

**THE LODGE AT TEN MILE CREEK
A.K.A ASPEN MEADOWS**

RULES AND REGULATIONS

Amended and Adopted 11/11/2013

1. **COLLECTION POLICY AND PROCEDURE.** The following policy and procedures apply for collection of assessments:
 - a. Due Dates, Late Charges, Interest, Suspension of Rights.
 - i. Due Dates: The Base Assessment is billed monthly. Payments shall be deemed received and shall be posted on the date the payment is received in the Association's office or the Association's payment processor's office. Any Base Assessment not paid in full by the last day of the month shall be considered past due and delinquent. Any other assessment not paid within 30 days of the due date as established by the Board shall be considered past due and delinquent.
 - ii. Late Charge. A late charge in the amount of \$25.00/month shall be imposed for any assessment, fine or other charge not paid within 30 days of the due date without further notice to the Owner. Such late charge is a personal obligation of the Owner and a lien on the Lot.
 - iii. Interest. Interest at the rate of 21% per annum shall accrue on any delinquent assessment, fine or other charge from the due date without further notice to the Owner. Interest will be added to the Owner's account 30 days following the due date. Such interest is a personal obligation of the Owner and a lien on the property.
 - iv. Suspension of Rights. An Owner's rights to use Common Area facilities may be suspended if an assessment or other charge is not paid within 30 days of the due date.
 - v. Declarant Rights - Declarant is obligated to pay all dues current at the time unit is conveyed to purchaser. Declarant is exempt from Collection Policy and Procedure a.i., a.ii., a.iii., and a.iv.
 - b. Attorney Fees. The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner pursuant to the terms of the Declaration and Colorado law. Attorney fees incurred by the Association shall be considered part of the assessments and shall be due and payable immediately when incurred, upon demand.
 - c. Time Frames. The following time frames may be followed in the collection of monthly installments of the annual assessment and for collection of other charges.
 - i. Due date -- Base Assessment - Assessment billed at beginning of month
 - ii. Late Fee date -- last day of month
 - iii. Interest date -- last day of month
 - iv. First Notice from Association or manager -- 30 days after due date
 - v. Second Notice from Association or manager -- 60 days after due date
 - vi. Third Notice from Association or manager -- 90 days after due date
 - vii. Delinquent account turned over to Association's attorney; lien filed; demand letter sent to Owner -- 100 days after due date
 - viii. Notwithstanding the time frames set forth above, if a lien holder with priority over the Association's lien (i.e., first mortgagee) takes title to property through foreclosure or deed in lieu of foreclosure, the Association may file a lien on the property for any delinquent payment.

- ix. Once accounts are turned over to the Association's attorney, Owners shall make payment to the Association at the address of the Association's attorney. The Association's attorney may consult with the Association regarding collection procedures and payment arrangements.
- d. Return Check Charges.
- i. If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following amounts, at the option of the Association:
 1. An amount equal to the face amount of the check, draft, or money order and a return check charge of \$20.00 or an amount equal to the actual charges incurred by the Association levied by the party returning the check, whichever is greater; or
 2. If notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.
 - ii. Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment or of any other charge is delinquent.
 - iii. 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.
- e. Application of Payments. All payments received on account of any Owner or the Owner's property, may be applied first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to a judgment; 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; then to current assessments not reduced to judgment; and finally to amounts reduced to judgment.
- f. Notices: Use of Certified Mail/Regular Mail. In the event the Association may cause a collection or demand letter or notice to be sent to a delinquent Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.
- g. Referral of Delinquent Accounts to Attorneys. Upon referral of a delinquent account to the Association's attorneys, the attorneys may take appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, the account may remain with the attorney until the account is settled, has a zero balance or is written off. The Association's attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors or other person designated by the Board, believed to be in the best interest of the Association, including, but not limited to:
- i. Filing a lien against the delinquent Owner's property to provide record notice of the Association's claim against the property, if not already filed;
 - ii. Filing suit against the delinquent Owner for a money judgment. The purpose of obtaining a personal judgment against the Owner is to allow the Association to pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts;
 - iii. Instituting a judicial action of foreclosure on the Association's lien. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or in other circumstances that may favor such action;
 - iv. Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim; and

