Record of Board of Directors or Members without a Meeting (for example, records of decisions made by the Board via e-mail)	Permanent

E-mail communications among Board members directly related to and resulting in a decision made by the Board outside of a meeting.	1 year
General e-mail discussions among the Board which do not result in any decision being made outside of a meeting	6 months
Record of Waivers of Notices of Meetings of Members, Board of Directors or Committees	Permanent
Board Resolutions	Permanent
Business Licenses	Permanent
Contracts	Life +7 years or warranty period if longer
Correspondence from Legal Counsel	Permanent
Insurance Policies	Life + 4 years
Leases/Mortgages	Permanent
Patents/Trademarks	Permanent
Bids, Proposals	Permanent
Homeowner Records	Permanent
Vendor Invoices	7 years
Written Correspondence between Association and Vendors	7 years
Photographs	7 years
Periodic Reports Filed with the Secretary of State	1 year
Videotapes and Audiotapes of Board Meetings	Until minutes approved
Proxies and Ballots (generally) (unless otherwise provided herein)	1 year after meeting

	Proxies and Ballots for Document Amendments	Permanently
	Deeds, Easements and Other Real Property Records	Permanently
4.	<u>Employee Records, if any</u>	<u>Retention Period</u>
	Benefits Plans	Permanent
	Personnel Files	7 years
	Employment Applications	3 years
	Employment Taxes	7 years
	Payroll Records	7 years
	Pension/Profit Sharing Plans	Permanent
5.	<u>Real Estate Records</u>	<u>Retention Period</u>
	Construction Records	Permanent
	Warranties	Permanent
	Leasehold Improvements	Permanent
	Lease Payment Records	Life + 4 years
	Real Estate Purchases	Permanent
6.	<u>Owner Communications</u>	<u>Retention Period</u>
	Written Communications to all Owners generally (including meeting or other notices sent via e-mail, facsimile and regular mail)	6 years
7.	<u>Individual Member Files</u>	
	Correspondence to Members individually (not including enforcement letters)	As long as Member owns +4 years

Enforcement Letters (including covenant violation letters and violation letters and delinquency letters)

As long as Member owns +4 years

Owner Complaints (written)

As long as Member owns +4 years

Architectural requests and any responses from the Association regarding Requests

Permanently

Any Correspondence between Association and Members not otherwise listed

As long as member owns +4 years

8. **Miscellaneous**

Miscellaneous Documents (not otherwise listed herein)

At Board's discretion

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Sonoma Village at Ute Creek Homeowners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on 10-11-12 and in witness thereof, the undersigned has subscribed his name.

SONOMA VILLAGE AT UTE CREEK HOMEOWNERS ASSOCIATION, INC.,
a Colorado non-profit corporation,

By: _____

President

