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La Plata County Recorder, Tiffany Lee Page 1 of 46
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SHENANDOAH HOMEOWNERS ASSOCIATION, INC.

POLICIES AND PROCEDURES, RULES AND REGULATIONS

In compliance with § 38-33.3-209.5 of the Colorado Common Interest Ownership Act (the "Act"), the Board of Directors ("Board") of the Shenandoah Homeowners Association, Inc. ("Association") has adopted the following responsible governance policies and procedures ("Policies and Procedures") along with rules and regulations ("Rules and Regulations").

These Policies and Procedures, Rules and Regulations may be amended, modified, and supplemented from time to time by the Board.

Authority for the adoption and amendment of these Policies and Procedures, Rules and Regulations is granted by the Act, by the Colorado Revised Nonprofit Corporation Act, and by the Amended Declarations of Shenandoah Homeowners Association, as amended and supplemented (the "Declarations").

Capitalized terms used herein if not otherwise defined shall have the same definition as found in the Declarations or in the Architectural Rules and Guidelines or in the Articles of Incorporation or Bylaws of the Association (collectively, the "Governing Documents").

Policy on Amendment or Adoption of Policies and Procedures, Resolutions, Rules and Regulations

Purpose: Adoption of policy and procedures for amendment or adoption of Policies and Procedures, Resolutions, Rules and Regulations

Resolution: The Association hereby adopts as policy the following procedures for the Amendment or Adoption of Policies and Procedures, Resolutions, Rules and Regulations:

The Board has the authority to adopt, amend or replace any of the Association Policies and Procedures, Resolutions, Rules and Regulations, (hereinafter "Policies") at any time and from time to time; provided, however, that none of the Policies shall conflict with the terms of the Declarations (see Declarations 2.01(B) and 3.01), the Articles of Incorporation, or the Bylaws of the Association (see Bylaws 4.08(B)), or Colorado state law.

Policies may be recommended for adoption or amendment by any Member.

Prior to adopting any policy, the Board has the right, but not the obligation, to solicit information regarding the proposed Policy from Owners. The Board may gather information by distributing draft policies, forming a committee, conducting an informational meeting or any other method determined by the Board to be appropriate considering all of the relevant circumstances.

When the Board, in its discretion, determines that a policy should be adopted, amended or repealed, as appropriate, it shall do so either at a meeting of the Board or by written consent in lieu of a meeting, or by any other method authorized by the Association's Governing Documents or pursuant to Colorado law. The Board shall then give notice of the adoption, amendment, or repeal of the policy in writing by e-mail to each Member of the Association at the address provided to the Association by Members, and shall publish the policy by any reasonable means available, including but not limited to posting the policy in the community or on its website, if any, by e-mail, mail, newsletter, or personal delivery. The policy, along with all other policies of the Association, shall be available for inspection and copying in accordance with the Association's policy regarding inspection and copying of Association records.

New policies will be in effect the day they are enacted, however, they will be subject to ratification at the next membership meeting and if not ratified or approved by vote of more than 50% of a quorum of the members shall be null and void.

Policy and Procedures for the Conduct of Meetings

Purpose: Adoption of a policy and procedures for conducting Owner and Board meetings. To facilitate the efficient operation of Owner and Board meetings. To afford Owners an opportunity to provide input and comments on decisions affecting the community.

Resolution: The Association hereby adopts as policy the following procedures for the conduct of meetings:

1. Owner Meetings. Meetings of the Owners of the Association shall be called pursuant to the Bylaws and Declarations of the Association.

a) **Notice**.

i. Annual meetings. There shall be at least one meeting per calendar year which shall be held at a time and place designated by the Board.

ii. Special and emergency meetings. Special or emergency meetings may be called by the President of the Board, a majority of the Board, or by the Members as specified in the Bylaws Governing Documents or CCIOA.

iii. Form of notice of meetings. Not less than thirty (30) nor more than fifty (50) days in advance of any annual meeting, and not less than then (10) nor more than fifty (505) days in advance of any other meeting of the Members, the Secretary or other officer specified in the Bylaws shall cause notice to be hand delivered, or sent by email, or sent prepaid by United States mail to the mailing address of each Member or to any other mailing address designated in writing by the Member. The notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or electronic mail notices that may be given pursuant to the Bylaws. The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declarations or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board. The form of notice shall also be as provided for in the Bylaws.

b) **Conduct**. All Owner meetings shall be governed by the following rules of conduct and order:

i. The president of the Association or designee shall chair all Owner meetings

ii. All Owners and persons who attend a meeting of the Owners will sign in, present any proxies, and receive ballots as appropriate (See section below regarding voting)

iii. Anyone wishing to speak must first be recognized by the chair

iv. Any person who is represented at the meeting by another person, as indicated by a written instrument, will be permitted to have such person speak for him/her

v. Those addressing the meeting shall be permitted to speak without interruption from anyone as long as these rules are followed

vi. 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

vii. All actions and/or decisions will require a first and second motion; to be followed by discussion; which shall be closed by the chair calling for the vote.

viii. Once a vote has been taken, there will be no further discussion regarding that topic

ix. Minutes of actions taken shall be kept by the Association. The Association's managing agent may record meetings for the purpose of producing minutes thereof.

x. Anyone disrupting the meeting, as determined by the chair, shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the meeting; and

xi. The chair may establish such additional rules of order as may be necessary from time to time.

c) **Voting**. All votes taken at Owner meetings shall be taken as follows:

i. Contested elections of Board members, defined as elections in which there are more candidates than positions to be filled, shall be conducted by secret ballot. 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. Uncontested elections of Board members, defined as elections in which the number of candidates is equal to or less than the positions to be filled, and all other votes taken at a meeting of the Owners shall be taken in such method as determined by the Board of Directors including acclamation, by hand, by voice, or by ballot. Notwithstanding the above, uncontested elections of Board members or other votes on matters affecting the community shall be by secret ballot at the discretion of the Board or upon the request of 20% of the Owners who are present at the meeting or represented by proxy.

iii. Written ballots are handled and maintained by the Association's managing agent, but shall be counted by a neutral third party, excluding the Association's managing agent or legal counsel, or a committee of volunteers who are not Board members, and in the case of a contested election, are not candidates. The committee shall be selected or appointed at an open meeting, in a fair manner, by the chair or another person presiding during that portion of the meeting.

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 individual or how many votes were cast in favor and against any issue, and the outcome shall be recorded in the minutes of the meeting.

d) Proxies. Proxies may be given by any Owner as allowed by C.R.S. § 7-127203. 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 Board of Directors of the Association shall be called pursuant to the Bylaws of the Association.

(a) Conduct. 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 shall be required to sign in, listing their name and unit address

iii. All Owners will be given an opportunity to speak as to any matter or ask questions of the Board during the Owner forum at the beginning of the meeting. Any Owner wishing to speak during the Owner forum shall so indicate at the time of sign in

iv. Anyone desiring to speak shall first be recognized by the chair

v. Only one person may speak at a time

vi. Any person who is represented by another person as indicated by a written instrument at the meeting shall be permitted to have such person speak for him/her

vii. Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are followed

viii. 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

ix. No meeting of the Board may be audio, video, or otherwise recorded except by the Board to aid in the preparation of minutes; and

x. Anyone disrupting the meeting, as determined by the chair, shall be asked to "come to order." Anyone who does not come to order shall be requested to immediately leave the meeting.

(b) **Owner Input**. After a motion and second has been made on any matter to be discussed, at a time determined by the Board, but prior to a vote by the directors, Owners, or their designated representatives, present at such time shall be afforded an opportunity to speak on the motion as follows:

i. The chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor or against the motion. 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. The chair shall also announce the procedure for who shall be permitted to speak if not everyone desiring to speak will be permitted to speak.

ii. Following Owner input, the chair will declare Owner input closed and there shall be no further Owner participation on the motion at hand unless a majority of the Board of Directors votes to open the discussion to further Owner participation.

