

**Board of Directors
Crystal at The Village Homeowners' Association**

November 1, 2023

Dear Crystal Owners:

The purpose of this letter is to address proposed updates to the HOA governing documents.

There are four (4) governing documents that the Board is seeking to update, as follows:

1. First Amended and Restated Declaration
2. The Amended and Restated Bylaws
3. Responsible Governance Policies
4. Rules and Regulations

This letter explains the proposed updates. The Board worked with local HOA counsel to prepare these revisions.

Approval of the first two (2) items requires the affirmative approval of at least sixty-seven percent (67%) of the Owners, meaning approval of at least six (6) of the eight (8) Unit Owners.

The Board has the authority to approve the second two (2) items, however, the Board is required to first show the proposed updates to the Owners and ask for comment.

1. First Amended and Restated Declaration

Enclosed is a redline version reflecting all proposed updates.

Pages one and two, the various recorded documents are identified. It is unusual for Bylaws to be recorded. The original Bylaws from 1989 were not recorded, nor was the First Amendment. However the Second Amendment was recorded, and so were the Amended and Restated Bylaws in 2014. One of the reasons these items were recorded is that they sought to amend the insurance provisions. However it is more appropriate to have insurance provisions in the Declaration.

Throughout the document, provisions related to the "Declarant" (the developer) were generally deleted as no longer applicable.

Par. 1(a)(8), noted that limited common elements are part of the Unit. This change was made in the 6/19/97 First Amended (sic - Amendment to) Condominium Declaration.

Par. 1(j)(4) has been revised to set forth the budget approval process in conformance with Colorado law. The existing Declaration has some provisions about budget approval that do not

comport with Colorado law. This area and par. 20 now contain the provisions set forth in the law.

Pars. 1(p) refers to recording the updated Bylaws. It is unusual for Bylaws to be recorded, but other Bylaws were recorded, so it makes sense to record the updated set.

New pars. 1(u)-(v) refers to updated Responsible Governance Policies (RGPs) and Rules (each discussed below). It is unusual for these items to be recorded, but the original RGPs and Rules were recorded, so it makes sense to record the updated ones.

Par. 4 on Unit combination has been removed since this the developer right has timed out anyway.

Old par. 5 has been removed because the language was moved to par. 1(a)(8) as stated above.

Par. 11 has been updated to limit the right of HOA entry into Units to emergencies threatening other persons or Units.

Par. 12, added a single family use restriction with a single kitchen and a prohibition on timesharing and membership clubs.

Par. 14(b), again limited HOA right of entry to emergency repairs or to determine compliance with HOA documents.

Deleted old par. 18(c). The HOA is never going to provide maid service.

Par. 18(e), added some restrictions on the HOA's right to grant license and leases over the general common elements without Owner approval.

Par. 18(g) stated the HOA has to notify each first mortgagee of any proposed material amendment to the HOA's Articles or Bylaws at least ten (10) days prior to the effective date of such amendment or change. This has been deleted because the first mortgagees will need to approve the updated Declaration in any event.

Par. 18(g) stated the HOA may impose a fine, not to exceed \$50, for each violation. This has been revised to simply state fines will be imposed per the Responsible Governance Policy on Enforcement.

Deleted par. 18(i) about recording a Certificate of the members of the Board and the identity of the managing agent. This is not a typical provision, and the identities of these individuals will change over time. The HOA maintains a website with this information.

Par. 19(a) stated capital expenditures in excess of \$5000 in any year must be approved by a majority of the owners. But par. 19(b) stated the Board can levy special assessments. But par. 22 stated special assessments in excess of \$5000 in any year must be approved by a majority of

the owners except in the event of an emergency. All of this has been revised to simply set forth the budget approval process required by Colorado law.

Par. 19(c) addressed provision of records. This has been revised to state that provision of records will be done per the Responsible Governance Policy on Records, which is where that procedure should be set forth.

Added par. 19(d) on audit (this was in the Bylaws). Better to have in this budget section in the Declaration.

Par. 20, revised the working capital provision to allow the HOA to collect modest working capital funds if necessary.

Par. 21, insurance, revised to comport with Colorado law. The existing provisions (in the Bylaws, not the Declaration) are actually fairly close to legal requirements, so these are not dramatic updates.

Par. 22, a slight change in that the existing Declaration says a foreclosing lender wipes out all prior dues obligations. The law is that an HOA can recover six (6) months of old dues from the lender after a foreclosure. Also revised here to simply refer to the Responsible Governance Policy on collection.

Par. 26(e), revised to state reasonable pets are permitted.

Replaced old par. 29 with new par. 27 about damage. Each Owner carries insurance on such Owner's Unit.

New par. 28 contains provisions from Bylaws Article VIII.

