

RESOLUTION 01.08.20 BY UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS

HOLIDAY ACRES PROPERTY OWNERS ASSOCIATION

A COLORADO NONPROFIT CORPORATION

WHEREAS, pursuant to Section 3 of Article IV of the Bylaws of the Holiday Acres Property Owners Association, Inc., "the Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association" including but not limited to "adopt[ing] such rules and regulations for the conduct of their meetings and the management of the Association"; and WHEREAS, the Board of Directors of the Holiday Acres Property Owners Association, Inc., have determined that it is in the best interest of the Association to adopt the CCIOA Governance Policies attached hereto. THEREFORE IT IS THEREBY RESOLVED by the Board of Directors of the Holiday Acres Property Owners Association, Inc. that:

1. RESOLVED, as required by the Colorado Common Interest Ownership Act C.R.S. § 38-33.3-209.5, that the Directors hereby adopt the following nine (9) responsible governance policies and procedures concerning (i) collection of unpaid assessments, (ii) handling of conflicts of interest involving board members, (iii) conduct of meetings, (iv) enforcement of covenants and rules, (v) inspection and copying of Association records, (vi) investment of reserve funds, (vii) procedure for the adoption and amendment of policies, procedures and rules, (viii) procedures for addressing disputes arising between the Association and owners, and (ix) preparation of a reserve study, all of which Policies and Procedures are attached hereto and incorporated herein by this reference, effective immediately; and
2. FURTHER RESOLVED, that the Policies and Procedures shall be posted on the Association website, www.holidayacres.org within ten (10) days after being adopted by the Board, and mailed to any Member upon request; and
3. FURTHER RESOLVED, that a facsimile, telecopy or other reproduction of this Consent may be executed by the Directors and shall be considered valid, binding and effective, for all purposes, and it is further resolved that this Consent may be executed in the multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and

IN WITNESS WHEREOF, the undersigned, constituting all the Members of the Board of Directors of the Association, hereby consent to, approve, and adopt the foregoing actions to be effective as of January 8, 2020.


Bryan Looper


Chuck Allen


Linda Lattin


Mike Dallam


Michael Preuit

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING COLLECTION OF
UNPAID ASSESSMENTS
(C.R.S. 38-33.3-209.5(1)(b)(i))**

1. Statements. Statements for annual assessments will be sent to all members of the Holiday Acres Property Owners Association (collectively "Members" and individually "Members") at their last known address with the notification that annual assessments are due and payable on January 1. The assessment charge is considered delinquent if not received by the due date established by the board of directors. If that day falls on a weekend or holiday, the latest day a payment will be accepted without a late fee being assessed would be the next available business day.
2. Past Due Date On the next available business day after the due date, a late fee of \$10 will be added to any unpaid account and a notice sent stating the balance is "PAST DUE". If the balance is not paid in 30 days, a Notice of Intent to Lien will be mailed to the Member, giving the Member 30 days to bring the account current. An additional charge to the Member for the Notice of Intent to Lien will be \$50.00. The charge will be posted to the owner's account when the Notice is mailed, or hand delivered.
3. Lien. If the Member's account is still not paid in full after another 30 days has passed since the Notice of Intent to lien was mailed, a lien will be recorded against the Member's property located within the subdivision. The charge to the Member for lien placement will be \$150.00. The charge will be posted to the Member's account when the lien is recorded. At this time, HAPOA will send the Owner a notice of delinquency specifying:
 - A. The total amount due, with an accounting of how the total was determined;
 - B. Whether the opportunity for a payment plan exists pursuant to Colorado law and this policy and instructions for contacting HAPOA to enter a payment plan, if available;
 - C. The name and contact information for the individual the Member may contact to request a copy of the Member's account to verify the amount of the debt;
 - D. And that action is required to cure the delinquency and that failure to do so may result in the Member's delinquent account being turned over to a collection agency, a lawsuit being filed against the Member, the foreclosure of a lien against the Member's property, or other remedies available under Colorado law.
4. Payment Plan HAPOA will make a good faith effort to coordinate with the Member to set up a payment plan. A Member may enter a payment plan to pay off a deficiency in equal installments over a minimum period of six months or such other period as authorized by the Board. If the Member fails to comply with the terms of the payment plan (fails to remit payment of an agreed-upon installment or fails to remain current with other charges as they become due during the payment plan term), HAPOA may pursue legal action. HAPOA is not obligated to negotiate a payment plan with any Member who has previously entered a payment plan pursuant to this policy. Furthermore, HAPOA is not obligated to offer or negotiate a payment plan with any Member who does not occupy the property and acquired the property because of a default of a security interest encumbering the property or a foreclosure of HAPOA's lien.
5. Turning Over to Attorney or Collection Agency. The account may be turned over to an attorney or collection agency for collection procedures. Attorney and/or collection agency fees will be added to the outstanding balance. At that time when the account is brought current and all matters are settled, the lien will be released.
6. Foreclosure. At any point during the collection process the Association may initiate foreclosure action, if the delinquent amount equals or exceeds six months of common expense assessments based on periodic budget adopted by the association. The delinquent amount may include assessments, late fees, fines and other charges. When an account becomes two years past due, the HAPOA shall conduct a search of public records to determine if there are any other outstanding balances, i.e. taxes, water fees and mortgages, due against the account property. A comparison of total debt to the estimated value of the property will be prepared. Those accounts will be studied to determine which collection action, if any, will be taken to best secure the interests of the HAPOA. If foreclosure action appears to be a viable alternative, those accounts will be presented to the Board of Directors for final determination. The Board will document its decision to authorize the filing of a foreclosure against a specific property by a recorded vote. The Board of Directors may not delegate its duty to act under this Section 6 to any attorney, insurer, manager, or other person.