(c) **Action Without a Meeting.**

i. Notice of Action Without a Meeting. Notice of the proposed action must be transmitted in writing to each director. The notice must contain the following information:

(A) The action to be taken

(B) The deadline (date and time) by which a director must respond to the written notice; and

(C) That failure by a director to respond by the deadline stated in the notice will have the same effect as abstaining in writing or failing to demand in writing that the action be taken at a meeting.

ii. Voting. By the deadline stated in the written notice, each director may:

(A) Vote in writing for such action

(B) Vote in writing against such action

(C) Fail to respond or vote; or

(D) Demand in writing that the action be taken at a meeting. If any director demands, by the deadline date, that action be taken at a meeting, action without a meeting is no longer available. The Board must then hold a Board meeting to take action on such matter.

iii. Effective Date of Action. Once the deadline stated on the notice has expired, and assuming no director demands that action be taken at a meeting, the action is deemed effective if all directors vote in favor of the action.

iv. Electronic Communications/Authenticity of Signatures. All written communications of directors pursuant to this section may be transmitted or received by facsimile, e-mail, or other form of wireless communication. The Association may accept any electronic vote received as valid unless it has a reasonable, good faith basis to doubt its validity.

v. Minutes/Ratification. If action is taken pursuant to the above procedures, such action(s) shall be noted in the minutes of the next meeting of the Board and ratified at that time.

(d) Executive Sessions.

i. The members of the Board may hold a closed door, executive session and may restrict attendance to Board members and such other persons requested by the Board during a regular or specially announced meeting for discussion of the following:

(A) Matters pertaining to employees of the Association or the manager's contract or involving the employment, 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) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy, including a disciplinary hearing regarding a Unit Owner and any referral of delinquency

(E) Review of or discussion relating to any written or oral communication from legal counsel

(F) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure.

ii. Prior to holding a closed-door session, the president of the Board, or other person designated to preside over the meeting, shall announce the general matter of discussion as stated above

iii. No rule or regulation or amendment to the Bylaws or the Articles of Incorporation shall be adopted during a closed session. The foregoing documents may be validly adopted only during a regular or special meeting or after the Board goes back into regular session following a closed session; and

iv. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session. Minutes of executive sessions may be kept but are not subject to disclosure pursuant to the Association's policy regarding inspection of records.

3. Definitions. Unless otherwise defined in this policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

4. Supplement to Law. The provisions of this Policy 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.

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

6. Amendment. This Policy may be amended at any time by the Board of Directors.

Policy on Conflicts of Interest; Code of Conduct for Board

Purpose: The Association desires to ensure that the Board and all individuals appointed to committees of the Board maintain a high standard of ethical conduct in the performance of the Association's operations and adhere to the standards and requirements of the Act. By adopting a policy governing the handling of conflicts of interest of Board members, the Board hopes that the Owners will be able to have confidence in and respect for the Association's leadership.

Resolution: The following principles and guidelines constitute the Code of Conduct for any member of the Board:

1. **No Private Gain**. No individual shall use his or her position as a Board member for private gain, for example:

   a) No Board member shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association; and

   b) No Board member shall accept a gift or favor made with intent of influencing decision or action on any official matter.

2. **Conduct in Good Faith**. No Board member, while acting on behalf of the Association, shall engage in any writing, publishing, or speech making that defames any other member of the Board or any Owner. No Board member will willingly misrepresent facts to the Owners for the sole purpose of advancing a personal cause or influencing the Owners to place pressure on the Board to advance a Board member's personal cause.

3. **Contracts**. No Board member will seek to have a contract implemented that has not been duly approved by the Board. No Board member will interfere with a contractor implementing a contract in progress. All communications with contractors will go through the Manager, or as directed by the Manager, to others, or be in accordance with policy.

4. **Management.** No Board member will interfere with the duties of any staff member of the Association or of its Manager. No Board member will harass, threaten or attempt through any means to control or install fear in a member of the management staff.

5. **Enforcement.** Any Board member who violates this Code of Conduct agrees that the Association may seek injunctive relief against him/her and agrees to pay the attorney's fees incurred by the Association in that enforcement effort. The Board member also agrees that the Association shall be relieved of posting bond as a condition to its injunctive remedy.

6. **Conflicts of Interest**. If any contract, transaction, decision or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person related to a member of the Board, that member of the Board shall declare a conflict of interest on that issue. A "person related to a member of the Board" means: (a) a spouse, descendant (child, grandchild,

etc.), ancestor (parent, grandparent, etc.), sibling, spouse or descendant of a sibling (a "related party"); (b) an estate or trust in which the member or a related party has a beneficial interest; or (c) an entity in which the member or a related party is a director, officer, or has a financial interest.

The member shall declare the conflict of interest in an open meeting of the Association, prior to any discussion or action on the issue. After making such declaration, the member may participate in the discussion but shall not vote on the issue.

Anyone in a position to recommend or make decisions about spending the Association's resources (i.e., transactions such as purchases contracts) – who also stands to benefit from that decision – has a duty to disclose that conflict as soon as it arises (or becomes apparent); and should not participate in any final decisions.

A copy of this policy shall be given to all Board members, officers, staff members, and committee chairs upon commencement of such person's relationship with the Association or at the official adoption of this policy. Each board member, officer, staff member, and committee hair shall sign and date the policy at the beginning of her/his term of service or employment and each year thereafter. Failure to sign does not nullify the policy.

Each Board member, officer and staff member shall annually sign a policy acknowledgement and disclosure statement, as attached below, which affirms such person:

a) Has received a copy of this conflict of interest policy,

b) Has read and understands the policy,

c) Has agreed to comply with the policy

d) Has disclosed if there are any such conflicts of interest, and

e) Understands that the Association is a nonprofit corporation and to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

7. No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the conflicting interest transaction involves: 1) a member of the Board of the Association; or 2) a party related to a Board member; or 3) an entity in which a Board member of the Association is a director or officer or has a financial interest.

The Association may authorize, approve, or ratify the conflicting interest transaction if:

a) Board Approval. The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board 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 Board members, even though the disinterested Board members are less than a quorum; or

b) Member Approval. The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon; or

c) Fair to Association. The conflicting interest transaction is fair as to the Association.

SHENANDOAH HOMEOWNERS ASSOCIATION, INC

Conflict of Interest

Annual Policy Acknowledgement

And Disclosure Form

Conflict Of Interest Policy Acknowledgement and Disclosure Form

This form must be filed annually by all specified parties, as identified in the Association Conflict of Interest Policy Statement ratified by the Board of Directors.

I, as the undersigned below have read the conflict of interest policy and understand it. I have had the opportunity to ask questions. I agree to abide by this policy by abstaining from voting or participating, resigning my position or canceling the activity that is causing the conflict. Furthermore, I disclose the following:

_____ I have no conflict of interest to report

_____ I have the following conflict of interest to report (please specify below):

____

____

____

____

I further agree and affirm that the Association is a nonprofit corporation and, to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, which includes its function as a homeowners' association.

Signature: ______________________________ Date: __________

Print Name: ______________________________

Policy on Inspection and Copying of Association Records

Purpose: The Act establishes the obligation of the Association to keep adequate records and gives all Members the right to examine and copy the financial and other records of the Association for a proper purpose. This Policy is adopted to: i) establish uniform procedures for the inspection and copying of Association records by Association Members; ii) to establish the type of records kept by the Association or its agent and where they are stored, including the availability of records on a website; and iii) to establish the cost of copying Association records. This Policy also facilitates delivery or transmission of written statements to permitted persons or organizations describing the amount of unpaid Assessments currently levied against any Lot.

