

**BRUSH CREEK VILLAGE
TOWNHOMES
ASSOCIATION**

REGULATIONS

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Brush Creek Village Townhomes Association, a Colorado nonprofit corporation (the “Association”), for the purpose of complying with C.R.S. § 38-33.3-209.5 and pursuant to the power and authority granted to the Board of Directors under the Covenants, hereby adopts the following rules, regulations, policies, and procedures (collectively, the “Regulations”). Unless otherwise defined herein, terms defined in the Restated Declaration of Basin Mountain Village as recorded in the real property records of Gunnison County, Colorado as Reception No. [REDACTED] (as supplemented and amended, the “Covenants”), and the Association’s Articles of Incorporation (as amended, the “Articles”) and the Association’s bylaws (as amended, the “Bylaws”) shall have the same meaning herein. The Covenants, Bylaws, Articles and these Regulations are collectively referred to herein as the “Governing Documents”. In the event of any conflict between these Regulations and the Covenants, Articles and/or Bylaws, the other Governing Documents shall control unless the contrary provision in the other Governing Documents is contrary to the law, in which case these Regulations shall control. These Regulations supersede and replace all prior rules, regulations, policies and procedures of the Association relating to the collection of unpaid assessments, conflicts of interest involving board members, conduct of meetings, enforcement of covenants and rules including the notice of hearing and procedures and schedule of fines, inspection and copy of Association records by Owners, investment of reserve funds, procedures for adoption and amendment of policies and procedures and rules and regulations, procedures for addressing disputes arising between the Association and Members, and the reserve study.

Article 1: Collection of Unpaid Assessments – C.R.S. § 38-33.3-209.5(1)(b)(I) and C.R.S. § 38-33.3-209.5(5)(a):

1. Assessments are due on the date set forth in the notice and, if no such date is stated, 30 days from the date of the notice of such assessment. If any assessment is not paid when due, the assessment is past due and delinquent.
2. Interest on delinquent assessments, including recovery of attorneys’ fees incurred in pursuing delinquent assessments, is 8% per annum starting 10 calendar days after the date the assessments became delinquent, which shall be charged at the rate of 0.67% per month.
3. A late charge of 8% on the amount due and owing on a delinquent assessment shall be assessed for each payment not made within 10 calendar days of when due.
4. The Association charges a returned check charge of \$15.00.
5. Before the Association turns over a delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, the Association must: (i) fully comply with all notice and other requirements of C.R.S. § 38-33.3-209.5, and (ii) specifically, but without limitation, send the Owner a notice of delinquency. All notices of delinquency by the Association for unpaid assessments, fines, fees or charges must be sent by certified mail, return receipt requested written in English and in any language that the Owner has indicated a preference for correspondence and notices pursuant to C.R.S. § 38-33.3-209.5(1.7)(a)(I) and must:

- A. Specify whether the delinquency concerns unpaid assessments; unpaid fines, fees or charges; or both unpaid assessments and unpaid fines, fees, or charges, and, if the notice of delinquency concerns unpaid assessments, the notice of delinquency must notify the Owner that unpaid assessments may lead to foreclosure;
 - B. Include a description of the steps the Association must take before the Association may take legal action against the Owner, including a description of the cure process set forth in subsection (1.7)(b) of C.R.S. § 38-33.3-209.5, which is the Association's cure process.
 - C. Include a description of what legal action the Association may take against the Owner, including a description of the types of matters that the Association or Owner may take to small claims court, including injunctive matters for which the Association seeks an order requiring the Owner to comply with the declaration, bylaws, covenants, or other governing documents of the Association.
 - D. Include the total amount due, with an accounting of how the total was determined.
 - E. Include a statement of whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan.
 - F. Include the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt.
 - G. Include a statement that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.
6. In accordance with C.R.S. § 38-33.3-316.3, a delinquent Owner is eligible to enter into a payment plan, but not where:
- A. The Owner does not occupy the Owner's Unit and has acquired the Owner's Unit as a result of a default of a security interest encumbering the Unit or foreclosure of a lien by the Association; or
 - B. The Owner has previously entered into a payment plan with the Association; or
 - C. The Association informs the delinquent Owner of the potential for a payment plan in accordance with these Regulations and the delinquent Owner does not agree to pay in accordance with the terms of the offered payment plan within 30 days of the Association informing the delinquent Owner of the potential for a payment plan and the terms of any such payment plan.
7. Any payment plan shall permit the delinquent Owner to pay off the deficiency in equal installments over a period of at least eighteen months. The Owner may choose the amount to be paid each month, so long as each payment must be in an amount of at least \$25.00 dollars until the balance of the amount owed is less than \$25.00. The Board of Directors of the Association, in its sole discretion, may determine whether a payment plan should exceed eighteen months in duration, and no Owner shall have any right to demand or request a payment plan for in excess of eighteen months. An Owner's failure to remit payment of three or more agreed-upon installments, or to remain current with

regular assessments as they come due during the payment plan, constitutes a failure to comply with the terms of his or her payment plan.

