

DOCUMENT RETENTION AND DESTRUCTION POLICY
OF
HIGHLANDS RANCH COMMUNITY ASSOCIATION, INC.

ADOPTED: December 20, 2005
AMENDED: July 19, 2011
AMENDED: November 20, 2012

This policy has been adopted and amended by the Highlands Ranch Community Association, Inc., pursuant to Colorado law, the Community Declaration for Highlands Ranch Community Association, Inc. and the Bylaws of the Highlands Ranch Community Association, Inc. at regular meetings of the Board of Directors ("Board").

SECTION 1
Introduction

1.1. **Scope**

This Document Retention and Destruction Policy applies to the Highlands Ranch Community Association, Inc. (hereinafter the "Association"), the Association's Manager ("Manager"), the Association's employees and the Board.

The documents maintained by the Association's legal counsel are not subject to this Document Retention and Destruction Policy.

1.2. **Purpose**

This Document Retention and Destruction Policy is created to establish guidelines for identifying, retaining, storing, protecting and disposing of the Association's Documents. This Document Retention and Destruction Policy is necessary to ensure that the Association conducts itself with regard to document retention and destruction in a cost-effective manner while also adhering to legal and business requirements.

1.3. **Policy**

A. It is the Association's policy to maintain complete, accurate and high quality Documents. Documents are to be retained for the period of their immediate use, unless longer retention is required for historical reference, contractual or legal requirements, or for other purposes as set forth in this Document Retention and Destruction Policy.

B. Documents that are no longer required, or have satisfied their recommended period of retention, are to be destroyed in an appropriate manner at the discretion of the Board and Manager.

C. The Manager is responsible for ensuring that Documents within his or her area of assigned responsibility are identified, retained, stored, protected and subsequently disposed of, in accordance with the guidelines set forth in this Document Retention and Destruction Policy.

1.4. **Compliance**

This Document Retention and Destruction Policy is not intended to be all inclusive and accordingly, must be tailored to meet the specific needs of the Association. The retention periods set forth herein are guidelines based on the current retention periods set forth in federal, state and local statutes and regulations (most of which do not explicitly address the Association), and industry custom and practice.

1.5. **Board Members**

The Association does not require Board Members to maintain any Documents. Board Members, in their discretion, may dispose of Documents generated by the Association because the Association has maintained such Documents in the Official Files. However, if Board Members receive Documents relating to the Association, which were not generated by the Association, or not received through the Association, Board Members shall send the originals of such Documents to the Manager to be maintained in the Official Files. Except as otherwise provided herein or by law, Documents created by Board Members for their own use as a member of the Board, including but not limited to notes, drafts, emails, summaries, etc., are not Documents of the Association and should be destroyed by the Board Member once a related Association Document is produced or within six months of creation, whichever is sooner. Email discussions among Board Members shall be copied to and saved by the Manager in accordance with this Document Retention and Destruction Policy. No Board Member shall disclose or provide any Document to any Owner who is not a Board Member. Board Members shall direct Owners who request documents from Board Members to make a formal request to the Association pursuant to the Association's Records Policy for Inspection and Copying of Records ("Records Policy").

1.6. **Annual Purge of Files**

The Manager and each Board Member electing to maintain Documents shall conduct an annual purge of files that are under their control. The annual purge of files shall be completed within the first quarter of each calendar year.

When a member of the Board ceases to be a member, the Board Member shall either destroy or turn over to the Manager, all Documents and files relating to the business of the Association. If the Documents and files are turned over, from that time forward, the Manager shall have the responsibility to conduct the annual purge of files maintained by the former Board Member.

1.7. **Destruction Procedure**

If the Documents to be destroyed are of public record, it is recommended that they be recycled. If recycling is not possible, the Documents may be placed in a trash receptacle.

If the Documents to be destroyed are not of public record, they should be recycled if their confidentiality can be protected or they may be shredded, burned, chemically treated or otherwise made illegible.

The destruction procedure for Electronic Documents is specified in Section 4.

1.8. **Certification**

Following the annual purge of files, the Manager shall complete a Certification Letter directed to the Board stating that all Documents under his or her control conform to the retention guidelines. Each Board Member shall complete a Certification letter annually stating that all documents created by him/her have been destroyed pursuant to Section 1.6.

1.9. **Miscellaneous**

There may be an immediate destruction of copies of any Document, regardless of age, provided that an original is maintained in the Official Files of the Association.

There may also be an immediate destruction of working papers and drafts.

1.10. **Onset of Litigation**

At the onset of litigation, or if it is reasonably foreseeable that litigation or other legal proceedings may be imminent, all Documents potentially relevant to the dispute must be preserved. Any regular destruction of potentially relevant Documents, including Electronic Documents, shall be suspended pending the litigation or other legal proceeding.