Resolution: The Board adopts the following policy on Inspection and Copying of Association Records

1. **General Policy**. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. Subject to the conditions and limitations of C.R.S. § 38-33.3-317, a Member is entitled to inspect and copy, during regular business hours at the Association's principal office, any of the records of the Association, if the Member gives the Association written demand (through the Association's manager, if any) at least ten (10) days before the date on which the Member wishes to inspect and copy such records. The right to copy records includes, if reasonable, the right to receive copies made by photographic, xerographic, electronic, or other means, except that the Association may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the Member, but further excepting that no charge may be made for providing or mailing the most recent annual financial statements. The charge may not exceed the estimated cost of production and reproduction of the records. No records may be removed from the office without the express written consent of the Board. Further, if a Member requests to inspect records, the Association may photocopy and provide the requested records to the Member in lieu of the Member's inspection of the records if consented to by the Member.

2. **Records to be Maintained**. A copy of each of the following records shall be kept at its principal office, all as they may be amended from time to time:

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 all meetings of its Owners and the Board, a record of all actions taken by the Owners or the Board without a meeting, and a record of all actions taken by any 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

e) The names of Owners in a form that permits preparation of a list of the 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) Its current Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, Responsible Governance Policies and other policies adopted by the Board

g) Financial statements 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, electronic mail addresses, and physical mailing addresses of its current Board members and officers

i) Its most recent annal report delivered to the secretary of state

j) Financial records concerning statements of unpaid assessments

k) The Association's most recent 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 the 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 the Board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and

p) All written communications within the past three years to all Owners generally as unit owners.

3. **Limitations**

a) **Membership Lists**. 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 consent of the Board. Without the consent of the Board, a membership list or any part thereof may not be 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 to be held by the Association, and may not be used for any commercial purpose or sold to or purchased by any person.

b) **Additional Limitations**. Consistent with individual Members' rights to privacy, attorney-client confidentiality and other considerations, the following records may be withheld:

i. Architectural drawings, plans, and designs, unless released upon the written consent of the legal owner of the drawings, plans, or designs

ii. Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation

iii. Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine

iv. Disclosure of information in violation of law

v. Records of an executive session of an executive board, or

vi. Records concerning individual units other than those of the requesting owner.

The following records *shall* be withheld: records concerning individual personnel, salary, or medical records; and personal identification and account information of Members, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers.

c) **No commercial purpose**. Association records and the information contained within those records shall not be used for commercial purposes.

4. **Annual Disclosures**. Within ninety days after the end of each fiscal year, the Association shall make the following information available to Owners via the Association's web site, the maintenance of a binder at the principal office, or via first-class mail, hand delivery, or electronic mail:

a) The date on which its fiscal year commences

b) Its operating budget for the current fiscal year

c) A list, by type, of the Association's current assessments, including both regular and special assessments

d) Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure

e) The results of its most recent available financial audit or review

f) A list of all Association insurance policies, including, but not limited to, property, general liability, association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed.

g) All the Association's bylaws, articles, and rules and regulations

h) The minutes of the executive board and member meetings for the fiscal year immediately preceding the current annual disclosure; and

i) The Association's Policies and Procedures.

Policy on Alternative Dispute Resolution

Purpose: The cost, complexity, and delay inherent in court proceedings make litigation a particularly inefficient means of resolving neighborhood disputes. As such, the intent of this policy is to facilitate and encourage the use of alternative dispute resolution procedures as an alternative and precondition to litigation in cases that do not involve an imminent threat to the peace, health, or safety of the community, or concerning non-payment of assessments.

Resolution: The Board adopts the following policy on Alternative Dispute Resolution:

Prior to and as a condition precedent to the commencement of any legal action, the Association, the Board and/or any Member shall submit any dispute concerning any alleged lack of compliance with the Association's Declarations, Bylaws, Articles of Incorporation, these Policies and Procedures, Rules and Regulations, AC Guidelines, and other decisions promulgated by the Board, the Association, or its committees, to non-binding mediation. Mediation is a process in which the parties meet with an impartial person who helps resolve the dispute informally and confidentially.

The nature and procedure for mediation shall be based on the financial amount in controversy, or the relief sought, as follows:

1. Disputes involving less than $2,500: The Board shall appoint a Member in Good Standing with no direct involvement in the dispute to act as a mediator. The mediation, unless otherwise agreed, shall terminate in the event that the entire dispute is not resolved within thirty (30) calendar days from the date written notice requesting mediation is sent by one party to the other(s). In the event that the dispute cannot be resolved through mediation, the Board shall make a final written determination of its approval, disapproval, or approval with conditions of the proposed plan or issue in dispute.

2. Disputes between $2,500 - $7,500: The parties shall attempt to agree on a neutral third-party to act as a mediator. If the parties are unable to agree upon a mediator, the parties shall each submit a list of three possible mediators to an impartial Member in Good Standing, who shall choose a single mediator to handle the matter. The mediation, unless otherwise agreed, shall terminate in the event that the entire dispute is not resolved within sixty (60) calendar days from the date written notice requesting mediation is sent by one party to the other(s). In the event that the dispute cannot be resolved through mediation, no written determination shall be required by the Board.

3. Claims greater than $7,500, or permanent injunctive relief: A mediation of this nature shall be handled by one mediator licensed to practice law in the State of Colorado with at least five (5) years of experience in the subject matter of the dispute. If the parties are unable to agree upon a mediator, the parties shall select a single mediator identified or referred by the Office of Dispute Resolution for the Sixth Judicial District of Colorado. If the dispute has not been resolved within ninety (90) days following such demand, either party may pursue judicial relief, so long as i) a mediation has taken place, and ii) the party has made a good faith effort to

participate in such mediation. In the event that the dispute cannot be resolved through mediation, no written determination shall be required by the Board.

The costs and fees related to any mediation shall be divided equally between the parties. The Board may adopt such other rules, regulations or protocols deemed reasonably necessary to facilitate and make use of mediation as an alternative to litigation. Submission of a dispute to mediation shall be an explicit condition precedent to the commencement of legal action. Any legal action commenced prior to the completion of mediation as outlined above shall be presented to the court for dismissal upon motion of the defending party, and the defending party shall be entitled to seek an award of all reasonable attorney's fees and costs incurred. (*see Declarations 4.05* and *7.03)*

Investment Policy for Reserve Funds

Purpose: This document sets forth the general policies and investment guidelines to be followed by the Board and investment managers retained by the Board in administering the reserve funds (the "Fund") of the Association.

Resolution: The Board adopts the following policy for Reserve Funds

Board of Directors Responsibility and Authority

The Board is authorized to deposit reserve funds with national or state banks or with any state chartered or federally chartered savings and loan association doing business in Colorado for fixed terms, not exceeding five years, at such rate of interest as may be negotiated but in no event shall any such deposit be in excess of the amount insured by the federal deposit insurance corporation or its successor.

1. Investment responsibility and authority for the Fund is the responsibility of the Board of Directors (the "Board).

2. The Board believes it can best discharge its responsibilities by:

   a) Defining investment objectives and goals

   b) Setting investment guidelines and monitoring compliance with them; and

   c) Periodically reviewing the Fund's performance.

Investment Objective

The Association seeks preservation of principal and to provide a dependable and reasonable rate of long-term investment return consistent with low to moderate investment risk. Ambitious goals of profit maximization and market timing through short-term and/or speculative investments will not be considered. The Board will be given flexibility within the guidelines of the Investment Policy to use their expertise toward the achievement of investment goals.