- v. Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, which manages rental of the Owner's property, and collects the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past due assessments, and prevent waste and deterioration of the property.
 - h. Notification to and Communication with Owners. This Collection Policy may be made available to all Owners by the Association as required by Colorado law. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner may be handled through the Association's attorney. Neither the manager, if any, nor any member of the Board of Directors should 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. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.
 - i. Certificate of Status of Assessment/Estoppel Letter. The Association shall furnish to an Owner or such Owner's designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Lot. The statement shall 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 shall be assessed in accordance with the management company's fee schedule for such statements, which fee shall become an assessment. If the Owner's account has been turned over to the Association's attorney, such statement shall be handled through the Association's attorney and shall include any attorney fees incurred in providing the statement.
 - j. Bankruptcies and Public Trustee Foreclosures. 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 Lot within the Association, the Association may advise the Association's attorney of the same and turn the account over to the Association's attorney.
 - k. Waivers. The Association may alter the time for the filing of lawsuits and liens, or otherwise modify the procedures contained herein, as the Association may determine appropriate under the particular circumstances. Any such accommodation may be documented in the Association's files with the conditions of relief. Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and shall not be deemed 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 Collection Policy.
2. **DOG POLICY.** All residents and guests/tenants will insure that their pets are on a leash, under control, and supervised at all times in common areas. In addition, all pet waste must be immediately cleaned up by the owner or supervisor of the pet. They may be allowed on the balcony if they do not create a nuisance. Owners must control the noise level of pets. No excessive barking is permitted. Violations are subject to a fine, per occurrence, being levied against the owner, based on the fine schedule defined in Section 9. i. of Association Covenant and Rule Enforcement Policy and Procedure, Fine Schedule.
3. **NOISE POLICY.** All residents and guests/tenants will be mindful of their neighbors, both common wall and other. Activities on the premises, including at the hot tub areas, should not result in excessive noise that may bother neighbors, particularly between the hours of 10:00 p.m. and 7:00 a.m.
4. **BBQ/GRILL POLICY.** All residents and guests/tenants are allowed to utilize BBQ's or grills on their limited common element deck and patio areas. All BBQ and grills used must be fueled by bottle propane only.
5. **ADOPTION AND AMENDMENT PROCEDURE.** The procedure for the adoption and amendment of policies, procedures, and rules is as follows:
- a. Definitions:
 - i. A policy is a course or principle of action adopted to guide the Board of Directors.

- ii. A procedure is an established or official way of conducting a course of action.
 - iii. A rule is defined as a regulation or requirement governing conduct or behavior.
 - b. Policies and procedures, in general, may govern the activities of the Board of Directors and Members/Owners in the operation of the Association.
 - c. Rules, in general, may govern the use of property within the community and the behavior of residents and/or their guests while in the community.
 - d. The Board of Directors shall have the authority to adopt policies, procedures and rules to the extent they do not conflict with the Declaration, Articles of Incorporation, and Bylaws of the Association.
 - e. The Board shall have authority to adopt and amend those policies and procedures which govern Association operation. Policies and procedures may be adopted at an open Board meeting and documented in the minutes or in a formal resolution.
 - f. The Board may adopt rules and regulations regarding the Common Areas and clarifying and interpreting any provisions of the governing documents. Prior to adopting final rules, the Board may send notice of a proposed rule to all owners and allow for a period of comment. Rules, once adopted, may be sent to all owners and may be effective immediately unless otherwise specified.
6. **CONDUCT OF MEETINGS POLICY AND PROCEDURE.** The following policies and procedures apply for Board and Member meetings:
- a. **Board Meetings**
 - i. Regular Board meetings may be set according to the schedule agreed upon by the Board members. Notice of special Board meetings may be given at least 3 days prior to the meeting. Notice may be by mail, telephone or other means agreed upon by all Board members.
 - ii. All Board meetings shall be open to attendance by Members of the Association, or their representatives, provided that the Board may go into executive session for any purpose allowed by law. Members may be excluded from executive session. Prior to going into executive session, the chair of the meeting may announce the purpose for the executive session.
 - iii. The Board may post notice of upcoming Board meetings on the website.
 - iv. The meeting agenda shall be made reasonably available for examination by Members of the Association or their designated representatives.
 - v. There shall be a Members' forum at the beginning of each regular Board meeting. The rules for Member participation during the meetings are as follows:
 - 1. Each Member who wishes to address the Board on an agenda item or on any other matter will be given a reasonable time to speak, provided the chair may impose reasonable time limits to facilitate Member participation. If more than one person desires to address an issue on which the Board is to vote and there are opposing views, the Board may provide for a reasonable number of Members to speak on each side of the issue. After other Members have had an opportunity to speak, then a Member who has already spoken will be given another opportunity, time permitting.
 - 2. Each Member who wishes to speak must be recognized by the chair. Once recognized, the Member shall state his/her name and address.
 - 3. All comments must be delivered in a businesslike and professional manner. Personal attacks or inflammatory comments will not be permitted.
 - 4. A Member who wishes to speak about any matter on the agenda of the Board meeting shall do so only during the Members' forum, unless the Board otherwise defers the discussion pursuant to the order of the agenda.

