

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
COLLECTION POLICY

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic procedure for collecting assessments and other charges of the Association, thus ensuring the financial well being of the Association.

Collection Philosophy: All members are obligated by the Condominium Declaration for The Villas at Elk Run ("Declaration") to pay all dues and assessments in a timely manner. Failure to do so jeopardizes the Association's ability to pay its bills. Failure of members to pay assessments in a timely manner is also unfair to its other members who do. Accordingly, the Association, acting through the Board of Directors must take steps to ensure timely payment of assessments.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. Due Dates. The annual assessment, as determined by the Association, shall be due and payable monthly in equal installments due on the first day of the month. Special assessments or other charges may be assessed or made from time to time by the Association in accordance with the Declaration and are due and payable as specified by the resolution authorizing such Assessment or charge. All assessments or other charges not paid to the Association when due shall be considered past due and delinquent.
2. Late Fees and Interest. The Association shall be entitled to impose a late fee of ten dollars (\$10.00) on any assessment or other charge not paid within thirty (30) days of the due date. Additionally, any assessment or other charge not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ^{eighteen} ~~eight~~ percent (18%) ^{per} ~~annum~~ per annum. All such fees and interest shall be due and payable immediately, without notice, in the manner provided for payment of assessments.
3. Return Check Charges. A twenty dollar (\$20.00) fee 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. Such amount shall be in addition to any charges made by the bank due to the dishonored check. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of an owner's checks are returned unpaid by the bank within any twelve month period, the association may require that all of the owner's future payments, for a period of one year, be made by certified check or money order.

4. Attorney Fees on Delinquent Accounts. 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.

5. Application for payments made to the Association. The Association reserves the right to apply all payments received on account of any Owner first to payment of any and all legal fees and costs (including attorney fees), then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such owner, and any remaining amounts shall be applied to the assessments or other charges due with respect to such Owner.

6. Collection Letters. After any assessment or installment thereof owed to the Association becomes thirty (30) days past due, the Association shall cause a notice of delinquency to be sent to the Owner who is delinquent in payment. The notice shall specify (1) the fact that the assessment is delinquent, (2) the action required to cure the delinquency, (3) a date, not less than thirty (30) days from the date the notice is mailed, by which such delinquency must be cured, (4) that a failure to cure the delinquency on or before such date may result in a lawsuit being filed against the Owner and/or the filing and foreclosure of the lien for the assessment against the Owner's property.

7. Liens. If payment in full of any assessment or other charge is not received within thirty (30) days after mailing of the notice of delinquency, the Association may cause to be filed a notice of lien against the property of the delinquent Owner. The lien shall include assessments, fees, charges, late charges, attorney fees, fines and interest owed by the delinquent Owner.

8. Referral of Delinquent Accounts to Attorneys. If payment in full is not received within thirty (30) days after mailing of the notice of delinquency, the Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys 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. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. After consultation with the Board of Directors or the Association's managing agent, the attorneys shall be entitled to exercise all available remedies to collect the amounts due.

9. Referral of Delinquent Accounts to Collection Agencies. The Association may, but shall not be required to assign delinquent accounts to one or more collection agencies for collection.

10. Waivers. Nothing in this policy shall require the Association to take specific actions other than to notify Owners of the adoption of this policy. The Association has the option and right to continue to evaluate each delinquency on a case by case basis. The Association may grant a waiver of any provision herein upon petition in writing by an Owner showing a personal hardship. Such relief granted an owner shall be appropriately documented in

the files and the conditions of the relief. In addition, 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 may determine appropriate under the circumstances.

11. Order of Remedies. The Association may pursue any actions or remedies to collect amounts owed in any order or contemporaneously, and cumulatively, and in the case of a foreclosure by the holder of another security interest in the owner's property, may immediately proceed to file actions for personal judgment, foreclosure or receivership without the necessity of following the procedures set forth in paragraphs 6, 7 and 8 above.

12. Delinquencies. This Policy shall replace and supercede any previous rules and regulations of the Association addressing the collection of past due assessments.

The Villas at Elk Run Homeowners Association, Inc.