Investment Goals

The Association's primary goals for its fund are preservation of principal and to maximize income within a framework of low to moderate risk assumption. Given the Association's tax-free status, tax considerations do not play a role in Association investment decisions.

Asset Allocation Ranges

To attain the stated investment goals, a asset allocation will be used for the Fund with the following ranges:

Fixed Income 100%, which may be comprised of the following:

Cash

CDs and Gov't Agencies 50-75%
Investment Grade Securities 0-25%

The Board may deviate from these percentage ranges with the prior approval of the Board. In no event shall any such deposit be in excess of the amount insured by the federal deposit insurance corporation or its successor.

Fixed Income General Guidelines
Maturity Guidelines: No single maturity may be longer than 5 years, with the average maturity of fixed income investments not exceeding 3 years.

Diversification: Investment in any one company will not exceed 20% of the equity or equity-related asset. Investments in individual industries will not exceed 25% of the equity or equity-related assets.

Government Agency Guidelines
The minimum selection criteria for equity investment will be:
Quality of Issue: *AAA rated by either Standard & Poor's or Moody.*

Investment Grade Securities Guidelines
Preferred Securities, Corporate Bonds and Municipal Bonds will be allowed. Mutual funds or commingled funds will be permitted, provided the funds are fixed income investments. Preference will be given to funds with no load charges or where sales charges are waived by the Fund company.
Quality of Issue: *BB rated by either Standard & Poor's or Moody.*

Prohibited Investments
Investments in the following are prohibited without the prior written approval of the Board:

Fixed Income securities that are not denominated in U.S. dollars or Eurodollars. Venture Capital, Guaranteed Investment Contracts, Commodities, Precious Metals or Gems, International Equities not traded on domestic exchanges or in over-the-counter markets, Limited Partnerships Real Estate (other than through publicly traded REITS, or similar investment entities that satisfy the Equity Guidelines above)

Performance Management
The Board will report to Association membership annually on the Fund's performance.

Review Process
The Fund will be discussed as a part of the Treasurer's report at regular meetings of the Board.

Contributions
Contributions to investment assets shall be subject to or considered a part of the above investment policies at the time such assets are invested in the Fund.

Policy on Reserve Studies

Purpose: From time to time, the Board shall conduct or procure a reserve study that will assess the need for improvements, repair, replacement or maintenance to those portions of the Community owned or maintained by the Association (the Association-owned property).

Resolution: The Board adopts the following policy on Reserve Studies

The Board may, in its discretion, hire consultants or contractors to assist with any such reserve study. The initial reserve study (and all subsequent reserve studies) shall include: (a) an analysis of the physical condition of the Association-owned property, including an estimated remaining useful life of all components and an estimated replacement or repair cost for all such components; and (b) an analysis of the sufficiency of the reserve funds being held by the Association relative to the expected needs for repairs to or replacement of the Association-owned property.

Upon receipt of a reserve study, the Board shall develop a funding plan for any work recommended by the study, which plan shall include the projected funding sources for the work.

The initial reserve study shall be periodically updated thereafter as determined by the Board but not less than every three (3) years.

Policy and Procedures for Covenant and Rule Enforcement

Purpose: Adoption of a policy regarding the enforcement of covenants and rules and procedures for the notice of alleged violations, conduct of hearings and imposition of fines.

Resolution: The Association hereby adopts the following procedures to be followed when enforcing the covenants and rules of the Association:

1. Reporting Violations. 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 written complaint. Prior to notifying the management company or Board, the Member should attempt to resolve the issue "neighbor to neighbor" through personal contact.

2. Complaints. Complaints by Owners or residents, member of the Board of Directors, a committee member, or the manager shall be in writing and submitted to the Board of Directors. The complaining Owner or resident shall have observed the alleged violation and shall 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. Non-written complaints or written complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the Association.

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 shall have sole discretion in appointing an individual or committee to investigate the matter.

4. Violation Which Threatens Public Safety or Health. With respect to any violation of the Declaration, Bylaws, or other Governing Documents of the Association that the Board reasonably determines threatens the public safety or health, the Association shall provide the Owner an initial letter (see Paragraph 7 below) of the violation informing the Owner that the Owner has seventy-two (72) hours to cure the violation or the Association may fine the Unit Owner.

   a) If, after an inspection of the Unit, the Association determines that the Owner has not cured the violation within seventy-two (72) hours after receiving the notice, the Association may impose fines on the Owner every other day and may take further action against the Owner for the violation.

   b) Violation Cured by Owner. Once the Association determines that a Owner has cured a violation, the Association shall notify the Owner, in English and in any other language that the Owner has indicated a preference for correspondence and notices pursuant to C.R.S. 38-33.3-209.5 (1.7)(a)(I) that:

i. The Owner will not be further fined with regard to the violation; and

ii. Any outstanding fine balance that the Owner still owes the Association.

5. Violation Which Does Not Threaten Public Safety or Health. If the Association reasonably determines that there is a violation of the Declaration, Bylaws, or other Governing Documents of the Association, other than a violation that threatens the public safety or health, the Association may provide a warning letter (see Paragraph 6) regarding the violation to the Owner and providing up to ten (10) days to cure the violation. Upon expiration of the initial cure period, if the violation continues to exist, the Association shall provide an initial letter (see Paragraph 7 below) regarding the violation and informing the Owner that the Owner has thirty (30) days to cure the violation. Upon expiration of the initial thirty (30) days, the Association, after conducting an inspection and determining that the Unit Owner has not cured the violation, may fine the Unit Owner.

a) Process to Cure Violation. If an Owner cures the violation within the cure period afforded the Owner, the Owner may notify the Association of the cure and the Owner sends notice to the Association with visual evidence that the violation has been cured, the violation is deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the unit as soon as practicable to determine if the violation has been cured.

b) Violation Cured by Unit Owner. Once the Association determines that an Owner has cured a violation, the Association shall notify the Owner, in English and in any other language that the Owner has indicated a preference for:

i. That the Owner will not be further fined with

i. regard to the violation; and

ii. Of any outstanding fine balance that the Owner

i. still owes the Association.

c) Failure to Cure Violation by Owner. If the Association does not receive notice from the Owner that the violation has been cured, the Association shall inspect the unit within seven (7) days after the expiration of the initial thirty (30) day cure period to determine if the violation has been cured. If, after the inspection, the Association determines that the violation has not been cured, the Association may impose a fine, not to exceed five hundred dollars ($500.00) per violation, pursuant to Paragraph 9 below. A second letter pursuant to Paragraph 8 shall provide an additional thirty (30) day period to cure.

The Association may take legal action pursuant to this section if the two (2) thirty (30) day periods described above have elapsed and the violation remains uncured.

6. Warning Letter. If a violation is found to exist, a warning letter may be sent to the Owner. The letter must explain the nature of the violation, and the action or actions required to cure the alleged violation. The written notice shall be in English and in any language that the Owner has indicated a preference for correspondence.

7. Initial Letter. If the violation has not been cured following the warning letter, an initial letter shall be sent to the Owner. The letter must be sent via certified mail, return receipt requested if not a public safety or health threat. The letter must explain the nature of the violation, and the action or actions required to cure the alleged violation. The written notice shall be in English and in any language that the Owner has indicated a preference for correspondence. The letter shall provide a Fine Notice as set forth in Paragraph 9.

8. Second Letter. If the alleged violation is not resolved within thirty (30) days of the initial letter, this will be considered a second violation for which a fine or legal action may be imposed following notice and opportunity for a hearing. A second letter shall then be sent to the Owner and shall include a Fine Notice as set forth in Paragraph 9.