Therefore, at the direction of legal counsel, the Manager will advise the Board Members, and any other person who may maintain Association Documents, of the facts relating to litigation. Thereafter, all Documents potentially relevant to the dispute shall be deemed "held" until such litigation or other legal proceedings are concluded and all appeal periods have expired. At the conclusion of the litigation or other legal proceedings, the "hold" period will cease and the time periods provided in the Document Retention and Destruction Guidelines will recommence.

SECTION 2
Definitions

2.1. **Current ("Curr.")**

"Current" means the calendar year in which the Document was created, obtained or received.

2.2. **Document**

"Document" means any documentary material, that is generated or received by the Association in connection with transacting its business, is related to the Association's legal obligations, and is retained for any period of time as part of the Official Files. The term "Document" includes, among others, writings, drawings, graphs, charts, photographs, tape, disc, audio recordings, microforms, and Electronic Documents. Documents may encompass more records than those which are available for inspection by Owners pursuant to the Records Policy. Not all Documents may be records of the Association, as that term is defined in the Records Policy and Colorado law, and therefore may not be subject to inspection by Owners.

2.3. **Electronic Document**

"Electronic Document" means any electronically-stored information including, but not limited to, electronic mail and other electronic or digital files stored on discs, electronic or digital storage devices, computer drives, the Association's network system and hand-held portable devices.

2.4. **Manager**

"Manager" means the Community Manager of the Association.

2.5. **Official Files**

"Official Files" means the files maintained by the Manager of the Association. As further specified in Section 4, Electronic Documents are part of the Official Files only to the extent that they are:

A. printed or saved to a disc, or

B. written communications among, and the votes cast by, members of the Board that are (i) directly related to an action taken by the Board without a meeting pursuant to Section 7-128-202, C.R.S., or (ii) directly related to an action taken by the Board without a meeting pursuant to the Association's Bylaws.

Legal documents and documents subject to the attorney-client privilege and the work product privilege maintained by the Association's legal counsel are not part of the "Official Files" of the Association.

2.6. **Owner**

"Owner" means an owner as defined in the Community Declaration of the Association.

2.7. **Permanent ("Perm.")**

"Permanent" means that the retention period for that document is permanent.

2.8. **Termination ("Term.")**

"Term + 4 years" means four years beyond the termination of the relationship, contract, coverage or period of ownership of home, as applicable.

SECTION 3
Document Retention and Destruction Guidelines

The Association's Documents are grouped into seven functional categories as set forth below. Although every conceivable Document is not listed, the following list should indicate to which subcategory a particular Document relates.

The retention periods identified with particular Documents are intended as guidelines. In particular circumstances, the Manager and Board Members have the discretion to determine that either a longer or shorter retention period is warranted.

3.1. **Accounting Records**

Retention Period

Accounts Payable	7 years
Account Receivable	7 years
Audit Reports	Perm.
Chart of Accounts	Perm.
Correspondence	7 years
Depreciation Schedules	Perm.
Expense Records	7 years
Financial Statements (Annual)	Perm.
Fixed Asset Purchases	Perm.
General Ledger	Perm.
Inventory Records	7 years
Loan Payment Schedules	7 years
Tax Returns (Federal, State, Property)	Perm.

3.2. **Bank/Financial Records**

Retention Period

Bank Reconciliations	2 years
Bank Statements	7 years
Cancelled Checks	7 years
Correspondence	7 years
Electronic Payment Records	7 years
Owner Ledgers	Term. + 7 years
Audit Reports	Perm.

3.3. **Corporate Records**

Retention Period

Board Minutes	Perm.
Committee Minutes	Perm.
Member Meeting Minutes	Perm.
Bylaws, Articles, Community Declaration and Supplemental Declarations	Perm.
Rules and Regulations	Perm.
Policies and Guidelines	Perm.
Record of Actions of Board of Directors or Members Taken by Written Ballot or Written Consent in Lieu of a Meeting	Perm.
Email communications among Board Members directly related to and resulting in a decision made by the Board outside of a meeting	1 year
General email discussions among Board Members which do not result in any decision being made outside of a meeting	6 mos.
Record of Waivers of Notices of Meetings of Members, Board of Directors or Committees	Perm.
Board Resolutions	Perm.
Business Licenses	Perm.
Contracts – Major	Perm.
Contracts – Minor	Term. + 4 years