Par. 30(b), the law says only 67% Owner vote is generally required to amend a Declaration, though a higher percentage is respected for adjusting allocated interests. It also says 75% of the lenders have to approve the updated Declaration. There is a process under the law whereby the HOA may send the lenders a certified letter and publish the matter in the newspaper, and no lender response is counted as a yes vote.

Deleted old par. 32; the HOA does not have recreational facilities.

Deleted old par. 34; it was a repeat of language requiring recording a Certificate of the members of the Board and the identity of the managing agent. Again, I have never seen this, and it is just make-work, so this is deleted.

Par. 35 in the original Declaration authorized timesharing. This authorization was deleted by the 11/20/92 First Amendment.

Par. 36 had to do with expansion of the project, not applicable any more, so deleted.

2. The Amended and Restated Bylaws

Enclosed is a redline version reflecting all proposed updates.

Par. 4.2, the VP should be the backup for the President.

Par. 4.5, under the law, all Owners are entitled to see all voting records except those for election of Directors.

Par. 4.6, the law requires Owners meetings be noticed not less than ten (10) nor more than fifty (50) days in advance.

Par. 4.9 deleted some language because it is repeated in par. 4.11.

Par. 4.12, the Board is proposing that most Owner votes require approval of at least five (5) Owners.

Article V, the conflict of interest provisions are more appropriate as a Responsible Governance Policy (RGP). A conflicts policy is one (1) of the nine (9) required RGPs.

Pars. 5.1 & 5.2, Owners have to be notified of all Board meetings.

Par. 5.3, adjusted the notice period for Board meetings to the legal requirement of twenty-four (24) hours. This allows the Board to meet quickly if needed.

Par. 5.8, added that all Board decisions at meetings require approval of three (3) Directors.

Par. 6.1, fixed the number of Directors to the current level. The Bylaws can always be amended to change this, but, both the Articles at article VII(B) and the Declaration at par. 18(c) state there shall be not less than three (3) or more than seven (7) Directors, with the specific number to be set forth from time to time in the Bylaws. So the Bylaws have to fix an actual number.

Par. 6.4, revisions to simply refer to Colorado law.

Article VIII, updates as shown to indemnification provisions.

Article IX, better to only allow Member amendment to the Bylaws.

Article XI, deleted as this should be, and now is, in the Declaration.

Article XII, records, this is one of the required Responsible Governance Policies (RGPs). Better to have separate Bylaws and RGPs. The new RGPs have a standard form records policy.

Article XIII, collection, this is also one of the required Responsible Governance Policies (RGPs). Again better to have separate Bylaws and RGPs. The new RGPs have a standard form collection policy. Last year, the Colorado Legislature enacted a law requiring massive and complex updates to HOA collection policies. The form RGPs provided comply with that new law.

Article XIV, enforcement, this is also one of the required Responsible Governance Policies (RGPs). Again better to have separate Bylaws and RGPs. The new RGPs have a standard form enforcement policy, updated per the new law.

Article XV, insurance, again this should be, and now is, in the Declaration.

Article XVI, again records, should be and now is an RGP.

Article XVII, reserves, should be and now is an RGP that is a standard form. Again, HOAs have to have a policy and should have a fund.

Article XVIII, adoption/amendment of policies, should be and now is an RGP.

Article XIX, resolving disputes, should be and now is an RGP.

3. Responsible Governance Policies (RGPs)

These form policies were provided by counsel.

RGPs 1-9 are required by law.

RGP #10, Construction Rules, include fairly standard forms again provided by counsel. These materials are is designed for the safety and welfare of all Owners at the project.

4. Rules and Regulations

Attached is a redline. Minor revisions to comply with the law and other updates.

Conclusion

Again, approval of the:

1. First Amended and Restated Declaration; and
2. The Amended and Restated Bylaws

Requires the affirmative approval of at least sixty-seven percent (67%) of the Owners, meaning approval of at least six (6) of the eight (8) Unit Owners. A ballot is enclosed for your use. As shown, please complete and return the ballot to management, or you may vote in person at the combined Board/Owners meeting set for Friday, November 17, 2023 at 3 pm MT.

Concerning the:

3. Responsible Governance Policies, and
4. Rules and Regulations

Please E-mail your comments to HOA Manager Judi Balkind by 5 pm MT November 16, 2023, and she will share them with the Board. You may also voice your comments at the combined Board/Owners meeting, again set for Friday, November 17, 2023 at 3 pm MT. At the meeting, the Board will consider Owner comments, make adjustments as deemed appropriate and then consider approving these two (2) items.

Board of Directors

Crystal at The Village Homeowners' Association

Barton Prideaux, President

Billy Dimas, Director

Thomas Thorpe, Director

John DeGenova, Director

Brian Brunner, Director