5. The Board is not obligated to take immediate action on any item presented by a Member.
- vi. Following the conclusion of the Members' forum, the Board will proceed with the business portion of the meeting. Members who attend or remain may not participate in deliberation or discussion during this portion of the Board meeting unless expressly authorized by a vote of the majority of the Board in attendance.
- vii. Items shall be discussed pursuant to the meeting agenda, provided that items may be taken out of order if deemed advisable by a majority of Board Members present. Items not on the agenda may be discussed once all other items have been concluded, time permitting. If items that are not on the agenda are discussed, Members shall be given a reasonable opportunity to comment in accordance with the terms above.
- viii. Any director may make a motion. All motions may be recorded in the minutes. Motions must be seconded to be discussed and voted upon. The minutes may record the number of votes in favor, votes against, and abstentions. If any director requests his/her vote in favor or against or his/her abstention be recorded in the minutes, the minutes may so reflect.
- ix. Board meetings are not required to be held in accordance with Robert's Rules of Order.

7. ANNUAL MEETINGS/SPECIAL MEMBER MEETINGS

- a. Notice of a Membership meeting may be mailed or personally delivered to each Member not less than 10 or more than 50 days prior to the meeting. Notice shall also be posted on the website. There is no feasible and practicable conspicuous location within the community to post a physical notice. If a Member requests notice by e-mail only and provides an e-mail address, notice will be provided by e-mail.
- b. Each Member will sign in prior to the meeting for himself/herself and for any proxies he/she holds. If an election or vote is to be held, the Member will be given the appropriate number of ballots.
- c. Secret ballots are required for the following: any ballot for election of a contested position on the Board of Directors; and any ballot for other matters if so requested by at least 20% of the Members present in person or by proxy at the meeting.
- d. If secret balloting is not required, the Association may indicate the number of proxies held on the ballot itself.
- e. The President of the Board of Directors, or other person directed by the Board, will call the meeting to order and conduct the meeting. The meeting may proceed in the order set forth in the agenda.
- f. Each Member who wishes to speak will be given a reasonable time to speak, provided the chair may impose reasonable time limits to facilitate Member participation. Members may not speak a second time until everyone who wishes to speak has been given an opportunity to speak once. Members may not speak more than twice on any one topic, subject to the chair's discretion.
- g. Members must maintain decorum and refrain from addressing the Membership or Board until recognized by the chair. Upon being recognized, the Member must state his/her name and address.
- h. Members may not interrupt anyone who validly has the floor, or otherwise disrupt the meeting. Members may not engage in personal attacks on either Board Members or other Association Members. All comments and questions are to be delivered in a businesslike manner and comments shall be confined to matters germane to the agenda item being discussed. No Member may use abusive, rude, threatening, vulgar or crude language.
- i. Members must obey all orders made by the meeting chair, including an order to step down.
- j. Any Member who refuses to follow the above rules will be asked to leave the meeting.