9. Fine Notice. The letter(s) shall further state that the Owner is entitled to a hearing on the merits of the matter in front of an impartial decision maker provided that such hearing is requested in writing within ten (10) days of the date on the initial or second letter pursuant to Paragraph 7 and Paragraph 8. On a violation that is a Safety/Health violation since the letter only provides seventy-two (72) hours to cure, any request for a hearing will be after that period runs but the hearing has to be prior to any fines being applied.

10. Notice of Hearing. If a hearing is requested by the Owner, the Board, committee, or other person conducting such hearing as may be determined in the sole discretion of the Board, may serve a written notice of the hearing to all parties at least 14 days prior to the hearing date.

11. Impartial Decision Maker. Pursuant to Colorado law, the alleged Violator has the right to be heard before an "Impartial Decision Maker." An Impartial Decision Maker is defined under Colorado law as "a person or group of persons who have the authority to make a decision regarding the enforcement of the Association's covenants, conditions, and restrictions, including architectural requirements, and other rules and regulations of the Association and do not have any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association." Unless otherwise disqualified pursuant to the definition of Impartial Decision Maker, the Board may appoint the entire Board, specified members of the Board, any other individual or group of individuals to act as the Impartial Decision Maker.

12. Hearing. At the beginning of each hearing, the presiding officer, shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Neither the Complainant nor the Owner or alleged Violator are required to attend the hearing. The Impartial Decision Maker shall 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. Hearings will be held in executive session pursuant to C.R.S. 38-33.3-308(4)(e). The Impartial

Decision Maker shall, within a reasonable time, not to exceed 14 days, render its written findings and decision, and impose a fine, if applicable.

13. Failure to Timely Request Hearing. If the Owner fails to request a hearing pursuant to Paragraph 9, or fails to appear at any hearing, the Impartial Decision Maker 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 Owner may be assessed a fine pursuant to these policies and procedures.

14. Notification of Decision. The decision of the Impartial Decision Maker shall be in writing and provided to the Unit Owner within 14 days of the hearing, or if no hearing is requested, within 14 days of the final decision.

15. Fine Schedule for Violations that do Threaten Public Safety or Health. The following fine schedule has been adopted for all covenant violations that do threaten Public Safety or Health:

First Notice:	Initial Letter (¶7)

After an Owner has failed to cure a violation which threatens public safety or health within seventy-two (72) hours of being provided written notice of such violation, the Association may fine the Owner fifty dollars ($50.00) every other day until the violation is cured and may turn over to an attorney to file suit. Any fine notice shall notify the Owner that failure to cure may result in a fine every other day and only one hearing shall be held.

16. Fine Schedule for Violations that do not Threaten Public Safety or Health. The following fine schedule has been adopted for all covenant violations that do not threaten public safety or health. The total amount of fines imposed per violation may not exceed five hundred dollars ($500.00):

First notice of violation: up to ten (10) days to comply	Warning letter / No fine
Second notice of violation (of same covenant or rule): Thirty (30) days to comply	Initial Letter (¶7) / $200.00
Third notice of violation (of same covenant or rule): Additional thirty (30) days to comply	Second Letter (¶8) / $300.00

The Association may turn over any violation to the Association's attorney to take appropriate legal action once the two (2) thirty (30) day periods described above have expired.

17. Waiver of Fines. The 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 condition waiver of the entire fine, or any portion thereof, upon the violation being resolved and staying in compliance with the Articles, Declaration, Bylaws or Rules.

18. Other Enforcement Means. This fine schedule and enforcement process is adopted 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.

19. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

20. Supplement to Law. The provisions of this Policy 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.

21. Amendment. This Policy may be amended from time to time by the Board of Directors.

Policy and Procedures for Collection of Unpaid Assessments

Purpose: Adoption of a policy and procedure regarding the collection of unpaid assessments.

Resolution: The Association hereby adopts the following policy and procedures for the collection of assessments and other charges of the Association:

1. Due Dates. Installments of the annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable within thirty (30) days of the issuance and distribution of a written notice of such assessment. Assessments or other charges not paid in full to the Association within one day of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 30 days of the due date shall incur late fees and interest as provided below.

2. Receipt Date. The Association shall post payments on the day that the payment is received in the Association's office.

3. Interest on Delinquent Installments. The Association shall impose interest from the date due at the rate of 8% per annum, compounded, on the amount owed for each Owner who fails to timely pay their quarterly installment of the any assessment within 30 days of the due date.

4. Personal Obligation for Interest. Interest on past-due assessments shall be the personal obligation of the Owner(s) of the unit for which such assessment or installment is unpaid.

5. Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, or this Policy, a return check fee, not to exceed $20.00, shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such 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 shall be 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 shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner(s) for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, or this Policy after the date adopted as shown above. 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 (1) year, be made by certified check or money order. This return check charge shall be in addition to any interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of any assessment is not timely made within 30 days of the due date.

6. Additional Costs. In the event the Association incurs any type of cost, or service

fee, regardless of what it is called, for the handling and processing of delinquent accounts on a per account basis, such costs and fees will be the responsibility of the Owner as such fee would not be incurred but for the delinquency of the Owner.

7. Repayment Plan. Any Owner who becomes delinquent in payment of assessments may enter into a repayment plan with the Association, which plan shall be for a minimum term of 18 months or such other longer term as may be approved by the Board of Directors.

Such repayment plan shall be offered to each Owner prior to the Association referring any account to an attorney or collection agency for collection action. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment is at least twenty- five dollars ($25.00) until the balance of the amount owed is less than twenty-five dollars ($25.00).

The Owner shall be deemed to be in default of the repayment plan and the repayment plan with the Association shall be null and void if within thirty (30) days after the Association has provided the Owner with a written offer to enter into a repayment plan, the Owner either declined the repayment plan; or after accepting the repayment plan, failed to pay at least three (3) of the monthly installments within fifteen (15) days after the monthly installments were due.

If the Owner does not confirm written acceptance of the repayment plan within thirty (30) days after the Association has provided the Owner with a written offer to enter into a repayment plan, the offer shall be deemed to be declined.

In the event the Owner defaults or otherwise does not comply with the terms and conditions of the repayment plan, including the payment of ongoing assessments of the Association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency.

An Owner who has entered into a repayment plan may elect to pay the remaining balance owed under the repayment plan at any time during the duration of the repayment plan. The Association may not foreclose on a lien if the owner is in compliance with a payment plan offered by the Association in accordance with Colorado law.

8. Attorney Fees on Delinquent Accounts. As an additional expense permitted under Colorado law, 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. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand. Attorney fees are limited to the lesser of: i) $5,000, or ii) 50% of the original money owed.

9. Application of Payments. Once an account is referred to the Association's attorney, all sums collected on a delinquent account shall be remitted to the Association's attorney until the account is brought current. The Association may prohibit the Owner from accessing any online

payment portal until the account is brought current. All payments received on account of any Owner or the Owner's property, shall be applied in the following manner: first to the payment of any assessments owed, then to any and all legal fees and costs (including attorney fees), then to expenses of enforcement and collection, late charges, lien fees, interest, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Articles, Bylaws, Rules and Regulations, or this Policy.