If HAPOA forecloses on its lien, the Member will lose the Member's property, having the same effect as if a first mortgagee institutes a foreclosure action against the property (although the procedure is different).

7. Payment of Fines. Fines are due when assessed and are delinquent if unpaid after 30 days. Delinquent fines are subject to a \$25.00 / month late fee. If the total amount of the fine and late fees is above \$500.00, a Notice of Intent to Lien will be

mailed giving the Member 30 days to bring the account current. An additional charge to the property owner for the Notice of Intent to Lien will be \$50.00. The charge will be posted to the Member's account when the Notice is mailed, or hand delivered. If the Member still has not paid in full after another 30 days, a lien will be placed on the property. The charge to the property owner for lien placement will be \$150.00. The charge will be posted to the Member's account when the lien is recorded.

8. Return Check Charges.

A. If any check or other instrument payable to or for the benefit of the HAPOA is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Member is liable to HAPOA for one of the following amounts:

- (i) An amount equal to the face amount of the check, draft, or money order plus a return check charge of \$25.00; or
- (ii) 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 HAPOA for collection for three times the face amount of the check, but not less than \$100.00.

9. Application of Payments. All payments received on account of any Member or the Member's property, may be applied first to post-judgment attorney's fees, costs and expenses; 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.

10. Priority. 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 a property through foreclosure or deed in lieu of foreclosure, the Association may file a lien on the Property for any delinquent payment.

11. Referral of Delinquent Accounts to Attorneys. Upon referral of a delinquent account to the attorneys, (as indicated in Section 5 hereto and elsewhere), the attorneys will take appropriate action to collect the accounts referred. After an account has been referred to the attorney, the account will remain with the attorney until the account is settled, has a zero balance or is written off. The attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors or his/her designee, believed to be in the best interest of HAPOA. However only a majority vote of the Board of Directors may authorize a legal action. A list of possible actions includes, but is not limited to, the following:

- A. Filing a lien against the delinquent Member's property to provide record notice of HAPOA's claim against the property, if not already filed;
- B. Filing suit against the delinquent Member for a money judgment. The purpose of obtaining a personal judgment against the Member is to allow HAPOA to pursue remedies such as garnishment of the Member's wages or bank account to collect judgment amounts;
- C. Instituting a judicial action of foreclosure on HAPOA's lien. HAPOA may choose to foreclose on its lien in lieu of or in addition to suing a Member 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;
- D. Filing necessary claims, documents, and motions in Bankruptcy Court to protect HAPOA's claim; and
- E. Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, who manages rental of the Member's property, and collects the rents according to the court's order. The purpose of a receivership for HAPOA is to obtain payment of current assessments, reduce past due assessments, and prevent waste and deterioration of the property.