- k. Any motions must be seconded prior to discussion and voting. Because the nature of a motion and vote may be outside the Members' authority, the Board reserves the right to determine whether a motion will be considered binding on the Association or a recommendation for proceeding. Such determination may be made following consultation with legal counsel.
 - l. Ballots shall be counted by a neutral third party or by a committee of volunteers who may be Members selected or appointed at an open meeting by the President of the Board or other person presiding during that portion of the meeting. The committee of volunteers shall not be board members and, in case of a contested election for a Board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without identifying information of Members participating in such vote.
 - m. Meetings are not required to be held in accordance with Robert's Rules of Order.
8. **CONFLICT OF INTEREST POLICY.** The following policies and procedures apply to handling directors' conflicts of interest:
- a. Definitions:
 - i. "Conflicting interest transaction" or "conflict of interest" means a contract, transaction or other financial relationship between: (A) the Association and a director, or (B) between the Association and a party related to a director, or (C) between the Association and an entity in which a director of the Association is a director or officer.
 - ii. "Party related to a director" means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.
 - iii. "Officer," for purposes of this policy only, means any person designated as an officer of the Association and any person to whom the Board delegates responsibilities, including, without limitation, a managing agent, attorney, or accountant employed by the Board.
 - b. The director may disclose the conflicting interest in the proposed transaction in an open meeting prior to the discussion and vote. Such disclosure may be reflected in the minutes of the meeting or other written form.
 - c. The director may not take part in the discussion and may leave the room during the discussion and the vote on the matter. Notwithstanding the foregoing, a majority of the disinterested Board members may ask the interested Board member to remain during any portion of the discussion and/or vote, provided that the director does not vote.
 - d. The interested director may count for the purpose of establishing a quorum of the Board for the matter in which there is a conflict.
 - e. The contract, Board decision or other Board action must be approved by a majority of the disinterested Board members. No contract, Board decision or other Board action in which a Board member has a conflict of interest may be approved unless it is commercially reasonable to and/or in the best interests of the Association.
 - f. Notwithstanding anything to the contrary herein or in the Association's conflict of interest policy, no conflicting interest transaction may be set aside solely because an interested director is present at, participates in or votes at a Board or committee meeting that authorizes, approves or ratifies the conflicting interest transaction if:
 - i. the material facts as to the director's relationship or interest as to the conflicting interest transaction are disclosed or known to the Board of Directors or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors may be less than a quorum; or
 - ii. the material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or known to the Members entitled to vote on the transaction, if any, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote; or

- iii. The conflicting interest transaction is fair to the Association.
 - g. No loans shall be made by the Association to its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment of the loan. Each director may be required to sign an acknowledgement of this policy within 30 days of becoming a director.
9. **ASSOCIATION COVENANT AND RULE ENFORCEMENT POLICY AND PROCEDURE.** The following policies and procedures apply for covenant and rule enforcement:
- a. **Enforcement Procedure.** The Board shall not impose fines, suspend rights to vote, or suspend rights to use Common Areas unless and until the Association has sent or delivered written notice to the Owner as provided below and in Article 6, Section 6.12 of the Bylaws.
 - b. **Complaint.** Any Owner within the community may send the Association a formal, written complaint via either electronic mail or regular mail of a covenant or rule violation, with as much information as is known. Complaints may also be initiated by the Manager or any member of the Board of Directors. Complaints that cannot be independently verified by a Board member or the Association's management agent must be in writing. The Board shall have no obligation to consider oral complaints or anonymous complaints. The Board shall have the authority to determine whether a written complaint is justified before continuing with the Notice and Hearing Procedure.
 - c. **Notice of Alleged Violation.** A Notice of Alleged Violation of any provisions of the Declaration, Bylaws, Rules and Regulations, or Resolutions shall be provided in accordance with Article 6, Section 6.12(a) of the Bylaws.
 - d. **Request for Hearing.** If an Owner desires a hearing to challenge or contest any alleged violation and possible fine, or to discuss any mitigating circumstances, the Owner must request such hearing, in writing, within 10 days of the date of the Notice of Alleged Violation. The request for hearing shall describe the grounds and basis for challenging the alleged violation or the mitigating circumstances. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived. If a hearing is not requested within the 10 day period, the Board shall impose the fine as set forth in the Notice of Alleged Violation, pursuant to Article 6, Section 6.12(b) of the Bylaws.
 - e. **Board of Directors to Conduct Hearing.** The Board may hear and decide cases set for hearing pursuant to the procedures set forth herein and the Bylaws. The Board may appoint an officer or other Owner to act as the Presiding Officer at any of the hearings. The Board may determine whether a violation exists and impose fines.
 - f. **Conflicts.** Any Board member who is incapable of objective and disinterested consideration on any hearing before the Association shall 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 may be made at the hearing, and the Board member may 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.
 - g. **Hearing.** The Board shall inform the Owner of the scheduled time, place and date of the requested hearing by regular U.S. mail. The Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall establish a quorum, provide proof of notice, explain the rules, procedures and guidelines by which the hearing may be conducted and may introduce the case before the Board. The complaining parties and the Owner shall have the right, but not the obligation to be in attendance at the hearing. Each party may present evidence, testimony, and witnesses. The decision of the Board at each hearing may be based on the matters set forth in the Notice of Alleged Violation, Request for Hearing, and such evidence as may be presented at the hearing. If a complaining party is unable to attend the Hearing, he or she may instead submit a letter to the Board explaining the basis of the complaint.