8. Payments on a delinquent account of an Owner are applied first to unpaid assessments, with the oldest paid first, and then attorney fees and costs that the Owner is responsible for, then late charges, then return check charges, and then interest.
9. Unpaid assessments will be collected through enforcement of all rights, procedures and remedies under the Covenants in accordance with the Governing Documents and applicable law. These rights, procedures and remedies may include the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, obtaining and foreclosing a judgment against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law. Delinquent Owners will be liable for all costs of collection, including without limitation attorneys' fees and court costs.

Article 2: Handling of Conflicts of Interest Involving Board Members – C.R.S. § 38-33.3-209.5(1)(b)(II)

1. Pursuant to C.R.S. § 7-128-501, C.R.S. § 38-33.3-310.5, and C.R.S. § 38-33.3-209.5(4):
 - A. A "conflicting interest transaction" means: A contract, transaction, or other financial relationship between a nonprofit corporation and a director of the nonprofit corporation, or between the nonprofit corporation and a party related to a director, or between the nonprofit corporation and an entity in which a director of the nonprofit corporation is a director or officer or has a financial interest.
 - B. No loans shall be made by the Association to its directors or officers.
 - C. A director shall disclose any conflicting interest transaction or possibility thereof by disclosing to the Board of Directors in an open meeting prior to any action being taken to which the conflict of interest relates the material facts as to the director's relationship or interest and as to the conflicting interest transaction.
 - D. A board member must recuse himself or herself from discussing or voting on any issue for which a conflicting interest transaction exists or is proposed.
 - E. The Board of Directors may authorize, approve or ratify the conflicting interest transaction duly disclosed in accordance with C.R.S. § 7-128-501.
 - F. Members of the Board of Directors and their family members are prohibited from purchasing any Unit at a foreclosure by the Association.
 - G. There shall be a periodic review of the Association's conflict of interest policies, procedures, and rules and regulations.

Article 3: Conduct of Meetings – C.R.S. § 38-33.3-209.5(1)(b)(III)

1. Annual and special meetings of the Association and meetings of the Board of Directors shall be held in accordance with, and upon such notice as required by, Colorado law and the Governing Documents. The conduct of all meetings shall be in accordance with the Governing Documents and Colorado law. To the extent not otherwise provided by the Governing Documents and Colorado law, it shall be the policy of the Association that all Owners shall be provided a reasonable opportunity to speak and be heard at annual and special meetings of the Association and, where the interests of efficiency and an orderly and prompt meeting do not dictate otherwise as determined in the sole discretion of the Board of Directors subject to Colorado law, at meetings of the Board of Directors.
2. To the extent not otherwise provided for by the Governing Documents and applicable law, meetings shall be conducted by the taking of a motion, receiving a second, a call for any further discussion, and then calling the vote. A motion may be amended upon the consent of the person that made the motion and the person that made the second, if any, prior to the taking of the vote. Any objection to the conduct of a meeting must specify the failure to comply with the Governing Documents or applicable law, explain how such failure may be remedied, and be raised at the time of such alleged non-compliance.

Article 4: Enforcement of Covenants and Rules, Including Notice and Hearing Procedures and the Schedule of Fines – C.R.S. § 38-33.3-209.5(1)(b)(III)

1. Any violation of any Governing Document by any invitee, licensee or other person in the community at the request or upon the permission of an Owner shall be deemed to be a violation committed by such Owner.
2. All enforcement procedures shall comply with the Governing Documents and any applicable law. All notices and communications must be provided in accordance with C.R.S. § 38-33.3-209.5.
3. In the absence of contrary procedures and provisions in the Governing Documents and the law, the procedures for enforcement of the Governing Documents other than for non-payment of assessments shall be as follows:
 - A. Prior to the imposition of any fines for any violation of any provision of the Governing Documents or any applicable law, it shall be the policy of the Association to attempt in good faith to contact the Owner allegedly in violation. This good faith obligation is not intended to be a bar to any subsequent enforcement actions if contact is not made. Failure to make contact shall not, in any way, prevent the Association from enforcement of the Governing Documents and correction of any violation.
 - B. Such Owner shall be provided with a written notice describing the alleged violation in sufficient detail to allow the Owner to determine the nature of the violation alleged if the Board of Directors decides to enforce such provision. Such

notice shall (1) provide notice regarding the nature of the alleged violation, (2) provide notice regarding the action or actions required to cure the alleged violation, (3) set a deadline for compliance based upon applicable law, (4) inform the Owner that the Owner may dispute that a violation exists or occurred and demand a hearing, and (5) set a deadline to demand a hearing. These deadlines shall be set by the Board of Directors based upon applicable law and in accordance with what the Board of Directors believes to be reasonable under the circumstances taking into consideration the nature of the alleged violation. In no event shall these deadlines be less than 3 business days or any other minimum prescribed by statute.