Once accounts are turned over to the attorney, Members will make payment to HAPOA at the address of the attorney. The attorney will consult with HAPOA regarding collection procedures and payment arrangements.

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS
REGARDING THE HANDLING OF CONFLICTS OF INTEREST INVOLVING BOARD
MEMBERS
(C.R.S. 38-33.3-209.5(1)(b)(ii))**

As used in this policy, “conflicting interest transaction” means: A contract, transaction, or other financial relationship between the Association and a party related to a member of the Board of Directors, or between the Association and an entity in which a member of the Board of Directors is a director or officer or has a financial interest.

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 repayment thereof.

If a member of the Board of Directors is aware of a conflicting interest transaction, that member of the Board of Directors shall declare a conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member may participate in the discussion but shall not vote on that issue. If a Board member does not voluntarily make a declaration as to a conflict, the remaining Board members may, by majority vote, determine whether or not a conflict exists according to the standards set forth in the Colorado Revised Nonprofit Corporations Act at C.R.S. 7-128-501.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

For purposes of this policy, a “party related to a director” shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a 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.

This conflict of interest policy shall be reviewed annually in accordance with C.R.S. 38-33.3-209.5 (4)(a)(III).

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS
REGARDING CONDUCT OF MEETINGS
(C.R.S. 38-33.3-209.5(1)(b)(iii))**

The Association conducts meetings of the Members and the Board of Directors in accordance with the Bylaws of the Association, as amended from time to time (the “Bylaws”). Meetings are also held and conducted in accordance with applicable requirements of the Colorado Common Ownership Interest Act and the Colorado Non-Profit Corporation Act.

Article III Section 2 of the Bylaws provides that annual meetings of the Association shall be held at such place and time as shall be determined by the Board of Directors. The Board of Directors has determined that the annual meeting shall be on the second Saturday of September of each year. The Board of Directors meets immediately after the Members annual meeting. All other Board meetings are usually held on the second Wednesday of each odd numbered month, depending on the work required and the schedules of the Board members.

All meetings of the Association and Board of Directors are open to every Owner of the Association, or to any person designated by an Owner in writing as the Owner's representative, and all Owners or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board, Owners who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit an Owner or Owner's designated representative to speak before the Board takes formal action on any items under discussion, in addition to any other opportunities to speak. Unless otherwise determined by the President or acting chair, the time limit will be three (3) minutes per member. Members will only be allowed to speak more than once at the discretion of the Board. The Board shall provide for a reasonable number of persons to speak on each side of any issue. No Member is entitled to speak until recognized by the chair. There shall be no interruption of anyone who has been recognized by the chair, except by the chair. All comments are to be directed to the chair and not to other individual participants. All comments are to be restricted to the agenda item being discussed. Should the President or acting chair determine that any Member has spoken for the allotted amount of time or longer,

or determine that the Member is in violation of the provisions of this policy, the President or acting chair shall have the authority to instruct that member to yield the floor, and that member will be obligated to comply with the President's or acting chair's instruction.

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING ENFORCEMENT OF COVENANTS
AND RULES, INCLUDING NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES
(C.R.S. 38-33.3-209.5(1)(b)(iv))**

Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of way, liens, charges, and other provisions (collectively referred to as the "Covenants and Rules") contained in the Declaration, the Bylaws, and the Rules and Regulations of the Association, all as amended, and the Articles of Incorporation of the Association, shall be by any proceeding at law or in equity against any person or persons, including the Association, violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain, and/or prosecute any such proceedings, and the Association shall further have the right (after Notice and Hearing, as defined below) to levy and collect fines for the violation of any provision of the aforesaid documents.

Notwithstanding any provision of the Declaration to the contrary, if the Board finds an Owner has committed a violation of any provisions of the Declaration, Bylaws, or Rules, an initial warning letter shall be sent to the "Violator" explaining the nature of the violation. The Violator will be given a reasonable amount of time to comply based on the nature and severity of the violation, as determined in the sole discretion of the Board.

