

RESOLUTION
OF THE
BEAVER RUN HOMEOWNERS ASSOCIATION

SUBJECT: Adoption of governance policies and procedures for the Association regarding the following:

1. Covenant and Rule Enforcement;
2. Dispute Resolution;
3. Reserve Study and Funding;
4. Investment of Reserves;
5. Inspection and Copying of Association Records;
6. Conflict of Interest;
7. Conduct of Meetings;
8. Collection of Unpaid Assessments; and
9. Adoption of Policies, Procedures, Rules, Regulations and Guidelines

PURPOSE: To amend and restate the Association's policies, procedures, rules and regulations and to adopt additional policies as required by Colorado law.


AUTHORITY: The Declaration, Articles of Incorporation, Bylaws of the Association and Colorado law.

EFFECTIVE DATE: November 20, 2015

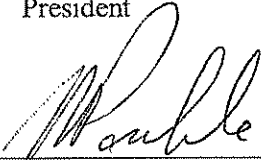
RESOLUTION: The Association hereby adopts the attached policies and procedures.

**PRESIDENT'S
CERTIFICATION:** The undersigned, being the President of Beaver Run Homeowners Association, a Colorado nonprofit corporation, certifies that the following policies were adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on November 20, 2015 and in witness thereof, the undersigned has subscribed his/her name.

BEAVER RUN HOMEOWNERS ASSOCIATION
a Colorado nonprofit corporation

By: 
President

ATTEST:

By: 
Secretary

GOVERNANCE POLICIES
OF
BEAVER RUN HOMEOWNERS ASSOCIATION

Adopted: November 20, 2015

Effective: November 20, 2015

Recitals

- The Association adopts the following governance policies to protect the investment of the members, to enhance the values of the Property subject to regulation by the Association and to comply with Colorado law.
- These governance policies are intended to supersede and replace rules, regulations, policies and procedures previously adopted by the Board.
- To the extent that any provision of these policies conflicts with a previously adopted rule, regulation, policy or procedure, the provisions of these policies will apply.
- All other rules, regulations, policies and procedures that do not conflict with these governance policies will remain in full force and effect.

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Definitions and General Terms

1. Authority. These policies have been established pursuant to the authority granted to the Executive Board in the governing documents and based on authority within Colorado law.
2. Capitalized Terms. Unless specifically defined, initially capitalized terms have the definition ascribed to the term in the Declaration of Condominium for Beaver Run ("Declaration").
3. Conflicts Between Documents. In the event of a conflict between rules, regulations, design guidelines, policies, procedures, the Declaration, Bylaws, or Articles of Incorporation of the Beaver Run Homeowners Association ("Association"), the provisions of the Declaration, the Bylaws or the Articles apply.
4. Deviations. The Board may deviate from the policies, procedures, and guidelines if in its sole discretion the deviation is reasonable under the circumstances.
5. No Waiver. Failure by the Association, the Board or any person to enforce any provision of these rules, regulations, policies and procedures is not a waiver of the right to do at a later time.
6. Severable. The provisions of these rules, regulations, policies and procedures are deemed to be independent and severable, and the invalidity of any one or more of the provisions, or any portion, by judgment or decree of any court of competent jurisdiction, may not affect the validity or enforceability of the remaining rules, regulations, policies and procedures, which provisions remain in full force and effect.
7. Gender and Singular/Plural References. Unless the context provides or requires to the contrary, the use of the singular includes the plural, the use of the plural includes the singular, and the use of any gender includes all genders.
8. Titles and Captions. The captions to the sections are a matter of convenience and for reference, and are in no way to be construed as to define, limit or otherwise describe the scope of these rules, regulations, policies and procedures or the intent of any provision.
9. Supplement to Law. The provisions of these rules, regulations, policies and procedures are in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

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Covenant and Rule Enforcement

1. Reporting Violations to the Association. Complaints regarding alleged violations may be reported by an Owner or resident within the community, a group of Owners or residents, the Association's management company, if any, Board member(s) or committee member(s) by submission of a complaint.
2. Complaints.
 - a. Complaints by Owners or residents will be in writing and submitted to the Executive Board. A written complaint is not required if the alleged violation can be independently verified by the Association. The complaining Owner or resident will have observed the alleged violation and will identify the complainant ("Complainant"), the alleged violator ("Violator"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions, which are alleged to have been violated, when the violation was observed and any other pertinent information. Complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the Association.
 - b. Complaints by a member of the Board, a committee member, or the managing agent, if any, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Board Member or managing agent.
3. Investigation. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by a Board designated individual or committee. The Board will have sole discretion in appointing an individual or committee to investigate the matter.
4. Initial Warning Letter. If a violation is found to exist, a warning letter may be sent to the Violator explaining the nature of the violation and the action required to abate the violation. The letter will further provide a time period of not less than fourteen (14) days from the date of the warning letter to come into compliance or a statement that another violation of the same covenant or rule may result in imposition of sanctions pursuant to this policy.
5. Continued Violation. If the Violator does not come into compliance within 14 days from the date of the Initial Warning Letter or commits another violation of the same rule or covenant within twelve months of the Initial Warning Letter, this will be considered a second violation for which a fine may be imposed following notice and opportunity for a hearing. A second notice will be sent to the Violator, providing notice that a fine may be imposed if the violation is not corrected within 10 days. The letter will further state that the alleged Violator is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within 10 days of the date on the letter. The Association may modify any dates as may be appropriate given the nature of the alleged violation.
6. Notice of Hearing. If a hearing is requested by the alleged Violator, the Board, committee or other person(s) conducting such hearing will serve a written notice of the hearing to all parties involved at least 10 days prior to the hearing date.
7. Hearing. At the beginning of the hearing, the Presiding Officer will introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative, may, but is not required to, make an opening statement, present