- C. Any Owner who requests a hearing as provided above shall be afforded a fair and impartial hearing before a hearing board comprised of individuals that are impartial decision makers. An individual is an impartial decision maker if the individual has the authority to make a decision regarding the enforcement of the Association's Governing Documents, including its architectural requirements, and does not have a direct personal or financial interest in the outcome of the hearing. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. The hearing board shall decide whether a violation exists or occurred, whether the Owner is responsible for such violation, and impose the applicable fine. The hearing board may rule orally at the hearing or through a written document provided to the Owner within 30 days of the hearing.
- 4. The schedule of fines for violations shall be as follows:
 - A. First violation: \$100 per violation.
 - B. Second violation: \$200 per violation.
 - C. Third violation and all violations thereafter: \$300 per violation.
 - 5. All fines are immediately due and payable when incurred. A fine becomes late if not paid within 30 days of being imposed and such late fines will bear interest at the rate of 8% per annum. Any violation which is continuing in nature and is not stopped, halted removed or otherwise ceased within any cure provision provided by law, shall be deemed a continuing violation and a new violation for every other day that it continues and a new fine for continuing violations shall be imposed every other day and not every day. The maximum fine for a single violation is \$500.00.
 - 6. The Association may at any time to the fullest extent permitted by law and upon compliance with all applicable law, pursue all other legal remedies available as provided by the Governing Documents and applicable law. The failure to enforce any provision of the Governing Documents, these rules or other applicable law, shall not be deemed a waiver of the right to do so for any subsequent violations. In all instances, the imposition of a fine in an amount less than the maximum possible fine will not preclude the Association from imposing the maximum fine allowable under this section for

subsequent offenses. The Association may, to the fullest extent permitted by law, impose fines and seek damages or other relief through judicial process and the pursuit of fines does not in any preclude simultaneous or subsequent judicial process or relief.

Article 5: Inspection and Copying of Association Records by Owners – C.R.S. 38-33.3-209.5(1)(b)(V)

1. It shall be the policy of the Association to make all appropriate documents readily available to satisfy reasonable requests by Owners. Owners shall be provided with reasonable access to all Association documents to which they are legally entitled a right to inspect by law. Owners shall be entitled to inspect only those records required to be kept by C.R.S. § 38-33.3-317(1), as amended.
2. All requests for inspection and/or copying must be in writing and describe with reasonable particularity the records sought.
3. All costs of copying shall be paid by the Owner requesting the copies. The Association may copy the documents itself or may send the documents away for copying in its sole discretion.
4. The Association's membership list or other member information shall not be used for solicitation, including financial and political solicitation, and shall not be used for any commercial purpose. The Association's membership list or other member information shall not be sold to any person or entity. Any Owner that requests an opportunity to review or copies of membership lists or information agrees to comply with this provision of these rules. The Association may pursue any Owner for damages or injunctive relief or both, including without limitation attorneys' fees, for abuse of the inspection and copying rights.

Article 6: Investment of Reserve Funds – C.R.S. § 38-33.3-209.5(1)(b)(VI)

1. All reserve funds shall be invested in accordance with the provisions of C.R.S. § 38-33.3-303(2.5) and C.R.S. § 7-128-401 in a manner that the directors believe is in the best financial interests of the Association taking into consideration the existing and anticipated needs of the Association. Such reserve funds may be held in an interest bearing account. In the event a reserve study is obtained, reserve funds will be held in a manner consistent with such reserve study.

Article 7: Procedures for Adoption and Amendment of Policies, Procedures, and Rules – C.R.S. § 38-33.3-209.5(1)(b)(VII)

1. The Board of Directors of the Association shall have the authority to adopt and amend these rules and policies to the extent such adoption or amendment does not conflict with the Governing Documents. Such adoption or amendment shall take place at an open Board of Directors' meeting and be documented in the minutes.

Article 8: Procedures for Addressing Disputes Arising Between the Association and Members – C.R.S. § 38-33.3-209.5(1)(b)(VIII)

1. To the extent feasible, an Owner should attempt to address and resolve any dispute the Owner has with the Association through written correspondence with the Association, a private meeting with the appropriate individual on behalf of the Association, or discussion at an appropriate meeting. Any Owner that provides a written grievance to the Association shall be provided an opportunity to be heard at the next scheduled Board of Directors' meeting, if such grievance is received at least 30 business days before such meeting, or shall be responded to in writing by the Association within 30 days of being received if not sooner addressed at a meeting or otherwise.

Article 9: Reserve Studies, Funding and Related Matters

1. In the event that the Association obtains a reserve study, the Association's annual budgeting shall include such matters from the reserve study as the Board of Directors believe appropriate and feasible.

Article 10: Savings Clause

1. If any provision of these Regulations (and any provision in the Governing Documents covering the same matters) is contrary to Colorado law, including any amended law that becomes applicable to the Association and these Regulations, the provision of the Regulations that is contrary to such law shall not apply and, in lieu thereof, such provision of the law shall apply in the place of such contrary provision.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on _____, 2024, and in witness thereof, the undersigned has subscribed his or her name.

Brush Creek Village Townhomes Association, a
Colorado nonprofit corporation

By: _____
_____, Secretary