Correspondence from Legal Counsel	Perm.
Non-legal Correspondence	7 years
Insurance Policies (including expired policies)	Perm.
Leases/Mortgages	Perm.
Patents/Trademarks	Perm.
Bids, Proposals	Perm.
Reserve Studies	Perm.
Proxies and Ballots (generally unless otherwise provided herein)	One year after election or vote to which they relate
Proxies and Ballots for Document Amendments	Perm.
3.4. <u>Employee Records</u>	<u>Retention Period</u>
Benefits Plans	Perm.
Employee Manuals	Perm.
Correspondence	7 years
Employee Files (ex-employees)	Term. + 7 years
Employment Applications, Resumes and Other Forms of Job Inquiries, Ads or Notices for Job Opportunities	3 years
Employment Taxes	7 years
Payroll Records	7 years
Pension/Profit Sharing Plans	Perm.
3.5. <u>Real Property Records</u>	<u>Retention Period</u>
Construction Records	Perm.
Correspondence	7 years
Warranties	Perm.
Leasehold Improvements	Perm.
Lease Payment Records	Term. + 4 years
Real Estate Purchases	Perm.
Deed and Easement Documents	Perm.
3.6. <u>Individual Member Files</u>	<u>Retention Period</u>
Correspondence to Members individually (not including enforcement letters)	Term. + 4 years
Enforcement Letters (including delinquency letters, covenant violation and other violation letters)	Term. + 4 years
Owner complaints (written)	Term. + 4 years
Architectural applications and submissions	Term. + 4 years
Architectural Approvals	Perm.
3.7. <u>Miscellaneous</u>	<u>Retention Period</u>
Miscellaneous Documents (not listed)	

elsewhere herein)

Board's discretion

SECTION 4 Electronic Documents

4.1. Storage of Official Files

Under this Document Retention and Destruction Policy, the Association retains Documents for time periods that may exceed 15 or 20 years and possibly longer. That duration may exceed the reliable life span of computer networks, computer drives, computer software, hand-held devices, computer storage devices, and related systems. Accordingly, those types of storage devices may not be appropriate for retaining the Official Files. Moreover, in some cases the Association may receive Electronic Documents that are not compatible with other Electronic Documents maintained by the Association. Therefore, Electronic Documents to be retained as Official Files will be printed or saved to a CD-R or DVD+R disk (or other storage device that promotes longevity).

4.2. Electronic Documents that are not Official Files

With respect to Electronic Documents that have not been made a part of the Official Files, the Association shall retain and destroy them as follows:

A. Computer Drives: Electronic Documents may exist on various computer drives, including personal computers, lap-tops and desk tops. All Electronic Documents should be maintained on the Association's network system and the Manager is instructed to delete Documents from computer hard drives (such as "C" drives) at least annually as part of the annual purge and preferably more frequently to the extent such Electronic Documents are stored there at all. Electronic Documents on computer drives are not backed-up. As computer drives are updated and/or replaced, no effort will be made to store or preserve the Electronic Documents on those computer drives. As a measure to preserve privacy, Electronic Documents shall be deleted from computer drives being replaced as much as possible before their disposal.

B. Computer Network: The Association utilizes a computer network and Electronic Documents should be maintained on that network. Electronic Documents on the computer network may be deleted when they are no longer being actively used and, in any event, those that have not been accessed for one year or longer should be deleted as part of the annual purge. The computer network is backed up on a regular basis and back-up tapes are preserved for one year. As the network is updated and/or replaced, no effort will be made to store or preserve Electronic Documents on the network other than those preserved on the back-up tapes. As a measure to preserve privacy, Electronic Documents shall be deleted from the computer network being replaced as much as possible before its disposal.

C. Emails: After being filtered by one or more firewall services, emails are initially saved on the computer network. Except for emails that are Official Files, emails will be regularly and automatically deleted every [90] days unless they are specifically saved on the network, in which case they will be deleted when they are no longer being used and, in any event, as part of the annual purge.

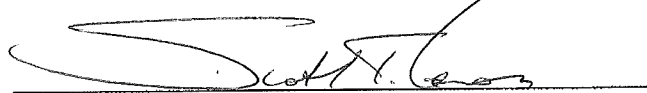
D. Voice Mails: Voice mails that are to become part of the Official Files will be separately recorded or transcribed. Otherwise, no effort will be made to retain voice mails.

E. Hand-Held Storage Devices: No effort will be made to retain or preserve information contained on hand-held computer devices, such as Blackberries, iphones, cell phones and organizers, to the extent the Association utilizes such devices.

Adopted by the Board of Directors of Highlands Ranch Community Association, Inc. on the 20th day of December 2005, and amended July 19, 2011.


Amended by the Board of Directors of Highlands Ranch Community Association, Inc. on the 20th day of November 2012.

Highlands Ranch Community Association, Inc.



President

ATTEST:



Secretary