

Spyglass

POLICY AND PROCEDURE FOR RETENTION INSPECTION AND COPYING OF ASSOCIATION RECORDS

The Spyglass Association has adopted the following procedures as an addendum to the Bylaws at a regular meeting of the Board of Directors.

- I. Corporate Report Filing.** The Board must file the annual report, and at all times keep the Association in good standing with the Colorado Secretary of State. The Secretary or authorized officer of the Association will complete the annual report received from the Colorado Secretary of State with the name of the registered agent and registered office with both the physical and mailing address of the Association for notification by the Secretary of State and for service of process.
- 2. Association Minutes and Record Keeping Requirements.** Pursuant to C.R. SF S 38-33.3-317(1), the Association or its agents must keep as permanent records:
 - a. Detailed records of receipts and expenditures affecting the Association's operation and administration;
 - b. Records of claims for construction defects and amounts received pursuant to settlement of those claims;
 - c. Minutes of all meetings of the Owners and the Board, records of all Owner or Board actions taken without a meeting, records of all committee actions taken on behalf of the Association, and records of all waivers of notice of meetings of Owners, the Board or any committee;
 - d. Directors' written communications, and the votes cast that are: (i) directly related to a Board action taken without a meeting pursuant to C.R.S. S 7-128-202; or (ii) directly related to a Board action taken without a meeting pursuant to the Bylaws;
 - e. A list of all Owners including their names, the physical mailing addresses the Association uses to communicate with them, the number of votes each Owner is entitled to vote;
 - f. Its current Declaration, Bylaws, Articles of Incorporation, rules and regulations, responsible governance policies adopted pursuant to C.R.S. S 38-33.3-209.5, and other Board adopted policies;
 - g. Financial statements as described in C.R.S. S 7-136-1065 for the past three (3) years and tax returns of the Association for the past seven (7) years, to the extent available;
 - h. A list of all current Directors and officers including their names, electronic mail addresses, and physical mailing addresses;
 - i. Its most recent annual report delivered to the Secretary of State, if any
 - j. Financial records sufficiently detailed to enable the Association to comply with C. R.S. S 38-33.3-316(8), concerning statements of unpaid assessments;
 - k. The Association's most recent reserve study, if any;

- i. 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 Owners;
 - n Ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;
 - o. Board adopted resolutions relating to the characteristics, qualifications, rights limitations, and obligations of Owners or any class or category of Owners; and All written communications within the past three (3) years to all Owners
3. Membership List. The Association will maintain a list of all Owners' names, mailing addresses and the number of votes each Owner is entitled to vote (the "Membership List"). The Membership List may not be used by any person for any purpose unrelated to an Owner's interest as an Owner without the Board's consent. Without limiting the generality of the foregoing, the Membership List may not be used for the following purposes without the Board's consent:
 - a. Solicitation of money or property, unless it will be used to solicit Owners' votes in an Association election;
 - b. Any commercial purpose; or
 - c. The purchase or sale to or from any person.
4. Member Inspection of Association Records, The Association must make maintained records available for an Owner, or the Owner's authorized agent, to examine and copy. The Association may require Owners to submit a written request, describing with reasonable detail the records sought, at least five (5) days prior to inspection or production of the documents, and may limit examination and copying times to normal business hours or the next regularly scheduled Board meeting if the meeting occurs within thirty (30) days after the request. Notwithstanding any provision of the Association Documents to the contrary, the Association may not condition the production of records upon the statement of a proper purpose. The Association may impose a reasonable charge to be collected in advance to cover the costs of labor and material for copies of records. The Owner may request electronic copies to be furnished.
 - a. The Association may withhold association records concerning:
 - i. Architectural drawings, plans and designs, unless the legal owner of the drawings, plans or designs consents to their release in writing;
 - ii. Contracts, leases, bids, or records related to provision of goods or services that the Board is currently negotiating;
 - iii. Communications with legal counsel that are protected by the attorney-client privilege or the attorney work product doctrine;
 - iv. Disclosure of information in violation of law;
 - v. Records of an executive session of the Board; or

vi. Units that the requesting Owner does not own.