- h. **Decision.** After a ll testimony and other evidence have been presented to the Board at a hearing, the Board may render its written findings and decision, and impose a reasonable fine, if applicable, within 10 days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority vote of the Board of Directors.
- i. **Fine Schedule.** Unless otherwise specified in the Rules and Regulations, the Design Guidelines or a resolution of the Board, the following fines are guidelines for violation of the provisions of the Declaration, Bylaws, Rules and Regulations and Resolutions of the Association:
- a. First violation -- Warning letter
 - b. Second violation -- \$100.00
 - c. Third violation -- \$200.00
 - d. Fourth violation -- \$300.00
 - e. Subsequent violations -- \$300.00
- j. **The Board reserves the right to fine for first violations of rules that involve health and safety issues and other violations where a warning may not be deemed necessary by the Board in its reasonable discretion. Additionally, upon prior written notice, the Board reserves the right to levy fines in excess of the above referenced schedule, if the fines set forth in this schedule are not likely to provide effective incentives to induce compliance.**
- k. **Notwithstanding the foregoing, the fine for the unauthorized removal of a tree of the failure to spray for pine beetles may be \$500.00 per tree and a possible requirement to replace such trees. The fine for unauthorized burning may be \$500.00, which may be increased for subsequent unauthorized burnings.**
- l. The Board may waive all, or any portion, of the fines if, in its reasonable discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the violator coming into compliance with the Declaration, Bylaws or rules.
- m. All fines shall be due and payable upon notice of the fine and will be late if not paid within 30 days of the date that the Owner is notified of the imposition of the fine. An interest charge of 21% shall be invoked, plus a \$25.00 per month late charge. All fines and late charges shall be considered an assessment and may be collected as set forth in the Declaration. Fines shall be in addition to all other remedies available to the Association pursuant to the terms of the Declaration and Colorado law, including the Association's right to collect attorney fees as authorized by Colorado law.
- n. **Additional Enforcement Rights.**
- i. **Legal Action/Arbitration.** The Association, at any time, may pursue legal action, or arbitration if required by the Declaration, against an Owner to enforce the provisions of the Declaration, Bylaws, rules or resolutions without first following the preceding notice and hearing procedures, if the Board determines that such action is in the Association's best interests.
 - ii. **Self-help Remedies.** The Association or its duly authorized agents shall have the power to enter a Lot or the Common Area to abate or remove conditions which violate the Declaration, Bylaws or the rules. If the Association exercises its right subject to this paragraph, all costs of self-help, shall be assessed against the Owner's Lot and shall be a lien on the Owner's Lot.
 - iii. **Failure to Enforce.** Failure of the Association to enforce the Declaration, Bylaws, rules and resolutions will not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any of the above referenced governing documents for the Association.