10. Collection Process.

a) After an installment of an annual assessment or other charges due to the Association becomes more than 30 days delinquent, the Management Company shall send a written notice ("First Notice") of non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment, with adherence to the following.

i. The Association must first contact the Owner to alert them of a delinquency before taking action. The Association must contact the Owner or designated contact by two of the following means: i) telephone call (including leaving a voice message, if possible), ii) text message, or iii) email.

ii. The Association must maintain a record of the efforts to contact the Owner.

iii. Any contact with the Owner must be provided to Owner and any other person who has been identified by the Owner as a designated contact.

iv. The Association shall periodically request from an Owner, or their designated contact, a telephone number, a cellular number, and an email address to maintain contact. If the information is not provided, then the Association may instead send notices by regular mail.

v. Any contact with the Owner must be provided to the Owner in a language identified by the Owner. If the Owner does not identify a language other than English, contact can be made in English.

vi. The Owner and the Designated Contact must receive the same correspondence and notices any time communications are sent out, except that any Owner that has identified a preferred language other than English must receive communications and notices in that preferred language.

vii. Communications and notices must be sent by certified mail, return receipt requested AND two of the following methods:

A. First Class mail

B. Text message

C. Email

viii. The Association is expressly permitted to charge the actual cost of the certified mail, but the fee may not exceed the actual cost of certified mail.

ix. Annual interest of 8.0%, compounded, shall be levied on and begin to accrue on any outstanding account balance, as permitted by Colorado law.

b) After an installment of an annual assessment or other charges due to the Association becomes more than 60 days delinquent, the Management Company shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that interest and late fees have accrued, notice of intent to file a lien and request for immediate payment. The Association's notice, at a minimum, shall include the following:

i. The total amount due to the Association along with an accounting of how the total amount was determined.

ii. Advise that Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into a plan.

iii. Advise that Owner has a right to participate in mediation with the Association.

iv. An advisement that free information is available at the Colorado HOA Information and Resource Center relating to authority to collect assessments and file a foreclosure action This site also has links for credit counseling information:
https://dre.colorado.gov/hoa-information-about-assessments/delinquency

v. A name and contact information for an individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt, which the Association shall provide within seven (7) business days of such made request.

vi. A statement indicating that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquency account being turned over to an attorney, a collection agency, the filing of a lawsuit against the Owner, appointment of a receiver, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado Law including revoking the Owner's right to vote if permitted in the Bylaws or Declarations.

vii. Specify whether the delinquency concerns unpaid assessments; unpaid fines, fees, or charges; or both unpaid assessments and unpaid fines, fees, or charges, and, if the notice of delinquency concerns unpaid assessments, the notice of delinquency must notify the Owner that unpaid assessments may lead to foreclosure. A foreclosure action could result in a sale of the unit at auction causing the owner to lose some or all of the owner's equity in the unit.

viii. Include a description of the steps the Association must take before the Association may take legal action against the Owner, including a description of the Association's covenant violation cure process as laid out in the Association's Covenant and Rule Enforcement Policy.

ix. Include a description of what legal action the Association may take against the Owner, including a description of the types of matters that the Association or Owner may take to Small Claims Court, including injunctive matters for which the Association seeks an order requiring the Owner to comply with the Declaration, Bylaws, Covenants, or other governing documents of the Association.

c) This Second Notice will be provided to the Owner in the following manners:

i. Certified Mail, return receipt requested; and

ii. Physically posted on the Owner's Unit at the Association; and

iii. By one of the following manners:

A. Telephone

B. Text message to a cellular number that the

i. Association has on file because the Owner has provided the cellular number to the Association; or

C. Email to an email address that the Association has on file because the Owner has provided the email address to the Association. Otherwise, regular mail shall suffice.

d) After an installment of an annual assessment or other charges due to the Association becomes more than 90 days delinquent, the Management Company may turn the account over to the Association's attorney for collection.

Any collection account referred to an attorney for collections shall first be approved by the Board of Directors via resolution or a vote of the Board recorded in the minutes of the meeting at which the vote was taken, pursuant to the Association's Conduct of Meetings Policy.

Upon receiving the delinquent account, legal counsel may file a lien and send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due. Upon further review, legal counsel may file a lawsuit or further collection action. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney fees together with the cost of the action and any applicable interest and late fees.

Any unpaid assessment(s) must be paid at the time of closing on a sale or transfer of the property.

In addition to the steps outlined above, even after the Owner has been sent to the attorney for collections, on a monthly basis, the Association shall send any Owner with an outstanding balance due an itemized list of all assessments, fines, fees, and charges that the Owner owes the Association. A ledger going back to the last zero balance can satisfy this requirement.

This monthly notice shall be sent by first-class mail. The monthly notice shall also be sent by email if the Association has an email address for the Owner.

This monthly notice shall be sent in English unless the Owner has indicated a preference for notices to be sent in another language.

If the Owner has identified a designated contact, this notice shall be sent to both the Owner and a copy sent to the designated contact.

This notice may not contain additional legal fees and legal costs that have been incurred by the Association but have not yet been posted to the ledger. As such, the Owner is required to communicate with the collection attorney to obtain the most up to date balance.

11. Collection Procedures/Time Frames. The following time frames shall be followed for use in the collection of quarterly installments of the annual assessment and other charges.

Due Date (date payment due)	30 days from issuance and distribution of a written notice of annual assessment
Past Due Date (date payment is late if not received on or before that date)	One day after due date
First Notice (notice that late charges and interest have accrued)	Any time after 30 days after due date
Second Notice (notice that late charges and interest have accrued, notice of intent to file lien, required disclosures of the Association and the availability of	Any time after 60 days after due date

a payment plan if applicable)	
Delinquent account turned over to Association's attorney; lien filed; demand letter sent to Owner	Any time after 90 days after due date

The attorney may consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.

12. Certificate of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee upon the Owner or designee's written request to the Association, made via first class postage prepaid, return receipt requested mail, a written statement from the Association, setting forth the amount of unpaid assessments currently levied against such Owner's property at no charge and delivered personally or by certified mail, first class-postage prepaid, return receipt requested. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

A status letter provided to a title company or mortgage company in anticipation of a sale of the property or a refinance of the mortgage provides additional information beyond a statement of the total amount due and as such any charges incurred by the Association for providing a status letter shall be charged back to the Owner.

13. Bankruptcies and 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 unit within the Association, Management Company shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

14. Right and Obligation to Engage in Mediation. At least 30 days before initiating action to foreclose a lien, the Association must provide notice to the Owner that the Owner has the right to engage in mediation prior to litigation. *(see Policy on Alternate Dispute Resolution)*

15. Conditions to Meet Prior to Foreclosure. The Association may only foreclose on a lien as long as the Association has performed one of the three (3) following functions:

a) Obtained a personal judgment against the Owner in a civil action; or

b) Attempted to bring a civil action against the Owner but was prevented by the death of or incapacity of the Owner; or

c) Attempted to bring a civil action against the Owner but the Association was unable to serve the Owner within 180 days.

d) Additionally, the Association has authority to foreclose on a lien if the Owner is in a bankruptcy civil action.

16. Referral of Delinquent Accounts to Attorneys. Upon referral to the Association's

attorney, the attorney shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance, or is written off. The attorney, in consultation with the Association's Management Company, is authorized to take whatever action is necessary and determined to be in the best interests of the Association, including, but not limited to:

a) Filing of a suit against the delinquent Owner for a money judgment.

b) Instituting a judicial foreclosure action of the Association's lien, upon approval by the Association's Board of Directors

c) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and

d) Filing a court action seeking appointment of a receiver.

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

17. 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 Declarations and Colorado law. A receiver is a disinterested person, appointed by the court, who manages the rental of the property, collects the rent and disburses 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 the waste and deterioration of the property.

18. Judicial Foreclosure. 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 other circumstances favor such action. The Association shall consider individually each recommendation for a foreclosure. Such foreclosure shall be approved by the Board of Directors via resolution or a vote of the Board recorded in the minutes of the meeting at which the vote was taken.

The Association may only approve a foreclosure action after the delinquency equals or exceeds six months of common expenses assessments based on a periodic budget adopted by the Association.

The Association may not foreclose on an Owner's Lot if the debt securing the lien consists only of one or both of the following:

a) Fines that the Association has assessed against the Owner as a result of covenant violations; or

b) Collection costs or attorney fees that the Association has incurred and that are only associated with assessed fines as a result of covenant violations.