By: Tee C. Wilson
President

This Collection Policy was adopted by the Board of Directors on the 13 day of February, 2012, effective the 1st day of March, 2012, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Ish
Secretary

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THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING BOARD MEMBER CONFLICTS OF INTEREST

Adopted February 13, 2012

The following Policy Regarding Board Member Conflicts of Interest has been adopted by The Villas at Elk Run Homeowners Association, Inc. (“Association”) pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To adopt a policy and procedure to be followed when a Board member has a conflict of interest to ensure proper disclosure of the conflict and voting procedures.

THEREFORE, IT IS RESOLVED that the Association hereby adopts the following policy regarding Board member conflicts of interest:

1. General Duty. The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of the properties in the community. All members of the Board shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to, the Association. All members of the Board shall avoid conflicts of interest and conflicting interest transactions in their dealings with and representation of the Association, and shall avoid the appearance of impropriety in those dealings.
2. Definitions.
 - a. “Conflict of interest” means circumstances under which a Board member may be unduly influenced in his or her decision making process in favor of or against any particular action.
 - b. “Conflicting interest transaction” means any contract, transaction, or other financial relationship between the Association and a Board member, or between the Association and a party related to a Board member, or between the Association and an entity in which a Board member of the Association is a director or officer or has a financial interest.
 - c. “Party related to a Board member” means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board member or a party related to a Board member has a beneficial interest, or an entity in which a party related to a Board member is a director, officer, or has a financial interest.

Unless otherwise defined in this Policy, capitalized terms herein shall have the same meaning as in the Declaration or the Association’s Articles of Incorporation or Bylaws.

3. No Loans to Board Members. No loans shall be made by the Association to Board members or officers. Any Board member or officer who assents to or participates in the making of such a loan shall be personally liable to the Association for the amount of the loan until

repayment thereof.

4. Disclosure of Conflict of Interest or Conflicting Interest Transaction. At the commencement of any meeting of the Board, the Board shall afford an opportunity to all Board members to declare whether they have any conflicts of interest in any matter affecting the Association that has not previously been disclosed. In advance of entering into a conflicting interest transaction, the interested Board member shall declare at an open meeting of the Board, that a contract, transaction, or other financial relationship being contemplated or discussed by the Board may constitute a conflicting interest transaction with such Board member, and the interested Board member shall describe in detail all of the particular facts of the conflicting interest transaction and the conflict of interest giving rise thereto. If a Board member other than the interested Board member, in good faith, believes that the interested Board member has a conflict of interest, or that the contract, transaction or other financial relationship being contemplated or discussed might constitute a conflicting interest transaction, then such other Board member may disclose the facts upon which such belief is formed, and the remainder of the Board, not including the interested Board member, shall make a good faith determination as to whether a conflict of interest or conflicting interest transaction exists.

5. Action Upon Disclosure. After the interested Board member makes such a declaration, or the remainder of the Board determines that a conflict of interest or a conflicting interest transaction exists, the interested Board member may be counted as present for purposes of establishing a quorum of the Board, but the interested Board member shall not participate in a discussion of the matter giving rise to the conflict of interest or conflicting interest transaction, nor shall the interested Board member vote on the issue giving rise to the conflict of interest or the conflicting interest transaction.

6. Validity of Action. 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 (a) the conflicting interest transaction involves a Board member or a party related to a Board member or an entity in which the Board member is a director or officer or has a financial interest, or (b) the Board member is present at or participates in the meeting of the Association's Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction, or (c) the Board member's vote is counted for such purpose if:

a. 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 directors, even though the disinterested directors are less than a quorum; or

b. 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 members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Board members entitled to vote

thereon; or

c. the conflicting interest transaction is fair as to the Association.

7. 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.

8. Periodic Review. The Board shall review this policy annually and revise if deemed necessary in its discretion.

The Villas at Elk Run Homeowners Association, Inc.