10. INVESTMENT OF RESERVES POLICY. The following policies and procedures apply for investing reserve funds:

- a. With regard to investment of reserve funds, directors and officers shall be subject to the standard of care outlined below. Officers, for purposes of this policy only, means any person designated as an officer of the Association and any person to whom the Board delegates responsibilities, including, without limitation, a managing agent, attorney, or accountant employed by the Board.
- b. Each director and officer shall perform their duties regarding investment of reserves in good faith, in a manner the director or officer reasonably believes to be in the best interests of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In the performance of their duties, a director or officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (a) one or more officers or employees of the Association whom the director or officer reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, professional property manager, public accountant, or other persons as to matters which the director or officer reasonably believes to be within such person's professional or expert competence; or (c) a committee of the Association on which the director or officer does not serve if the director reasonably believes the committee merits confidence.
- c. A director or officer shall not be considered to be acting in good faith if the director or officer has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A director or officer shall not be liable to the Association or its Members for any action the director or officer takes or omits to take as a director or officer if, in connection with such action or omission, the director or officer performs his duties in compliance with this policy. A director or officer, regardless of title, shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association.
- d. The Board of Directors may establish the amount, if any, to be transferred to reserve funds on an annual basis. The amount may be reflected in the budget to be ratified by the owners.
- e. Reserves may be invested in certificates of deposit, money market deposit accounts, money market funds, U.S. treasury and government obligations, municipal bonds and other state obligations, and other investments recommended by a financial advisor pursuant to the Association's investment goals.
- f. The reserve funds may be invested to achieve the following goals, in descending order of importance:
- g. Promote and ensure the preservation of principal;
- h. Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;
- i. Mitigate the effects of interest rate volatility upon reserve assets;
- j. Seek the highest level of return that is consistent with preserving the principal and accumulated interest;
- k. Minimize investment costs.
- l. The Board may consider the following circumstances in investing reserve funds:
- m. General economic conditions;
- n. Possible effect of inflation or deflation;
- o. Expected tax consequences;
- p. Role that each investment plays in the overall investment portfolio;

- q. Other resources of the Association.
- r. All accounts, instruments and other documentation of such investments may be subject to the approval of, and may from time to time be amended by, the Board of Directors as appropriate, and may be reviewed each year.
- s. The President, Treasurer or Manager, if authorized by the Board, may be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals set forth above; and to enter into agreements, contracts and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. To withdraw or transfer funds, the signature of two of the aforementioned persons may be required.
- t. The Association may carry fidelity insurance to protect against theft or dishonesty from anyone with access to the reserve funds.
- u. The Association's manager or other person designated by the Board may maintain monthly statements, including detailed accounting of current values, income and all transactions.

11. **Records.** Article XII of the Bylaws addresses Association books and records. The policy below supplements Article XII of the Bylaws to reflect updated statutes regarding inspection of records, and supplants the Association's prior Policy entitled "Inspection and Copying of Association Records, Policies, and Procedures."

The Association shall maintain the following records:

- (i) Detailed records of receipts and expenditures affecting the operation and administration of the Association;
- (ii) Records of claims for construction defects and amounts received pursuant to settlement of those claims;
- (iii) Minutes of Membership meetings, minutes of Board meetings, a record of all actions taken by the Members 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;
- (iv) 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 or Colorado law;
- (v) The names of Members in a form that permits preparation of a list of names and physical mailing addresses of all Members, showing the number of votes each Member is entitled to vote ("Membership list");
- (vi) The current Articles of Incorporation, Declaration, Covenants, Bylaws, Rules and Regulations, responsible governance policies required pursuant to Colorado law, and any other policies adopted by the Board;
- (vii) Annual financial statements for the past three years;
- (viii) 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;
- (ix) Tax returns for the past seven years, to the extent available;
- (x) A list of the names, electronic mail addresses and physical mailing addresses of its current directors and officers;

- (xi) Its most recent annual report delivered to the Secretary of State;
- (xii) Financial records sufficiently detailed to enable the Association to provide statements of unpaid assessments in accordance with the Colorado Common Interest Ownership Act;
- (xiii) The Association's most recent reserve study, if any;
- (xiv) Current written contracts to which the Association is a party;
- (xv) Written contracts for work performed for the Association within the immediately preceding two years;
- (xvi) Records of Board or committee actions to approve or deny design or architectural approval from Members;
- (xvii) Ballots, proxies, and other records related to voting by Members for one year after the election, action, or vote to which they relate;
- (xviii) Resolutions adopted by the Board relating the characteristics, qualifications, rights, limitations, and obligations of Members or any class of Members; and
- (xix) Written communications within the past three years to Members generally as Members.
- (xx) 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 Unit 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, if any; and
 - vi. a list of all Association insurance policies, including company names, policy limits, policy deductibles, additional named insureds, and expiration dates.