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evidence, provide testimony, present witnesses, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Board, committee, or other person(s) designated to conduct the hearing will base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings will be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board, committee, or other person(s) designated to conduct the hearing will, within a reasonable time, not to exceed 14 days, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner, will be by a majority of the Board, committee, or other person(s) designated to conduct the hearing. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process. The Presiding Officer may grant continuances for good cause.

8. Conflicts. Any Owner who desires a hearing shall be afforded a fair and impartial hearing before a hearing board comprised of individuals with "impartial decision makers" (persons with authority to make a decision on a claimed covenant, rule or architectural violation and without a direct personal or financial interest in the outcome of the hearing). Any Board member who is incapable of objective and disinterested consideration on any hearing before the Association will disclose such to the President of the Association prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure will be made at the hearing, and the Board member will be disqualified from all proceedings with regard to the hearing. If disqualification of any Board member(s) results in an even number of remaining Board members eligible to hear a case, the Presiding Officer may appoint an Association member, in good standing, to serve as a voting member of the hearing board.
9. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within 10 days of the fine notice, or fails to appear at the hearing, the Board may make a decision with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be assessed a fine pursuant to these policies and procedures.
10. Notification of Decision. The decision of the Board, committee or other person, will be in writing and provided to the Violator and Complainant within 14 days of the hearing, or if no hearing is requested, within 14 days of the final decision.
11. Fine Schedule of the Association. Unless otherwise provided in this Policy or in any other governing documents, the following fine schedule is a guideline for the Association for all covenant, rule, regulation, guideline, and policy violations.

First Violation	Warning Letter
Second Violation (of same covenant or rule)	\$25.00
Third and Subsequent Violations (of same covenant or rule)	up to \$100.00
Continuing Violation	up to \$100.00 per day

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12. Suspension of Rights. The Association may suspend Owner's voting rights and right to use of the recreational facilities for a period not to exceed thirty (30) days for each violation of the Rules.
13. Other Enforcement Means of the Association. The fine schedule and enforcement process included in this policy is in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means, including, but not limited to: pursuing Arbitration or legal action; levying special or default assessments if allowed under the governing documents; recording a notice of violation with the Clerk and Recorder; pursuing self-help or other remedies; and all other available remedies.
14. Waiver of Fines. The Executive Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may waive the entire fine, or any portion thereof, upon the Violator coming into and staying in compliance with the Articles, Declaration, Bylaws or rules and regulations of the Association.
15. Personal Obligation for Fines. Fines imposed pursuant to this policy shall become an assessment against the Owner's Unit and may be collected as provided in the Declaration. Owners are responsible for any fines incurred as a result of violations by their tenants or guests.
16. Failure to Enforce. Failure of the Association to enforce the Declaration, Bylaws, rules and resolutions will not be deemed a waiver of the right for any subsequent violations or of the right to enforce any of the above referenced governing documents for the Association.
17. Violations or Offenses that Constitute a Present Danger. If, in its sole discretion, the Board deems that any alleged violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, the Board may take the appropriate action necessary to abate the threat to health, safety or welfare of the community or the individual.

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Dispute Resolution Procedures for Owner Disputes with the Association, with Other Owners, or with Residents