If a Lot has been foreclosed on by the Association, the Lot shall not be purchased by a member of the Board of Directors, an employee of the Association's management company representing the Association, an employee of the law firm representing the Association, or an immediate family member of any of these individuals.

19. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.

20. Communication with Owners. As to any communication sent by the Association or the Management company on behalf the Association pursuant to Paragraph 10 of this Policy, the Association or management company on their behalf, shall maintain a record of any contacts, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made.

An Owner may identify another person to serve as a designated contact for the Owner to be contacted on the Owner's behalf. If the Owner identifies as designated contact, the Association shall send any collection correspondence and notices to both the Owner and their designated contact. However, once an Owner is sent to the attorney for collections, all communication will be directly with the Owner until or unless the

Owner provides permission directly to the Association's attorney, giving permission for the attorney to discuss with the designated contact.

An Owner may notify the Association if the Owner prefers that correspondence and notices from the Association be made in a language other than English. If a preference is not indicated, the Association shall send the correspondence and notices in English. If the Owner has notified the Association of a preference other than English, any notices or letters sent pursuant to this Policy shall be sent both in English and in the preferred language.

If an Owner has identified both a designated contact and a preference for a different language, the Association shall send the Owner the correspondence or notice in the preferred language and in English and the designated contact the correspondence or notice in English.

All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. No member of the Board of Directors shall 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.

21. Owner Right to Cure. Within five (5) business days after the Association files a foreclosure action, the Association must provide the delinquent owner with written and electronic notice that the delinquent Owner has the right to cure the delinquency and to file a motion with the court to stay the sale of property at auction.

22. Communication by Owners. Owners may communicate with the Association in any manner they choose including email, text, fax, phone, or in writing, when available. However, in doing so, the Owner acknowledges that the Association and/or its agents may communicate via the same method unless otherwise advised.

23. Defenses. Failure of the Association to comply with any provision in this Policy 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 Policy.

24. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

25. Supplement to Law. The provisions of this Policy 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 Association.

26. Right of Redemption. A person wanting to redeem the Lot under the procedures of Colorado law must file a notice of intent to redeem within 30 days of the foreclosure sale. The right of redemption exists for 180 days following a foreclosure; and includes a prioritized list of people who have the right of redemption.

27. Deviations. The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances, and otherwise allowed under Colorado law.

28. Amendment. This Policy may be amended from time to time by the Board of Directors.

[Remainder of page intentionally blank – signature page to follow]

IN WITNESS WHEREOF, the undersigned, being members of the Board of the Shenandoah Homeowners Association, Inc., certify that these Shenandoah Homeowners Association Policies and Procedures were adopted and approved by the Board and a two-thirds majority vote of the Members at a meeting held on July 22, 2026, for that purpose at which a quorum was present.

Robert Lory, President

David Parr, Treasurer

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 23 day of July, 2026, by Robert Lory, as President, and David Parr, as Treasurer, of the **Shenandoah Homeowners Association, Inc.,** a non-profit Colorado corporation.

Witness my hand and official seal.

My commission expires: 2/15/2028

Notary Public

CHRISTINA R JESSING
NOTARY PUBLIC
State of Colorado
Notary ID # 20124005548
My Commission Expires 02/15/2028

SHENANDOAH HOMEOWNERS ASSOCIATION
RULES AND REGULATIONS

The following Rules and Regulations shall apply to all of Shenandoah Homeowners Association (Association) until such time as they are amended, modified, repealed, or limited pursuant to the policy on Amendment or Adoption of Policies and Procedures. Pursuant to and subject to the limitations of the By-Laws and Declarations, the Board may authorize professional management agents to perform some or all of the duties set forth herein.

The words used in these Rules and Regulations shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the recorded Declarations of the Association, unless the context indicates otherwise.

1. Shenandoah Subdivision ("Shenandoah") shall be used only for residential, recreational, and related purposes, and in-home businesses as permitted by Colorado law, consistent with the Declarations and the Association's Governing Documents.

2. Safety:

- This is a residential area, with children at play. Traffic rules and posted speed limits are to be obeyed at all times.
- All roadways shall be clear for emergency traffic. No vehicles, bicycles, toys, recreational equipment, or other items of personal property shall be stored, left, or parked on a roadway or any other place within the community other than the Owner's Lot.
- No campfires or bonfires are allowed on private Lots, Common Areas, or other Association owned properties at any time.
- Use and discharge of firecrackers and other fireworks is prohibited.
- Discharge of firearms and hunting is prohibited.

3. On-site storage of gasoline, heating, or other fuels: A reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment.

- Any activity which violates local, County, State or Federal laws or regulations is prohibited, however, the Board shall have no obligation to take enforcement action in the event of a violation.
- Violation of any law or any act to increase insurance costs is prohibited. No Owner or occupant shall do any act or cause or permit anything to be done or kept on its Lot or in or upon the Common Areas that would result in the increase of the cost of, or

cancellation of, insurance maintained by the Association or would be in violation of any local, County, State, or Federal law, ordinance, regulation or code of any governmental body having jurisdiction, or of any Rule or Regulation promulgated by the Association, or of any provision of the Declarations.

4. Businesses and Occupations:

- Any business or trade is prohibited, except that an Owner or occupant may conduct business activities within his or her home so long as as there are no client/customer visits within the subdivision and so long as there are no business signs within the subdivision.

- The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

5. Common Areas/Elements

- Littering is not permitted in any of the Common Areas at any time.

- Owner caused damage – The duty of Owners as set forth in the By Laws to reimburse the Association for repair or replacement of Common Elements, when such repair or replacement is occasioned by the negligent or willful act or omission of said Owner, his family member, guests, invitee, or tenants. *See By Laws 10.04 (B)*

- Each Owner shall use the General Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners. *See By Laws 10.03*

While the Association may restrict or prohibit access to a common element for maintenance, repair, replacement, or modification; it may do so "only to the extent and for the length of time necessary to":

a) Protect the safety of any individual; or

b) Preserve the structural integrity or condition of a repair, replacement, or modification.

The Association shall give electronic or written notice to each unit owner *as soon as reasonably possible* if the restriction or prohibition will last more than seventy-two (72) hours. The notice shall include the following:

a) A simple explanation for the reason for the restriction or prohibition.

b) An estimated time or date when the restriction or prohibition will end; and

c) A telephone number or e-mail address whereby a unit owner may pose questions or concerns about the restriction or prohibition for consideration by the association.

In addition to the electronic or written notice discussed above, the association shall also post a visible and clearly legible notice at any physical access point to the common element, and the notice shall remain posted for the duration of the restriction or prohibition which contains the same information as the electronic or written notice.

- Permitted uses of easements in common areas/elements shall be limited to hiking, jogging, bicycling, snowshoeing, cross-country skiing and horseback riding.
- Camping is not allowed anywhere within the Common Areas.
- Dumping of trash, grass clippings, leaves, or any debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, or elsewhere within Shenandoah is prohibited.

6. Leasing and Occupancy

- Advertising the use of or using any Lot for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years, unless such participants are all co-owners of the Lot, is prohibited.
- Renting any Lot for rentals less than 3 months is prohibited.

7. Noise

- The hours between 10:00 pm through 7:00 am, seven days a week are considered quiet hours, during which noise shall be minimized in order that it not be an unreasonable annoyance or nuisance to neighbors. Noise includes, but is not limited to, outdoor music, late-night partying, amplified or motorized sounds.
- At all times, residents shall take care not to disturb their neighbor's right to the quiet enjoyment of their property and neighborhood.
- Construction hours are limited to 7:00 am through 7:00 pm, Monday through Friday and 8:00 am through 5:00 pm on Saturdays and national holidays.