Subsequent to the initial warning letter, should the Violator not cure the violation to the satisfaction of the Board, a Notice of Violation of any provisions of the Declaration, Bylaws, or Rules shall be provided to the Violator. The notice shall describe the nature of the violation, the fine and notice of the opportunity for a hearing and shall further state that the Board may seek to protect its rights as they are specified in the governing legal documents.

In the event the Violator desires to attend a hearing or Board meeting to challenge or contest any alleged violation and possible fine, said Violator must, within 14 days from receipt of the Notice of Violation, request such hearing by notifying the Association, in writing, of such hearing request. 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 aforementioned 14-day period, the Board shall determine if there was a violation, and if so, may continue to assess a reasonable fine, all within 60 days of the expiration of the aforementioned 14-day period. The fine assessment is due and payable immediately upon receipt of notice of the said assessment. In requesting a hearing before the Board, the Violator shall state and describe the grounds and basis for challenging or denying the alleged violation as well as such other information the Violator deems pertinent.

Upon written request to the Association, not later than 10 days prior to the date of hearing, the Violator shall be entitled to: (a) obtain the names and addresses of witnesses, to the extent known to the Board, and (b) inspect and make copies of any statements, writings and investigative reports relative to the case contained in the Association's records. Nothing in this section shall, however, authorize the inspection or copying of any writing or other thing which is privileged from disclosure by law or otherwise made confidential or protected, such as attorney work product.

The Board shall hear and decide cases set for hearing pursuant to these Policies and Procedures. The Board may appoint an officer or other Owner to act as the presiding officer (the "Presiding Officer") at any of the hearings.

It shall be incumbent upon each Board member to make a determination as to whether s/he is able to function in a disinterested and objective manner in consideration of each hearing before the Board. Any Board member incapable of objective and disinterested consideration on any hearing before the Board shall disclose such to the President of the Board prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and said Board member shall 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 shall appoint an Association member, in good standing, to serve as a voting member of the hearing board.

Each hearing shall be held at the scheduled time, place and date, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board by reading the notice of hearing. The general procedure for

hearing shall consist of opening statements by each party; presentation of testimony and evidence, including cross-examination of witnesses by each party; and closing statements by each party. Notwithstanding the foregoing, the Board may exercise its discretion as to the specific manner in which a hearing shall be conducted and shall be authorized to question witnesses, review evidence and take such other reasonable action during the course of the hearing which it may deem appropriate or desirable to permit the Board to reach a just decision in the case. Rules of law regarding trials and presentation of evidence and witnesses shall be applicable to the hearing insofar as the Presiding Officer deems adherence to such rules of law to be in the interests of justice; provided that any relevant evidence should be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the course of serious affairs. The decision of the Board at each hearing shall be based on the matters set forth in the notice of hearing, request for hearing and such evidence as may be presented at the hearing. Unless otherwise determined by the Board of Directors, all hearings shall be open to attendance by all members of the Association.

After all testimony and other evidence have been presented to the Board at a hearing, the Board shall render its decision thereon within ten (10) days after the hearing. A decision, either a finding for or against the Violator, shall be by a majority of the Board. The Board shall issue written findings of fact and conclusions, and, if applicable, shall impose a reasonable fine.

Any infraction of any covenant, rule, or regulation in which a fine is not already specifically stated will result in a fine per day and/or occurrence according to the following schedule:

First violation:	Warning Letter
Second violation of the same covenant or rule:	\$ 50.00
Third violation of the same covenant or rule:	\$150.00
Fourth and subsequent violation of the same covenant or rule:	\$200.00

OR a monthly/weekly/daily fine at the discretion of the Board if the violation is continuous.

Where there is no schedule of fines and penalties, matters where a fine might be applied will be adjudicated by the Board on a case by case basis.