These records shall be the sole records of the Association. If the Association stores other types of documentation, or stores documentation for a longer time period than may be required above, such documents shall not be considered records of the Association.

12. Inspection/Copying Association Records. An Owner or his/her 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:

- (i) The inspection and/or copying of the records of the Association shall be at the Owner's expense.
- (ii) The inspection and/or copying of the records of the Association shall be conducted during regular business hours of 9:00 a.m. to 4:00 p.m., Monday through Friday, at the office of the Association's Managing Agent.
- (iii) The Owner shall give the Association's Managing Agent a written demand at least ten

business days before the date on which the Owner wishes to inspect and/or copy such records.

- (iv) The Owner shall complete and sign an "Agreement Regarding Inspection of Association Records" prior to the inspection and copying of any Association record. A copy of a form of agreement is attached to this policy. Failure to properly complete or sign an agreement in substantially the form attached shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.
- (v) The Association reserves the right to have a third person present to observe during any inspection of record by an Owner or the Owner's representative.

13. **Commercial Uses.** Association records, including membership lists, shall not be used by any Owner for any commercial use.

14. **Membership List.** A membership list may not be:

- (i) 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;
- (ii) used for any commercial purpose;
- (iii) sold to or purchased by any person;
- (iv) used for any purposes unrelated to the Member's interest as a Member; or
- (v) used for any other purpose prohibited by law.

15. **Exclusions.** Pursuant to Colorado law, the following records of the Association shall not be available for inspection and/or copying as they are deemed confidential:

- (i) Any documents that are confidential under constitutional, statutory or judicially imposed requirements;
- (ii) Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy, including but not limited to telephone numbers, electronic mail addresses, social security numbers, dates of birth, personal bank account information, and driver's license numbers;
- (iii) Documents that concern individual Units other than those of the requesting Owner;
- (iv) Architectural drawings, plans, and designs, unless the legal owner of such drawings, plans, or designs provides written consent to the release;
- (v) Contracts, leases, bids or records related to transactions to purchase or provide goods or services that are still in or under negotiation;
- (vi) Communication with legal counsel protected by the attorney-client privilege or the attorney work product doctrine;
- (vii) Disclosure of information in violation of law;
- (viii) Records of an executive session of the Board;
- (ix) Personnel, salary, or medical records related to specific individuals;
- (x) Personal identification and account information of Members, including:

- i. bank account information
 - ii. telephone numbers
 - iii. electronic mail addresses (except as provided in Paragraph 1(x) for directors)
 - iv. driver's license numbers
 - v. social security numbers
 - vi. vehicle identification information; and
- (xi) Such other records as reasonably determined by the Association or the Board or as provided for under Colorado law.

16. Fees/Costs. Any Owner requesting copies of Association records shall 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 advance payment and/or a deposit equal to the anticipated actual cost of the requested records. Failure to pay such advance payment and/or deposit shall be valid grounds for denying Owner copies of such records. If after payment of the advance and/or deposit it is determined that the actual cost was more, Owner shall pay such amount prior to delivery of the copies, or, after written notice to and demand from the Association. If after payment of the advance fee or deposit it is determined that the actual cost was less, the difference shall be returned to the Owner with the copies.

17. Original Records. No Owner shall remove any original book or record of the Association from the place of inspection or from the records of the Association. No Owner may alter, destroy or mark in any manner, any original book or record of the Association.

18. Creation of Records. Nothing contained in these policies shall be construed to require the Association to create records that do not exist or compile records in a particular format or order.