1. Compulsory Arbitration. Except those matters for which the Declaration specifically provides another method of settlement or enforcement, all controversies, claims and matters of difference, including all questions as to whether the right to arbitrate any question exists, arising between or among the Owners, the Association, the Board, shall be settled by arbitration. Arbitration shall be held in Denver, Colorado, according to the rules and practices of the American Arbitration Association from time to time in force, unless such rules and practices conflict with Colorado law or rules of procedure. Arbitration may proceed in the absence of either party if notice of the proceedings has been given to such party. The parties agree to abide by all arbitration awards, which shall be final and binding on all parties in accordance with Colorado law. The costs of arbitration including reasonable attorney's fees shall be borne by the losing party unless the arbitrators specify otherwise or is otherwise prohibited pursuant to the Declaration. No party shall be considered in default hereunder during the pendency of arbitration proceedings relating to such default.
2. Discretionary Dispute Resolution Procedures. For all other matters not subject to compulsory arbitration, the procedures set forth below may be used in disputes between Owners and residents. Also, at its discretion, the Executive Board may utilize the procedures set forth below to resolve disputes with Owners prior to filing litigation.
 - a. Negotiation. A request for dispute resolution by negotiation may be initiated by an Owner or the Association. A request must be in writing stating the nature and details of the dispute and must be personally delivered to the other party. So long as the other party agrees to negotiate, a meeting is to be held between the parties to begin a good faith attempt to negotiate a resolution not less than 60 days of receipt of request, unless otherwise extended by written agreement. Through negotiation, the parties will communicate directly with each other in an effort to reach an agreement that serves the interests of both parties. Should the dispute pertain to property issues, each party will be granted the right to inspect the alleged defects or problems at a time convenient to everyone involved.
 - b. Mediation. If the dispute is not resolved by negotiation, any party may request in writing that the issue be submitted to mediation. If the parties agree to mediate the dispute prior to seeking other remedies, they should participate in good faith in the mediation. The role of the mediator is to facilitate further negotiation between the parties. The mediator will not have power to decide how to resolve the dispute but will use recognized, accepted mediation techniques to assist the parties in making that decision. The mediator is to be selected by a consensus of the parties involved within 15 days of the receipt of the request. Any cost of mediation will be shared equally among the parties unless they and the mediator agree otherwise.

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Reserve Study and Funding Policies

1. Purpose of the Reserve Fund. The purpose of the reserve fund is to responsibly fund and finance the projected repair and replacement of those portions of the community that the Association is responsible for and for other funding as the Board may determine. The portions of the community that the Association is responsible for typically have limited but reasonably predictable useful lives.
2. Reserve Study Policy. The Association is not required under the community's governing documents to have a reserve study. The Association has determined to establish policies on reserve studies as follows:
 - a. The Association currently has a reserve study, dated August 21, 2015, and plans to update the reserve study every three years or as otherwise determined by the Board based on its periodic review;
 - b. Reserve studies are preferred to be performed by a professional reserve specialist; and
 - c. Reserve studies will be based on a physical examination of the Community and financial analysis of the reserves by the person preparing the reserve study.
3. Review and Updates to the Reserve Study. Periodically, as may be determined by the Board, the Association may cause the reserve study, including both the physical and financial analysis, to be evaluated by a reserve study specialist to determine increases in replacement costs and decreases in remaining useful lives of the components of the reserve study to adequately address changes to be made to the reserve study. The update may be done with or without a site visit.
4. Reserve Funding Policy. The Association has determined to establish policies on reserve funding as follows:
 - a. Funding for replacement is preferred to be based on a financial analysis performed by a professional reserve specialist or the Association's managing agent, but may be performed without a financial analysis;
 - b. Funding for replacement is planned and projected to be through the Association's regular assessment of the Owners, as determined from year-to-year, by the Board, or from the following sources:
 - i. Cash then on hand, including operating and reserve accounts;
 - ii. Annual assessments of Owners;
 - iii. Special assessments of Owners;
 - iv. A loan, as may be obtained by the Association, and/or
 - v. Any combination of the above.
 - c. The Association does not allocate reserve funds for improvements costing less than \$2,000.00 to repair or replace.

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Investment of Reserve Policies

1. Authorized Investments. Reserves will be invested in authorized investments pursuant to the Association's investment goals and governing documents. Authorized investments are those that are obligations of, or fully guaranteed by, the U.S. government and/or are otherwise consistent with the Association's governing documents.
2. Goals. Investment of the replacement reserves funds shall be guided by the following goals, listed in order of importance subject to any restrictions in the Association's governing documents:
 - a. Safety of Principal. Promote and ensure the preservation of the reserve fund's principal;
 - b. Liquidity and Accessibility. Structure maturities to ensure liquidity and availability of funds for projected or unexpected expenditures;
 - c. Return. Invest funds to seek the highest level of return consistent with preserving the principal and required liquidity;
 - d. Minimal Costs. Minimize investment costs (redemption fees, commissions, and other transactional costs); and
 - e. Professional Management. Invest funds with guidance from professional managers with good reputations and sound credentials.
3. Review and Control. The Association will review its investments, goals and strategies periodically with a professional manager as market conditions, fund balance, and reserve requirements change.
4. Investment Decisions. Consistent with state law, investment decisions of the Board are to be made based on the standard of care outlined in the Colorado Revised Nonprofit Code. This standard of care requires directors to act: in good faith; with the care an ordinarily prudent person in a like situation would exercise under similar circumstances; and in a manner the director or officer reasonably believes to be in the best interest of the association. In discharging their duties, directors and officers may rely on other people on matters that the directors or officers reasonably believe are within that person's professional or expert competence.

