

DOCUMENT RETENTION AND DESTRUCTION POLICY

OF

STONEBURY HOMEOWNERS ASSOCIATION, INC.

The following resolution has been adopted by Stonebury Homeowners Association, Inc., pursuant to Colorado law, the Subassociation Declaration for Stonebury Homeowners Association, Inc. ("Declaration") and the Bylaws of Stonebury Homeowners Association, Inc. at a regular meeting of the Board of Directors.

SECTION 1

Introduction

1.1 Scope

This Document Retention and Destruction Policy applies to Stonebury Homeowners Association, Inc. (hereinafter the "Association"), the Association's Manager, the Association's employees and the Association's Board of Directors.

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 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 Documents are to be retained for the period of their immediate use, unless longer retention is required for historical reference, contractual or legal requirements, or for other purposes as set forth in this Document Retention and Destruction Policy.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.
- 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.

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 of Directors 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.

1.8 **Certification**

Following the annual purge of files, the Manager shall complete a Certification Letter directed to the Association's Board of Directors stating that all Documents under his or her control conform to the retention guidelines. A sample Certification Letter appears as Exhibit A, attached hereto and made a part hereof by this reference.

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.

1.10 **Onset of Litigation**

At the onset of litigation, or if it is reasonably foreseeable that litigation may be imminent, all Documents potentially relevant to the dispute must be preserved.

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 is concluded and all appeal periods have expired. At the conclusion of the litigation, 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. The term "Document" includes, among others, writings, drawings, graphs, charts, photographs, tape, disc, audio recordings, microforms, and other electronic documents from which information can be obtained or translated such as electronic mail, voice mail, floppy disks, hard discs and CD ROM.

2.3 **Manager**

"Manager" means the Manager of the Association.

2.4 **Official Files**

"Official Files" means the files maintained by the Manager of the Association.

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.

2.5 **Permanent** ("Perm.")

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

2.6 **Termination** ("Term.")

"Term + 4 years" means four years beyond the termination of the relationship, contract or coverage.

SECTION 3

Document Retention and Destruction Guidelines

The Association's Documents are grouped into five 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.

1.	<u>Accounting Records</u>	<u>Retention Period</u>
	Accounts Payable	7 years
	Account Receivable	7 years
	Audit Reports	Permanent
	Chart of Accounts	Permanent
	Depreciation Schedules	Permanent
	Expense Records	7 years
	Financial Statements (Annual)	Permanent
	Fixed Asset Purchases	Permanent
	General Ledger	Permanent
	Inventory Records	7 years
	Loan Payment Schedules	7 years
	Tax Returns	Permanent

2.	<u>Bank Records</u>	<u>Retention Period</u>
	Bank Reconciliations	2 years
	Bank Statements	7 years
	Cancelled Checks	7 years
	Electronic Payment Records	7 years
3.	<u>Corporate Records</u>	<u>Retention Period</u>
	Board Minutes	Permanent
	Committee Minutes	Permanent
	Member Meeting Minutes	Permanent
	Bylaws, Articles, Community Declaration and Supplemental Declarations	Permanent
	Rules and Regulations	Permanent
	Policies and Guidelines	Permanent
	Record of Actions of Board of Directors or Members Taken by Written Ballot or Written Consent in Lieu of a Meeting	Permanent
	Record of Waivers of Notices of Meetings of Members, Board of Directors or Committees	Permanent
	Board Resolutions	Permanent
	Business Licenses	Permanent
	Contracts – Major	Permanent
	Contracts – Minor	Life + 4 years
	Correspondence from Legal Counsel	Permanent
	Insurance Policies	Life + 4 years
	Leases/Mortgages	Permanent

ATTEST:

By: *Rick Bauman*
Name: RICK BANMAN
Title: Secretary

EXHIBIT A

**Attached to the Document Retention and Destruction Policy
Of
Stonebury Homeowners Association, Inc.**

CERTIFICATION LETTER

[Sample]

To: Board of Directors, Stonebury Homeowners Association, Inc.
From: Manager
Date: _____
RE: Document Retention Compliance

This is to confirm that all documents in my area of responsibility have been reviewed and meet the retention guidelines set forth in the Document Retention and Destruction Policy.

Type of Record	Reviewed	Complied	Description of Destroyed Documents
<u>Accounting Records</u>			
Accounts Payable			
Account Receivable			
Audit Reports			
Chart of Accounts			
Depreciation Schedules			
Expense Records			
Financial Statements (Annual)			

Fixed Asset Purchases
General Ledger
Inventory Records
Loan Payment Schedules
Tax Returns

Bank Records

Bank Reconciliations
Bank Statements
Cancelled Checks
Electronic Payment Records

Corporate Records

Board Minutes
Committee Minutes
Member Meeting Minutes
Bylaws, Articles, Community Declaration
And Supplemental Declarations
Rules and Regulations
Policies and Guidelines
Record of Actions of Board of Directors
or Members Taken by Written
Ballot or Written Consent in Lieu of a Meeting
Record of Waivers of Notices of
Meetings of Members, Board of
Directors or Committees
Board Resolutions
Business Licenses
Contracts – Major

Contracts – Minor

Correspondence from Legal Counsel

Insurance Policies

Leases/Mortgages

Patents/Trademarks

Bids, Proposals

Homeowner Records

Employee Records

Benefits Plans

Employee Files (Ex-Employees)

Employment Applications

Employment Taxes

Payroll Records

Pension/Profit Sharing Plans

Real Property Records

Construction Records

Warranties

Leasehold Improvements

Lease Payment Records

Real Estate Purchases

By: _____
_____, Manager