

## **List of significant changes to Draft Declarations**

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What follows is a list of the salient changes (but not all changes) made to the Ranch Declarations in the recent rewrite. The changes are described briefly with short explanations. In-depth discussion is welcome at meetings called for that purpose or through direct communication with Wilton Anderson of Karp, Neu, Hanlon or Tom McDermott.

It is worthwhile to again state why updating these documents is vitally important to the functioning of The Ranch. First, inaccurate, misleading, out-of-date and (now) unlawful provisions in the governing documents erode the authority of those documents. This can lead to attempts to circumvent and defeat them for purposes not in the best interest of the Association or its members. Second, documents with such imperfections are confusing to the user and reader and can lead to incorrect judgements about what is allowed or required on many important questions. At their worst, these imperfections could paralyze the Association's, or its members', decision making and require legal opinions to accomplish what should be straight forward tasks.

- 1) The ownership regime of Ranch Common Area has been changed from a somewhat confusing mix of Planned Unit Development ownership and Condominium ownership to a regime like the Planned Unit Development ownership model. No change in Ranch operations or procedures is intended or anticipated from this change. A key result (among others) is that the conflict in the distribution of insurance proceeds from the destruction of common area property has been cleared up. Wilton Anderson's cover letter to the latest draft of the Declarations explains this effect.
- 2) Approval for changes in the Declarations now requires a 67% vote of all owners. Our old Declarations required 75% but were superseded by Colorado law some time ago.
- 3) Many definitions of ownership have been changed or combined to limit the two forms of owner property to Lots (houses or unbuilt lots) and Units (condominium units). Ranch owned real property descriptions have been refined to Common Area, Limited Common Area and the Common Recreation Reserve. Personal property, property improvements, water rights, and certain small real estate parcels are the property of the Association.

- 4) A more descriptive and comprehensive definition of Limited Common Elements, better fitted to the reality of the Ranch, has been provided.
- 5) The perceived conflict in owner vote requirements for the approval of the sale of water rights and water rights in connection with utility service has been resolved by having both require a 67% vote of all owners. Previously, votes of 50% (+1 vote) and 75%, respectively, were required.
- 6) The Architectural Advisory Committee was given more explicit ability to make recommendations and the provisions doing that were moved to a specific article on the AAC. All actions by the AAC will be subject to Board approval.
- 7) The formula setting the maximum amount that the Association may spend on a single asset purchase without approval of "a majority of owners present at a meeting called for that specific purpose" was revised to make it easily calculated and able to increase in line with increased price levels that the Ranch experiences. The actual dollar spending limit did not change materially from the previous amount, but it is now an easier and more certain calculation.
- 8) A Working Capital Fee requirement was instituted for changes in individual property ownership on the Ranch. This fee is designed to be modest and fall on future purchasers of units or lots. The proceeds will be used to establish reserves to meet unexpected spending requirements, acquire additional needed equipment, or provide maintenance reserves. Other associations have similar fees, and it was suggested that this could provide some relief to annual assessment increases.
- 9) The Association's ability to obtain loans secured by the collection of assessments and the assignment of lien rights was made more explicit.
- 10) Additional clarity was added to emphasize that the delegation of an owner's right to use the CRR to family and guests was allowed with the permission of the Association as governed by rules and regulations that the Association may establish.
- 11) Unit and Lot owners are both responsible for providing their own casualty and liability insurance but are not required to do so. And, more importantly, the Association is not responsible for monitoring owner insurance.

- 12) The requirement for the Association to provide CPA-prepared financial statements was removed. Also, the right for an owner to demand an audit (only if that owner pays for it) was removed. Currently, the Ranch provides CPA-prepared and audited financial statements. Colorado law provides for the ability of owners to demand an audit through a one third vote of owners or by pursuit of a court action.
- 13) The requirement of the Ranch to do an annual appraisal for the casualty insurance policy renewal was deleted. Now it is required only if the insurance provider requires it.
- 14) In several areas with restrictions governing or restricting owner activities, provisions were deleted and allowed to be moved to Ranch Rules and Regulations. Examples are Antennae, Signs, and Landscaping.
- 15) The revised Declarations added override approval by the Board on several use restrictions in the Declarations, such as parking, landscaping, pets, etc.
- 16) Ineffective and irksome rules were deleted from the Declarations. Changes now include allowing dogs to be off leash in the CRR, not requiring garage doors to be closed when not accessing vehicles, allowing Ranch Creek owners to have a second dog, etc.