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Association Records Inspection and Copying Policies

1. Inspection/Copying of Association Records. An Owner, or the Owner's authorized agent, is entitled to inspect and copy any of the books and records of the Association, subject to the exclusions, conditions and requirements set forth below:
 - a. The inspection and/or copying of the records of the Association will be at the Owner's expense;
 - b. The inspection and/or copying of the records of the Association will be conducted during regular business hours at the business address of the Association's management company or at the next regularly scheduled executive board meeting if the meeting occurs within thirty (30) days after the Owner's request to inspect;
 - c. The Owner will give the Association's management company a written demand at least ten (10) business days before the date on which the Owner wishes to inspect and/or copy such records;
 - d. The Owner will complete and sign the Agreement Regarding Inspection and Copying of Records of Beaver Run Homeowners Association prior to the inspection and copying of any Association record. A copy of the Agreement is attached to this Policy. Failure to properly complete or sign the Agreement will be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association;
 - e. No Owner may use Association records, or allow Association records to be used, for commercial purposes; and
 - f. The Association reserves the right to have a third person present to observe during any inspection of records by an Owner or the Owner's representative.
2. Association Records that are Not Available for Inspection or Copying. Pursuant to Colorado law, the following records are not subject to review, inspection and/or copying and will be withheld from any inspection:
 - a. Personnel, salary, or medical records related to specific individuals; and
 - b. Personal identification and account information of Members, including but not limited to:
 - i. Bank account information;
 - ii. Telephone numbers;
 - iii. Electronic mail addresses;
 - iv. Driver's license numbers;
 - v. Social security numbers; and
 - vi. Vehicle identification information.
3. Association Records that May be Withheld from Inspection or Copying. Pursuant to Colorado law, the following records may be withheld from inspection and copying to the extent that such records are or concern:
 - a. Architectural drawings, plans, and designs, unless the legal owner of such drawings, plans, or designs provides written consent to the release;

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- b. Contracts, leases, bids or records related to transactions to purchase or provide goods or services that are still in or under negotiation;
 - c. Communication with legal counsel protected by the attorney-client privilege or the attorney work product doctrine;
 - d. Disclosure of information in violation of law;
 - e. Records of an executive session of the Board;
 - f. Records related to an individual owner other than the Member; and
 - g. Inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board of Directors.
4. Creation of Records. Nothing contained in these policies may be construed to require the Association to create records that do not exist or compile records in a particular format or order.
5. Records to be Maintained by the Association. In addition to any records specifically required by the Association's Declaration or Bylaws, the Association is to maintain the following records:
- a. Detailed records of receipts and expenditures affecting the operation and administration of the Association;
 - b. Records of claims for construction defects and amounts received pursuant to settlement of those claims;
 - c. Minutes of Owners meetings, minutes of Board meetings, a record of all actions taken by the Owners or Board without a meeting (i.e., by written ballot or written consent in lieu of a meeting), and a record of all actions taken by a committee of the Board;
 - d. Written communications among, and the votes cast by, Board members that are directly related to an action taken by the Board without a meeting pursuant to the Association's Bylaws, Declarations or Colorado law;
 - e. The names of Owners in a form that permits preparation of a list of names and physical mailing addresses of all Owners, showing the number of votes each Owner is entitled to vote ("Membership list");
 - f. The current Articles of Incorporation, Declaration, Bylaws, Covenants, rules and regulations, responsible governance policies required pursuant to Colorado law, and any other policies adopted by the Board;
 - g. Annual financial statements for the past three years;
 - h. Financial statements, to the extent available, showing, in reasonable detail, the Association's assets and liabilities and results of its operations for the past three years;
 - i. Tax returns for the past seven years, to the extent available;
 - j. A list of the names, electronic mail addresses and physical mailing addresses of its current directors and officers;
 - k. Its most recent annual report delivered to the Secretary of State;
 - l. Financial records sufficiently detailed to enable the Association to provide statements of unpaid assessments in accordance with the Colorado Common Interest Ownership Act;
 - m. The Association's most recent reserve study;
 - n. Current written contracts to which the Association is a party;
 - o. Written contracts for work performed for the Association within the immediately preceding two years;
 - p. Records of Board or committee actions to approve or deny design or architectural approval requests from Owners;
 - q. Ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;

