

Subject: Loss of Orange Orchard's Preferred CCIOA Status

From: Francine Blum <franinboulder@gmail.com>

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To: Howdy Pierce <howdyp@gmail.com>, Lisa Jensen <lisa.jensen03@gmail.com>, "Mike O'Kane" <mvokane@gmail.com>, Richard Harris <rharris@harrishomescolorado.com>, Kate Fay <katecfay@gmail.com>, Daryl James <djames@djameslaw.com>, brickmarkham@gmail.com, lacasaazul42@comcast.net, jpeters452@comcast.net, bertodd49@gmail.com, bigredbr@aol.com, taylormj@mac.com

To: Howdie Pierce, President
Lisa Jensen, VP
Board Members
Governance Committee

It's my understanding that the Colorado Common Interest Act, which was established in 1992, excludes homeowner associations formed prior to 1992 from the obligations of HOAs formed after 1992.

Subsequent rules and rule changes do not apply to the pre 1992 HOAs which are grandfathered according to the characteristics of each community.

According to the 1992 Common Interest Act certain changes in governance documents would cause Orange Orchard to lose its grandfathered status. **Our current status is very favorable as it protects the homeowners from many intrusive and costly exposures.**

There are several triggers that would cause this to happen.

One of these triggers is changing the insurance coverage of the board members.

The proposed governance documents greatly expand insurance coverages for board members. **Article XII** of the proposed Restated Declaration of Covenants, Conditions and Restrictions is completely new and requires a new or dramatically expanded insurance policy. Essentially the insurance will have to cover directors for any action that they take on the board's behalf. The exclusion for gross negligence and willful misconduct in **Article XIII** of our current Bylaws is not repeated in Article XII and Article XIII is not referenced,

My understanding is that pre 1992 homeowners associations which do not pay certain kinds of insurance premiums for their board members are exempt from the post 1992 rules but would lose that exemption if those insurance coverages are put in place. This appears to be the case if the new governance documents are adopted in Orange Orchard.

We are requesting that the board provide, on letterhead from Orten Cavanaugh Holmes and Hunt, a synopsis of any and all changes required at Orange Orchard by the Colorado Legislature by subject and code, date for purposes of clarification of requirements with particular attention to the 9 characteristics whose presence or absence determine the grandfathered status of a homeowner community.

We remain open minded and willing to be educated about changes in state law. Thank you for your patience and participation in this unfolding process. We are all doing our best to get up to speed on such a complicated body of proposed changes and the need for them.

This email will be sent to the appropriate parties of interest.

With best intentions,
Fran Blum
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