- b. The Association must withhold association records concerning:**
 - i. Personnel, salary or medical records relating to specific individuals;**
 - ii. Owners' persona' identification and account information including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers; or**
 - iii. Any documents that are confidential under constitutional, statutory or judicially imposed requirements.**
 - c. No Owner may remove the Association's original books or records from the place of inspection, nor alter, destroy or mark any association record.**
 - d. The use of association records or the information within those records, for commercial purposes is prohibited.**
- 5. Statement of Assessments. The Board or Manager, if any, will furnish to any Owner, the Owner's designee or Mortgagee, a written statement setting forth the amount of unpaid assessments currently levied against such Owner upon written request, delivered personally or by certified mail first-class postage prepaid, return receipt, to the Association's registered agent. The statement will be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Board, and every Owner. If no statement is furnished to the Owner or Mortgagee, or the Owners designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association will have no right to assert a lien upon the Unit for unpaid assessments that were due as of the date of the request. The Association must keep financial records sufficiently detailed to enable the Association to comply with C. R.S. § 38-33.3-316(8) concerning statements of unpaid assessments. All financial and other records will be made reasonably available for any Owner or their designee to examine.**
- 6. Notices. Except as otherwise provided in the Association Documents, all notices demand, bills, statements, or other communications under the Association Documents will be in writing and will be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:**
- a. If to an Owner, at the Owner's registered mailing or electronic address, filed with the Secretary, or, if no such address has been designated, at the address of such Owner indicated on the deed to the Owner's unit.**
 - b. If to the Association, the Board, or the Manager, at the principal office of the Association or the Manager or at such other address designated by written notice to the Owner pursuant to this section, or**
 - c. if to any committee, at the principal address of the Association or at such other address designated by written notice to the Owner pursuant to this section.**

7. Disclosures to Owners.

- a. **Association and Manager Information.** At least annually, the Association shall provide all Owners with a written notice stating: The Association's name, the Association Managers name, if any, the physical and mailing addresses and telephone numbers for the Association and the Manager; the name of the Common Interest Community; and the recording date and reception number of the Declaration. The Association will provide Owners with notice of address or manager changes within ninety (90) days of such change.
- b. **Annual Disclosures.** Within 90 days of the end of each fiscal year, the Association shall make the following information available to Owners:
 - i, the date its fiscal year commences;
 - ii. The operating budget for the current fiscal year;
 - iii. A list of the Association's current regular and special assessments;
 - iv. Annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
 - v, the results of any financial audit or review or the fiscal year immediately preceding the current annual disclosure;
 - VI. A list of all Association insurance policies, including, but not limited to, property, general liability's association director and officer professional liability, and fidelity policies. This list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates;
 - vii. The Association Documents, and
 - viii. The Board of Directors and member meeting minutes for the fiscal immediately preceding the current annual disclosure.
- c. **Method of Disclosure.** The Association has the widest possible latitude in disclosure methods, so long as the required information is readily available at no cost to Owners. If the Association incurs a cost for disclosure, such cost is a Common Expense.

8. Audit/Review.

- a. **Audit.** The Association's books and records will be subject to an audit by an independent and qualified person selected by the Board, using generally accepted auditing standards, upon the following conditions:
 - i. At the discretion of the Board, or
 - ii. The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars (\$250,000), and

iii. One-third (1/3) of the Owners request an audit

- b. Review. The books and records of the Association will be subject to a review by an independent and qualified person selected by the Board of Directors upon the conditions set forth below. The person selected to conduct a review need not be a CPA, but must have a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study, and shall use statements on standards for accounting and review services. A review will be conducted upon the following conditions.**
 - i, At the discretion of the Board; or**
 - ii, One-third (1/3) of the Owners request a review.**
- c. GAAP. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principle or the cash or tax basis of accounting as the Board elects to use.**
- d. Copies of Reports. Copies of an audit or review report will be made available thirty (30) days after its completion to any requesting Owner.**

The undersigned officer of The Reserve at Frisco Association hereby certifies that the foregoing Resolution is true and correct as adopted by the Board of Directors.

The Spyglass Association

Molly H. F. R-7-17