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- r. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class of Owners;
 - s. Written communications within the past three years to Owners generally as Owners; and
 - t. The following additional information as required by C.R.S. 38-33.3-209.4 as part of the Association's annual disclosures:
 - i. The date on which the fiscal year commences;
 - ii. The operating budget for the current fiscal year;
 - iii. A list, by type, of the Association's current assessments (regular and special);
 - iv. The annual financial statements, including any amounts held in reserve, for the fiscal year immediately preceding the current annual disclosure;
 - v. The results of the most recent available financial audit or review; and
 - vi. A list of all Association insurance policies, including company names, policy limits, policy deductibles, additional named insureds, and expiration dates.
6. Sole Records. The above records are the sole records of the Association available for inspection. If the Association stores other types of documentation, or stores documentation for a longer time period than may be required above, such documents are not considered records of the Association available for inspection and copying.
7. Membership Lists. Membership lists may not be:
- a. Used to solicit money or property unless such money or property will be used solely to solicit votes of the Members in an election held by the Association;
 - b. Used for commercial purpose;
 - c. Sold to, otherwise distributed to, or purchased by any person;
 - d. Used for any purposes unrelated to the Member's interest as a Member; or
 - e. Used for any other purpose prohibited by law.
8. Fees/Costs: Any Owner requesting copies of Association records will be responsible for all actual costs incurred by the Association, including the cost to search, retrieve, and copy the record(s) requested. The Association may require a deposit equal to the anticipated actual cost of the requested records. Failure to pay such deposit will be valid grounds for denying an Owner copies of such records. If after payment of the deposit it is determined that the actual cost was more than the deposit, Owner will pay such amount prior to delivery of the copies. If after payment of the deposit it is determined that the actual cost was less than the deposit, the difference will be returned to the Owner with the copies. There will be no cost to any Owner accessing records which are required to be disclosed by Colorado law at no cost to Owners.
9. Original Records. No Owner may remove any original book or record of the Association from the place of inspection nor will any Owner alter, destroy or mark in any manner, any original book or record of the Association.
10. Agent. The Association may designate its management company as its agent to maintain all records and provide all such access as required by Colorado law and/or this policy. Therefore, such manager will have all rights and responsibilities of the Association with respect to such obligations.

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11. Damages. The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorneys' fees, for abuse of these rights, including, but not limited to, use of any records for a prohibited purpose.

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Beaver Run Homeowners Association

**AGREEMENT REGARDING INSPECTION AND COPYING OF RECORDS OF
BEAVER RUN HOMEOWNERS ASSOCIATION**

Pursuant to state law and the Association's Records Inspection and Copying Policies, I hereby request Beaver Run Homeowners Association provide access to the records of the Association. I understand that upon receipt of this request, the Association will set an appointment with me during regular business hours.

1. The records that I wish to review are (attach a separate piece of paper if necessary):

- (A) _____
(B) _____
(C) _____

I understand that under the terms of the Colorado Revised Nonprofit Corporation Act, Association records may not be obtained or used for any purpose unrelated to my interest(s) as an Owner. I further understand and agree that without limiting the generality of the foregoing, Association records may not be:

- (A) Used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election held by the Association;
(B) Used for any commercial purpose;
(C) Sold to, otherwise distributed to, or purchased by any person; or
(D) Any other purpose prohibited by law.

In the event any document requested is used for an improper purpose, I will be responsible for any and all damages, penalties and costs incurred by the Association, including attorney fees resulting from such improper use. I will additionally be subject to any and all enforcement procedures available to the Association through its governing documents and Colorado law.

Understood and agreed to by:

Owner

Date: _____

Owner

Date: _____

Address

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Conflicts of Interest Policies

1. Bylaws. The circumstances under which a conflict of interest exists is set forth in the Association's Bylaws.
2. Procedures Generally. In cases where a conflict of interest exists, the procedures set forth in the Association's Bylaws apply.
3. Additional Procedures. Unless otherwise provided in the Association's governing documents, any conflict of interest on the part of any Director may be verbally disclosed to the other Directors in open session at the first open meeting of the Executive Board at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the Director may participate in the discussion but may not vote on the matter. The minutes of the meeting may reflect the disclosure made, any abstention from voting and the composition of the quorum, and record who voted for and against.
4. When Authorized. A conflict of interest transaction may be authorized, approved, or ratified pursuant to the procedures set for in the Association's governing documents and Colorado law.
5. General Board Duties. The Executive Board, and each Board Member, is to use best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors are to exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Directors are to comply with all lawful provisions of the Declaration, Association's Articles, Bylaws, rules, regulations, design guidelines, policies, procedures and applicable laws.
6. Review. The Board may periodically review the Association's Conflict of Interest Policies and update and revise as appropriate.
7. No Loans to Board members. No loans shall be made by the Association to Board members or officers.

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Conduct of Meetings Policies

1. Members' Meetings. Meetings of the Members of the Association shall be called pursuant to the Bylaws of the Association. All meetings of the Members are open to attendance by all Members or their representatives.

- a. Notice for/of Members' Meetings.

- i. Notice of any meeting of the Members shall be sent to each Member not less than 15 or more than 50 days prior to the meeting by hand delivery or regular U.S. mail, postage prepaid. Notice shall be posted in a conspicuous place to the extent that such posting is feasible and practicable.
- ii. The Association may also post notice on its website, if any, of all Member meetings. Such notice shall be posted at least three (3) days, or in a reasonable time, prior to such meeting.
- iii. If any Owner has requested that the Association provide notice via email and has provided the Association with an email address, the Association will send notice of all Members' meetings to such Owner at the email address provided pursuant to the Bylaws but in no case less than 24 hours prior to any such meeting.