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING INSPECTION AND COPYING OF
ASSOCIATION RECORDS BY OWNERS
(C.R.S. 38-33.3-209.5(1)(b)(v))**

The Association will maintain, retain and produce Association records in accordance with the procedures and requirements set forth in the Colorado Not-for-Profit Corporation Act, Colorado Common Ownership Interest Act and Association's governing documents, including the Declaration, the Articles of Incorporation, Bylaws and this policy. The following policy (the "Policy") conforms with C.R.S. 38-33.3-209.4, 209.5 and 317, and shall apply to the inspection and copying of the Association's records:

1. All Association records must be maintained in a form that allows conversion into written form within a reasonable time.
2. The following records will be maintained at the Association's principal office and shall be considered the sole records of the Association for purposes of document retention and production to owners;
 - a. Detailed records or 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 all meetings of the owners and the Board, a record of all actions taken by the owners and the Board without a meeting, and a record of all actions taken by any committee of the Board;
 - d. Written communications among, and votes cast by the Board that are: (i) directly related to an action taken by the Board without a meeting pursuant to C.R.S. 7-128-202; or (ii) directly related to an action taken by the Board without a meeting pursuant to the Association's bylaws;
 - e. The names of owners in a form that permits preparation of a list of names of all owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each owner is entitled to vote;
 - f. The Association's current declaration, covenants, bylaws, articles of incorporation, rules and regulations, responsible governance policies adopted pursuant to C.R.S. 38-33.3-209.5, and other policies adopted by the Board;

- g. Financial statements as described as in C.R.S. 7-136-106 for the past three years, and tax returns of the Association for the past seven years, to the extent available;
 - h. A list of the names, email addresses and physical mailing addresses of the current Board members and officers;
 - i. The Association's most recent annual report (if any) delivered to the Secretary of State;
 - j. Financial records sufficiently detailed to enable the Association to comply with C.R.S. 38-33.3-316(8) concerning statements of unpaid assessments.
 - k. The Association's most current reserve study (if any);
 - l. Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;
 - m. Records of Board or Committee actions to approve or deny any requests for design or architectural approval from owners;
 - n. Ballots, proxies and other records related to voting by owners for one year after the election, action or vote to which they relate;
 - o. Resolutions adopted by its Board relating to the characteristics, qualifications, limitations, and obligations of members of any class or category of members;
 - p. All written communications within the past three years to all owners generally as owners.
3. An owner or owner's authorized agent may inspect and copy Association records during normal business hours if the owner or authorized agent has submitted a written request, describing with reasonable particularity the records sought, at least ten days prior to the inspection or production of documents.
4. Notwithstanding Paragraph 3 above, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to an owner's interest as an owner without the consent of the Board. Without limiting the generality of this Paragraph 4, without the consent of the Board, a membership list or any part thereof may not be:
- a. Used to solicit money or property unless such money or property will be used solely to solicit the votes of owners in an election to be held by the Association;
 - b. Used for any commercial purpose; or
 - c. Sold to or purchased by any person.
5. Records maintained by the Association may be withheld from inspection and copying to the extent that they are or concern:
- a. Architectural drawings, plans, and designs, unless released upon the written consent of the legal owners of the drawings, plans, or designs;
 - b. Contracts, leases, bids or records related to transactions to purchase or provide goods or services that are currently in or under negotiations;
 - c. Communications with legal counsel that are otherwise protected by 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; or
 - f. Records relating to or concerning individual units other than those of the requesting owner.
6. Records maintained by the Association are not subject to inspection and copying, and **must** be withheld, to the extent that they are or concern:
- a. Personnel, salary, or medical records relating to specific individuals; and
 - b. Personal identification and account information of members, including bank account information, telephone numbers, email addresses, driver's license numbers, and social security numbers.
7. The Association will impose a reasonable charge, which may be collected in advance and will cover the costs of labor and material, for copies of Association records. The charge may not exceed the estimated cost of production and reproduction of the records.
8. A right to copy records under this Policy includes the right to receive copies by photocopying or other means, including the receipt of copies through an electronic transmission if available, upon request of an owner.
9. The Association is not obligated to compile or synthesize information.

POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING INVESTMENT OF RESERVE FUNDS

((C.R.S. 38-33.3-209.5(1)(b)(VI))

It is the policy of the Association that reserve funds, if any there shall be, shall be invested in such a manner as to generate the highest yield with the highest security in the Board's reasonable opinion.

POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES

(C.R.S. 38.3-209.5(1)(b)(vii))

It is the policy of the Association that policies, procedures and rules are adopted by the Board of Directors at noticed meetings of the Board or by unanimous written consent of the Board of Directors in lieu of a special meeting. All policies, procedures and rules and regulations are subject to ongoing review. The Members of the Association are advised of the adoption, repeal or amendment of any policies, procedures, rules and regulations through the minutes of meetings or other correspondence distributed to Owners. All adopted policies, procedures, rules and regulations shall be posted on the Association's website, www.holidayacres.org.

POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING PROCEDURE FOR RESOLUTION OF DISPUTES BETWEEN THE ASSOCIATION AND ITS MEMBERS

(C.R.S. 38-33.3-124 and 38-33.3-209.5(1)(b)(viii))

Any and all disputes, except in the case of the Association's collection of assessments or enforcement of the covenants, bylaws, or rules and regulations, between an Owner and Member of the Association, on the one hand, and the Association, on the other hand (each may be referred to as an "Applicable Party") that do not involve an imminent threat to the peace, health, or safety of the community (collectively, the "Disputes") shall be resolved in accordance with the procedures set forth below. By accepting a deed to a Lot, each Owner agrees that the procedures for resolving Disputes set forth below shall be the exclusive procedure.

1. In the event of any dispute described above involving the Association and an Owner, it is the intention of the Association to resolve the dispute informally and without the need for litigation. The Owner or the Association shall notify the other in writing of the claim, stating (1) the nature of the claim, including the date, location, and persons involved, (2) the basis of the claim, i.e. the provisions of the Declaration, the Bylaws, the Articles of Incorporation, the Rules and Regulations, or other authority out of which the claim arises, (3) what the claimant wants the other to do to resolve the claim, and (4) that the claimant wishes to resolve the claim by mutual agreement and is willing to meet in person with the other at a mutually agreeable time and place to discuss in good faith ways to resolve the claim.
2. If a meeting is unsuccessful or does not occur, all claims and disputes, except in the case of the collection of assessments or the enforcement of the Covenants, Bylaws, or Rules and Regulations, shall be initially submitted to mediation in good faith. The parties shall jointly appoint a mediator and will share equally in the cost. If a party does not respond within ten (10) days of receipt of a request to mediate, or if the parties cannot agree on a mediator within ten (10) days of the request, the mediation requirement shall be deemed fulfilled. If mediation does occur, it shall be completed within thirty (30) days from the date of request. If mediation is unsuccessful or does not occur, the parties may pursue their claims via the appropriate court or submit the dispute to binding arbitration.
3. If the matter cannot be resolved by mediation or otherwise within thirty (30) days of the request for mediation, alternative dispute resolution (ADR) in the form of Binding Arbitration may be pursued if both the Owner and the Association agree.
4. This policy is an agreement of the Association and Owners to mediate and/or arbitrate all claims except the stated exceptions and is specifically enforceable under the applicable arbitration law of the State of Colorado. The arbitration shall be final, and binding and judgement may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

5. If the claims are resolved through negotiation as provided above, each party shall bear all of its own costs incurred in resolving the claim, including its attorney fees, unless the parties otherwise agree. If the claims are not resolved through negotiation and the claim goes to arbitration, the prevailing party shall receive as a part of its award from the opposing party all of its costs, including attorney fees, and any expenses incurred as a result of the dispute resolution procedures of this policy.
6. This policy may be amended from time to time by the Board of Directors. The Board may deviate from the procedures set forth in this policy if its sole discretion such deviation is reasonable under the circumstances.

**POLICIES AND PROCEDURES AND RULES AND REGULATIONS REGARDING RESERVE STUDY
(C.R.S. 38-33.3-209.5(1)(b)(ix))**

The Board of Directors shall conduct a reserve study at such times as in its sole discretion it determines is necessary, to determine the necessity and amount of reserves required to maintain, repair, replace and restore the Association's common elements. The reserve study shall be based on a physical and financial analysis. The Board shall, in its discretion, have the authority to and shall make any adjustments deemed necessary to maintain reserves.

Reserve funds for the Association's common elements shall be maintained in a reserve and shall be used for capital repairs, replacements, maintenance, care, restorations and improvements of the Association's common elements as the Board shall determine.

The Reserve Fund shall be funded primarily from assessments and the generation of investment income from the Reserve Fund in accordance with the Association's policy for Investment of Reserve Funds.