19. Email Communications. The Association's Board of Directors recognizes the limitations involved with email correspondence, and due to the increased burden to the Board posed by email correspondence, the Association enacts the following policies and procedures:

- (i) **Separate email addresses:** The Board members may be provided with individual email addresses to be used during the time such person serves on the Board. If so provided, Board members shall use these email addresses exclusively for Association business.
- (ii) **Board action taken outside of a meeting via email:** The Board shall endeavor to limit action outside of a meeting, but recognizes that at times action needs to be taken between Board meetings. In the event the Board feels a decision needs to be made outside of a Board meeting and the vote is to be taken by email, a Board member shall state the motion or issue in a distinct email, which shall be sent to all Board members, with a copy to the Association's primary record keeper. Board members shall respond to the email so that all may see the vote and a chain is created. The purpose of this procedure is to assist the record keeper in determining which email correspondence relates to actions taken outside of a meeting. Failure to strictly follow this procedure will not negate or invalidate the action.
- (iii) **Copies of emails:** All Board members are to be included in any email discussion regarding Association business.
- (ii) **Retention of email communication:** The Association shall maintain a copy of any motions, votes and discussion via email which directly related to the motion and vote as part of its permanent records. The Board may purge other email communication that is not directly related to the Association's permanent records after 5 years.

- (iii) Email communication between individual Board members and Owners: No individual Board member is authorized to speak for the Board as a whole, and the Board is conscious that email is often times prepared less carefully than hard copy communications. For these reasons, no individual Board member is authorized to communicate with residents on behalf of the Board regarding community business via email. Instead, persons who submit an inquiry to an individual Board member shall be directed to submit their concerns and/or questions to the community manager for inclusion on the agenda at the next Board meeting. The Board as a whole will then have the opportunity to consider the issues which have been properly included on the agenda. The Board will designate a person to respond to the Owner on behalf of the Board as a whole.

20. **Definitions.** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

21. **Supplement to Law.** The provisions of this Resolution shall be 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.

22. **Deviations.** The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

23. **Amendment.** This policy may be amended from time to time by the Board of Directors.

24. DISPUTE RESOLUTION POLICY AND PROCEDURE. The following policies and procedures apply for dispute resolution:

- a. **Dispute Resolution Required by Declaration.** Any dispute required to be resolved by the means provided for in Article 14.00, Section 14.02 of the Declaration shall be resolved pursuant to such provision.
- b. **Other Alternative Dispute Resolution Procedures.** Alternative methods of dispute resolution to avoid litigation encouraged by the Board of Directors include negotiation and mediation. The Association encourages Owners or residents with disputes to resolve such disputes without court proceedings. The Association will take reasonable steps to facilitate negotiation or mediation between Owners and/or residents, but will have no responsibility for any costs incurred by the parties to the dispute resolution process. For any step in the dispute resolution process, the parties are not waiving their right to employ legal counsel at their own expense to assist them.
- c. **Required dispute resolution procedure.** Prior to filing a lawsuit against the Association, the Board, or any officer, director, or property manager of the Association, an Owner must request and attend a hearing with the Board of Directors. Any such request shall be in writing and shall be personally delivered to any member of the Board of Directors or the Association's property manager. The Owner, in such request and at the hearing, must make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's grievance. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the person requesting the hearing. The Board shall schedule this hearing for a date not less than 14 or more than 30 days from the date of receipt of the request. If the dispute cannot be resolved, the parties may utilize the discretionary mediation procedure set forth below, but shall not be required to do so.
- d. **Discretionary dispute resolution procedures.** The procedures set forth below may be used in disputes between Owners and residents. At its discretion, the Board of Directors may utilize the procedures set forth below to resolve disputes with Owners prior to filing litigation.
- e. **Negotiation.** A request for dispute resolution by negotiation may be initiated by an Owner or the Association. Any such request shall be in writing stating the nature and details of the dispute and shall be personally delivered to the other party. So long as the other party agrees

to negotiate, a meeting shall be held between the parties to begin a good faith attempt to negotiate a resolution not less than 14 or more than 30 days of receipt of such 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.

- f. **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 shall 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 shall be selected by a consensus of the parties involved within 14 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.