- b. Conduct at Member Meetings. All Members' meetings are governed by the following rules of conduct and order:

- i. The President of the Association, or designee, shall chair all Board meetings;
- ii. All Owners and persons who attend a meeting of the Members will sign in, present any proxies and receive ballots as appropriate. (See section below regarding voting);
- iii. Any person desiring to speak may be required to sign up on the list provided at check in and indicate if he/she is for or against an agenda item;
- iv. Anyone desiring to speak shall first be recognized by the Chair;
- v. Only one person may speak at a time;
- vi. Each person speaking shall first state his or her name and Unit address;
- vii. Any person who is represented at the meeting by another person, as indicated by a written instrument or an apparent agency, will be permitted to have that person speak for him/her;
- viii. Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are followed;
- ix. Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting;
- x. Each person shall be given a reasonable amount of time to make a statement or to ask questions. The Board may decide whether or not to answer questions during the meeting. Each person may only speak once. Yielding of time by a speaker to another individual shall not be permitted. The Chair has discretion to impose time limits, which shall be uniform for all persons addressing the meeting;
- xi. All actions and/or decisions require a motion and a second;
- xii. Once a vote has been taken, there will be no further discussion regarding that topic;

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- xiii. As to allow for and encourage full discussion by Owners, no meeting may be audio, video or otherwise recorded. Minutes of actions taken are to be kept by the Association;
- xiv. Anyone disrupting the meeting, as determined by the Chair, may be asked to "come to order." Anyone who does not come to order may be requested to immediately leave the meeting; and
- xv. The Chair may establish additional rules of order as may be necessary from time to time.

c. Voting at Member Meetings.

- i. Election of Board members is to be conducted by secret ballot. Where secret balloting is used, each Owner entitled to vote pursuant to the Bylaws shall receive a ballot. The ballot shall contain no identifying information concerning the ballot holder. In the event an Owner holds a proxy for another Owner, upon presentation of such proxy to the Secretary of the Association or the Secretary's designee, the Owner shall receive a secret ballot to cast the vote of the Owner who provided the proxy. The proxy shall be kept and retained by the Association;
- ii. All other votes taken at a meeting of the Members shall be taken in the method as determined by the Executive Board or Chair of the meeting, including acclamation, by hand, by voice or by ballot, unless otherwise required by law;
- iii. Written ballots shall be counted by at least two neutral third parties. This can be the Association's manager, legal counsel, or Owners who are not candidates selected randomly from a pool of three or more Owners. The Chair will specify the procedure for randomly selecting the Owner(s). Such procedure shall ensure that the Owner(s) selected is done so without being chosen by the Chair, Executive Board or candidates; and
- iv. The individual(s) counting the ballots shall report the results of the vote to the Chair by indicating how many votes were cast for each candidate or how many votes were cast in favor and against any issue.

d. Proxies for/at Member Meetings. Proxies may be given by any owner as allowed by C.R.S. 7-127-203. All proxies shall be reviewed by the Association's Secretary or designee as to the following:

- i. Validity of the signature;
- ii. Signatory's authority to sign for the Unit Owner;
- iii. Authority of the Unit Owner to vote;
- iv. Conflicting proxies; and
- v. Expiration of the proxy.

2. Board Meetings. Meetings of the Executive Board of the Association shall be called pursuant to the Bylaws of the Association. Meetings of the Executive Board, or any committee thereof, are open to attendance by all Members and their representatives.

- a. Notice to Directors. Notice of Board meetings will be given at least three (3) days prior to the meeting to each director. Notice of any special meeting of the Board will be provided at least 48 hours in advance to each director.

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- b. Agendas. Agendas for meetings of the Executive Board shall be made reasonably available for examination by all members of the Association or their representatives.
 - c. Conduct at Board Meetings. All Board meetings shall be governed by the following rules of conduct and order:
 - i. The President of the Association, or designee, shall chair all Board meetings;
 - ii. All persons who attend a meeting of the Board may be required to sign in, listing their name and Unit address;
 - iii. The Board may allow an open forum to allow all Owners the opportunity to speak as to any matter or ask questions at the beginning of the meeting and/or at an appropriate time determined by the Board, but before the Board votes on an issue under discussion. Owners or their designees shall be permitted to speak regarding that issue;
 - iv. Anyone desiring to speak shall first be recognized by the Chair;
 - v. Only one person may speak at a time;
 - vi. Each person speaking shall first state his or her name and Unit address;
 - vii. Any person who is represented at the meeting by another person as indicated by a written instrument or apparent agency shall be permitted to have that person speak for them;
 - viii. Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are followed;
 - ix. Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand;
 - x. Each person shall be given a reasonable amount of time to speak or to ask questions, although questions may not be answered until a later date. Each person may only speak once during the owner forum and once on any other issue prior to a vote by the Board on such issue. Yielding of time by a speaker to another individual shall not be permitted. The Chair has discretion to impose time limits, which shall be uniform for all persons addressing the meeting;
 - xi. No meeting of the Board may be audio, video or otherwise recorded except by the Board to aid in the preparation of minutes. Minutes of actions taken shall be kept by the Association;
 - xii. Anyone disrupting the meeting, as determined by the Chair, may be asked to "come to order." Anyone who does not come to order may be requested to immediately leave the meeting; and
 - xiii. All actions and/or decisions require a motion and a second.
3. Owner Input at Board Meetings. After a motion and second has been made on any matter to be discussed, but prior to a vote by the Directors, Owners present are to be afforded an opportunity to speak on the motion as follows:
- a. The Chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor or against the motion;
 - b. The Chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak;
 - c. The Chair may also announce the procedure for who are permitted to speak if not everyone desiring to speak will be permitted to speak; and