8. Noxious and Nuisance Conditions

- Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Lot are prohibited.

- Any noxious or offensive activity, which, in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area(s) or to the occupants of other Lots is prohibited.

- Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Shenandoah are not allowed.

9. Parking

- Overnight, multi-day, or permanent parking of any vehicles on public or private streets or thoroughfares is prohibited.

- In the case of private parties or meetings held by Owners, they may allow their guests to park on the street, exercising respect toward their neighbors' property, generally for a period not to exceed eight hours and not between the hours of 2:00 a.m. and 6:00 a.m., subject to the reasonable discretion of the Board. It is suggested that guests be instructed to first make use of all parking spaces within the Owner's driveway before parking on the street.

- If a household has guests for an extended stay, the Owner shall have prior written approval from the Association for street parking to be used for the duration of the guest's stay, not to exceed two weeks. Owner and guest(s) shall work with the Association to ensure street parking does not interfere with normal activities such as, but not limited to, street cleaning, maintenance, roadside spraying, and snow plowing.

- It is generally expected that owners may park recreational vehicles as a temporary expedience, up to 72 hours for loading or unloading.

- The Association recognizes that conversion vans and class B motorhomes are sometimes used for differently abled persons, and also used for everyday transportation. In the cases where community members have a need to park these types of vehicles in their private driveway on a regular basis, they are required to have prior written approval from the Board. Approval by the Board may require the owner(s) install appropriate screening of the vehicle.

- No vehicle, including but not limited to, trailers, boats, recreational vehicles, or commercial vehicles may be stored or parked for any period of time on an unimproved lot.

10. Pets and Animals

- A reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Lot.

- Dogs must be on a leash and/or otherwise under control of the owner. Voice control is sufficient for this purpose.

- Two (2) horses, ponies, mules, or donkeys may be kept providing the lot is at least five (5) acres. One additional animal of the same type may be kept for each additional three (3) acres of lot area.

- Owners must clean up after their pets at all times and properly dispose of the pet waste.

- Pets shall be inoculated as required by law.

- Incessant dog barking is considered to be a nuisance and grounds for removal.

- Poultry may not be kept in the subdivision.

11. Privacy

- Drones. Unmanned aerial system (UAS), also known as drones, are not allowed to be launched from or landed on any Shenandoah common space, without the prior written authorization from the Board. Drone operators are required to abide by FAA, State and local laws.

12. Property Maintenance

- Structures, equipment, or other items on the exterior portions of a Lot which have become dilapidated, or otherwise fallen into disrepair are not allowed.

13. Protection and Care of Shenandoah

- Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Shenandoah or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution is prohibited.

- No excavation or other earth disturbance shall be performed or permitted within Shenandoah except in connection with the construction of improvements, including landscaping improvements, and then only with the prior written approval of the Architectural Review Committee. Upon completion of construction and improvement and landscaping projects, openings in the ground shall be backfilled and compacted and all disturbed ground shall be graded and landscaped in accordance with the requirements of the Architectural Review Committee.

- Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains is prohibited, except that the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent.

- All landscaping shall be maintained in a neat and attractive condition. Minimum maintenance requirements include watering, mowing, fertilization, pruning, removal and replacement of dead or dying plants, removal and or treatment of weeds and noxious grasses and removal of trash.

- Any rock bed areas and dry streambeds shall be maintained in an attractive manner and weeds removed.

- Trees adjacent to structures will be evaluated by owners periodically for potential fire mitigation removal.

- All dead trees must be removed from the property.

14. Motorized Vehicles

- Shenandoah roads are to be used for the ingress and egress of properly licensed motorized vehicles. Use or operation of snowmobiles, all-terrain vehicles, non-licensed dirt bikes, go-carts and the like is prohibited.

- No motorized vehicles are allowed on common areas with the exception of Association projects such as, but not limited to, fire mitigation, dead and diseased tree removal, trail construction, and ditch maintenance.

15. Structures and Occupancy

- No previously erected, modular, or temporary house, structure, or nonpermanent out-building shall ever be placed, erected, or allowed to remain within Shenandoah, except temporary structures or construction trailers being actively used for construction office purposes during the construction of a residence, which temporary structures shall be removed immediately following completion of construction and in any event no later than 1 month following commencement of construction or remodeling unless a written extension is granted by Architectural Review Committee.

- No trailer, incomplete residence, or other structure other than a residence completed in accordance with approved plans shall ever be used or occupied at any time for residential purposes, either temporarily or permanently.

- No completed residence shall be occupied in any manner until all provisions of the Declaration and approval by Architectural Review Committee are met, all conditions of development approval have been complied with, a Certificate of Compliance has been issued pursuant to the Architectural Review Guidelines, and a Certificate of

Occupancy has been obtained from La Plata County.

- No person shall live in the garage of a residence.

16. Trash

- Accumulation of rubbish, trash, or garbage except between regular garbage pick-ups is prohibited. Members are encouraged to work with their trash service provider to procure bear-proof receptacles. Receptacles are to be kept in the garage or other non-visible, enclosed area to reduce bear attraction and should be put out on the day of scheduled garbage pick-up.

17. Visual Nuisances

- Storage of excessive amounts of firewood is prohibited. Wood must be at least fifteen feet from all structures and stacked in such a way as to not become a visual nuisance to neighbors. Owners must actively use the stored wood and rotate in any new firewood. In no instance shall firewood remain stored and unused for an excessive amount of time.

- Recreational, Sports Equipment, and Yard Toys are not allowed to be stored on the front of the Unit. Storage of this equipment and toys is allowed in the rear area of a home provided it is concealed from view as much as possible, kept tidy and shall not be so numerous as to become a visual nuisance to neighbors.

- Inoperable Vehicles (legally; expired tags etc. and/or mechanically; flat tire) are not allowed to remain in private driveways or parked on landscaped areas (i.e. rock, sod, mulch, etc.).

- Car Covers are allowed without prior approval if the following guidelines are met:

  - Shall be manufactured to the specific cover for the vehicle.
  - Shall be a neutral color.
  - Must be well maintained at all times.'
  - Covered vehicles must be parked in the private driveway or garage.

18. Wildlife

- Wildlife is common and present in Shenandoah, including but not limited to bears, coyotes, foxes, deer, racoons, skunks, rats, and chipmunks. In order to minimize harmful interactions to both homeowners and wildlife, homeowners shall:

  - Keep all pet food and pet food bowls inside.

- Keep trash sealed and/or enclosed within the home, and
- Never leave pets or children unsupervised outdoors.

- Capturing, trapping, or killing of wildlife within Shenandoah is prohibited, except in circumstances posing a threat to the safety of persons or property damage within Shenandoah. Managing 'troublesome wildlife' must be done in accordance with Colorado State, Colorado Parks and Wildlife, and La Plata County laws and regulations (reference La Plata County: Living With Wildlife Advisory Board).

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IN WITNESS WHEREOF, the undersigned, being members of the Board of the Shenandoah Homeowners Association, Inc., certify that these Shenandoah Homeowners Association Rules and Regulations were adopted and approved by the Board and a two-thirds majority vote of the Members at a meeting held on July 22, 2026, for that purpose at which a quorum was present.

Robert Lory, President

David Parr, Treasurer

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 23 day of July, 2026, by Robert Lory, as President, and David Parr, as Treasurer, of the Shenandoah Homeowners Association, Inc., a non-profit Colorado corporation.

Witness my hand and official seal.

My commission expires: 2/15/2028

Notary Public

CHRISTINA R JESSING
NOTARY PUBLIC
State of Colorado
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My Commission Expires 02/15/2028