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- d. Following Owner input, the Chair will declare Owner input closed and no further owner participation on the motion at hand is allowed, unless a majority of the Board votes to open the discussion to further Owner participation.
4. Executive Session. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed door session and may restrict attendance to Board members and other persons specified by the Board; provided that any such executive or closed door session may only be held in accordance with the provisions and requirements of the Colorado Common Interest Ownership Act, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session are limited to:
- a. Matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
 - b. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 - c. Investigative proceedings concerning possible or actual criminal misconduct;
 - d. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
 - e. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and
 - f. Review of or discussion relating to any written or oral communication from legal counsel.

Prior to the time the members of the Board convene in executive session, the chairperson shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above. No rule or regulation of the Board shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the Board goes back into regular session following an executive session.

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Collection of Unpaid Assessments Policies and Procedures

1. Due Dates. Monthly installments of the annual assessment are due and payable on the 1st day of each month. Any installment not paid in full when due will be considered past due and delinquent.
2. Receipt Date. The Association will post payments on the day the payment is received in the Association's office or as the Executive Board may otherwise direct in any Management Agreement.
3. Late Charges and Fees. A late charge in the amount of \$25.00 may be imposed for any regular or special assessment not paid within thirty (30) days of the due date without further notice.
4. Interest Charges. Interest at the rate of 18% will accrue on any delinquent assessment, fine or other charge from the due date without further notice. Interest will be added to the account thirty (30) days following the due date until paid in full.
5. Personal Obligation for Late Charges. The late charge is a personal obligation of the Owner(s) of the Unit for which such assessment or installment is unpaid. All late charges are due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth in this policy) for payment of assessments.
6. Other Charges. Charges imposed by the Association's managing agent (if any) for delinquent assessments will be the obligation of Owner(s).
7. Acceleration. Upon thirty (30) days written notice to the Owner, the Board may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment. Upon acceleration, that Owner will lose the privilege of paying any and all assessments and charges in installments for the remainder of the fiscal year, unless such privilege is otherwise reinstated at the Board's sole discretion.
8. Suspension of Voting Rights. An Owner's voting rights may be suspended if an assessment or other charge is not paid within 10 days of the due date.
9. Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, the rules, regulations, design guidelines, policies and procedures of the Association or this policy, a reasonable fee, not to exceed \$20.00 may be assessed against an Owner in the event any check or other instrument attributable or payable for the benefit of the Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. This returned check charge is a Common Expense for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such return check charge is due and payable immediately, upon demand. The Association is entitled to all additional remedies as provided by applicable law. If two or more of an Owner's checks are returned unpaid by the bank within any (fiscal) year, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check or money order. This return check charge will be in addition to any late fees or interest incurred by an Owner. Any returned check will cause an account to be past due if full payment of the monthly installment of the annual assessment is not timely made within 10 days of the due date.

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10. Notice Before Referral for Collection. Before the Association turns over a delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, the Association must send a notice to the Owner. The notice must inform the Owner:
- Of the total amount due, with an accounting of how that total was determined;
 - That a notice of assessment lien (in addition to the lien established by the Declaration and recognized by state statutes) may be recorded against the property of the Owner;
 - Whether the opportunity to enter into a payment plan exists (as provided in this collection policy);
 - How the Owner may contact the Association to enter into a payment plan (if a payment plan is available);
 - Of the name and contact information for the individual that maybe contacted to request a copy of the ledger to verify the amount of the debt;
 - That a lien is in place on an Owner's property, as provided under the Declaration and state law;
 - That payment is required within 30 days to cure the delinquency; and
 - That failure to pay within 30 days may result in the delinquent account being turned over to an attorney or a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against an Owner's property, or other remedies available under Colorado law may be sought.
11. Payment Plans. The Association, through its managing agent, will make a good faith effort to coordinate with the Owner to set up a payment plan. An Owner may enter into a payment plan to pay off a deficiency in equal installments over a period of six months or such longer period as authorized by the Board. If the Owner fails to comply with the terms of the payment plan by failing to remit payment of an agreed-upon installment or failing to remain current with regular assessments as they become due during the payment plan term, the Association may pursue legal action. The Association is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan. Further, the Association is not obligated to enter a payment plan if the Owner does not occupy the Unit and has acquired the property as a result of a default of a security interest encumbering the Unit, such as through foreclosure by a mortgagee, or foreclosure of the Association's lien.
12. Collection Process. The Notice of delinquency as provided above shall be mailed to the owner at the unit address unless the owner has given notice, in writing, of an alternate address. The Association may, but shall not be required to, send additional notices to the owner for as long as amounts remain past due on the Owner's account.
13. Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, the Association is entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association. The reasonable attorney fees incurred by the Association are due and payable immediately upon demand.
14. Referral for Collection. After the deadline stated in the notice of delinquency has expired, the Association may, but shall not be required to, refer delinquent accounts to its attorney for collection. Once referred to the Association's attorney or collection agency, the entire account is referred, including sums to accrue, until the entire account is paid in full, the account is settled and has a zero balance or is written off. All sums collected on a delinquent account that has been

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turned over for collection are to be remitted to the Association's attorney or collection agent until the account is brought current.

15. Application of Payments. All payments received may be applied first to attorney's fees, legal costs and expenses of enforcement and collection; then to interest; then to late charges; then to return check charges; then to fines and other amounts levied pursuant to the Declaration; then to delinquent assessments; and then to current assessments.
16. Certificate of Status of Assessment. The Association will furnish to an Owner or such Owner's designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, and to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Unit. The statement will be delivered within 14 calendar days after receipt of the request personally or by certified mail, first-class postage prepaid, return receipt requested for a fee. The fee for the statement will be assessed in accordance with the management company's or Association's fee schedule for such statements, which fee will become an assessment. However, if the account has been turned over for collection, the request may be handled through the attorney or collection agent.
17. Bankruptcies of Owner and Foreclosures by Lenders to Owners. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any Unit within the community, the managing agent may notify the Association's attorney or collection agent of the same and turn the account over for collection.
18. Use of Certified Mail/Regular Mail. In the event the Association sends a collection or demand letter or notice to a delinquent Owner by regular mail, the Association may, but is not required to, send an additional copy of that letter or notice by certified mail.
19. Remedies.
 - a. Filing Notice of Lien. To further evidence the Association's lien, the Association may file a written notice setting forth the description of the Unit, the amount of unpaid Assessments, the rate of default interest, the name of the Owner(s) of the Unit, and any and all other information that the Association deems proper. The Association authorizes its attorney to execute and file such lien in consultation with the managing agent or President of the Executive Board.
 - b. Lawsuits to Pay Assessments. The Association may pursue a lawsuit to collect sums due to the Association.
 - c. Judicial Foreclosure. The Association may choose to foreclose on its lien in lieu of or in addition to other remedies. The purpose of foreclosure by the Association is to obtain payment of all assessments owed. If the Association forecloses on its lien, the Owner will lose the Owner's property.

The Association may foreclose on its lien if the balance of the assessments and charges secured by its lien (which may include late fees, fines and other charges) equals or exceeds six months of common expense assessments based on the Association's periodic budget for which that individual Owner is responsible. Prior to filing a foreclosure lawsuit, the

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Board must resolve, by a recorded vote, to authorize the filing against the particular Unit, on a specific basis.

- d. Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law.
 - e. General. The Association has all of the remedies available to it under the Declaration and Colorado law.
20. Waivers. The Association is authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained in these policies and procedures, as the Association may determine appropriate under the circumstances. The Association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Such relief granted an Owner shall be appropriately documented in the files with the name of the person or person representing the Association granting the relief and the conditions of the relief.
21. Communications. All communication with a delinquent Owner will be handled through the Association's attorney once a matter has been referred to the attorney. Neither the manager nor any member of the Executive Board will discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact.
22. Defenses. Failure of the Association to comply with any provision in this policy is not a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this policy.

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Adoption of Policies, Procedures, Rules, Regulations, and Guidelines

1. Scope. The Executive Board of the Association may, from time to time, adopt or amend policies, procedures, rules, regulations, resolutions and guidelines. This may be as the Board determines is advisable or necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law. In order to insure that such Policies are necessary and properly organized, the Board may follow the following procedures when adopting any Policy:
 - a. Drafting Procedure. The Board may consider the following in drafting policies:
 - i. Whether the governing documents or Colorado law grants the Board the authority;
 - ii. The need for a policy, procedure, rule, regulation, resolution or guideline, based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and
 - iii. The immediate and long-term impact and implications.
 - b. Adoption Procedure. The Board may adopt or amend any policy or rule at any time. The Board shall then give notice of the policy or rule and its effective date by any reasonable method as determined in the sole discretion of the Board, including but not limited to first class mail, postage prepaid or posting on the Association's website or in its newsletter (if any). In the event notice is provided by posting on the Association's website, all Owners will be advised that the new or revised policy or rule is available on the website.
2. Failure to Receive. Any owner's failure to receive the policy, procedure, rule, regulation, resolution, or guideline shall not be a defense to any attempt by the Association to enforce, levy fines, expense or charge attorney's fees as a result of a violation.

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