By: *Lee C. Wilson*
President

This Policy Regarding Board Member Conflicts of Interest was adopted by the Board of Directors on the 13 day of February, 2012, effective the 1st day of March, 2012, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Ish
Secretary

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING CONDUCT OF MEETINGS

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic protocol for conducting meetings of the Association, including Members' meetings and Board meetings; to ensure equitable participation by Members while permitting the Board to conduct the business of the Association; and to memorialize the circumstances under which the Board may convene into executive session.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the conduct of meetings of the Members and meetings of the Board:

1. Members' Meetings. All meetings of the Association are open to every Member, or to any person designated by a Member in writing as the Member's representative, and Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that at regular and special meetings of the Board, Members who are not Board members may not participate in any deliberation or discussion except as provided below.
2. Board Meetings. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Members or to any person designated by a Member in writing. At regular and special meetings of the Board, except as stated below, Members who are not members of the Board may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board.
3. Members' Right to Speak at Board Meetings. At Board meetings, the Board shall permit Members or their designated representatives to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak, and the Board shall provide for a reasonable number of persons to speak on each side of an issue. However, the Board may place reasonable time restrictions on those persons speaking during any meeting.
4. Agenda; Open Forum. The President of the Board of Directors, and in his or her absence, the Vice President, shall be chairman of all meetings. The agenda for all meetings shall follow the order of business specified by the Association's Bylaws, and if none, in accordance with the order of business determined by the Board. The agenda for Members' meetings shall include a Member Open Forum during which any Member or Member's designated representative who wishes to speak will have the opportunity to do so, subject to the remaining provisions of this policy. The agenda for Board meetings shall include a Member Open Forum, subject however, to the Board's right to dispense with or limit the Member Open Forum at the discretion of the Board, except that such limits on Member Open Forum shall always be subject to the provisions of paragraphs 2 and 3 of this policy.

5. Limits on Right to Speak. The Board shall have the right to determine the length of time of the Open Forum. The chairman of the meeting may place reasonable limitations upon the time given to each Member seeking to comment, to allow sufficient time for as many Members as possible to comment within the time permitted. Unless otherwise determined by the chairman, the time limit will be three minutes per Member. The chairman shall, to the best of his/her ability, allocate time to each Member for comment so as to allow as many Members as possible to speak within the time permitted. Each Member will only be allowed to speak more than once during Open Forum at the discretion of the Board. No Member may speak a second time until all Members wishing to speak have had an opportunity to speak once.

6. Sign-Up Sheets. A sign-up sheet will be made available to Members immediately prior to the meeting. Any Member wishing to comment at the ensuing meeting may add his/her name to the sign-up sheet. Subject to the remaining provisions of this policy, Members will be recognized for comment at the meeting in the same order as their names appear on the sign-up sheet. All Members wishing to comment who have not placed their names on the sign-up sheet will nonetheless be permitted to speak, time permitting.

7. Attorney/Client Privileged Communications. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

8. Recording of Meetings. Note taking is permitted, however, video or audio recording of all or any portion of any meeting by Members is prohibited.

9. Member Conduct. No Member is entitled to speak until recognized by the chairman. There shall be no interruption of anyone who has been recognized by the chairman except by the chairman. Specific time limits set for speakers shall be strictly observed. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the chairman and not other individual participants. All comments are to be restricted to the agenda item being discussed. Courteous behavior is mandatory.

10. Curtailed Member Conduct. Should the chairman determine that any Member has spoken for the allocated amount of time or longer, or determine that the Member is in violation of the provisions of this policy, the chairman shall have the authority to instruct that Member to yield the floor, and that Member will be obligated to comply with the chairman's instruction.

11. Disruptive or Unruly Behavior. If a Member refuses to stop talking after his/her allotted time has ended, or otherwise disrupts the meeting, or is otherwise in violation of the provisions of this policy, the following procedure will be followed:

- (a) The chairman will issue an oral warning that if the Member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions

of this policy, either the meeting will be adjourned or law enforcement/security will be called to remove the Member.

- (b) If the Member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, the chairman will call a recess and speak directly to the Member, reiterating that either the meeting will be adjourned or law enforcement/security will be called to remove the Member.
- (c) If the Member still refuses to cooperate, the chairman may choose whether to adjourn the meeting to another time or to call law enforcement/security.

12. Executive Session. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed door session and may restrict attendance to Board members and other persons specified by the Board; provided that any such executive or closed door session may only be held in accordance with the provisions and requirements of the Act, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session are limited to:

- (a) Matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
- (b) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) Investigative proceedings concerning possible or actual criminal misconduct;
- (d) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (f) Review of or discussion relating to any written or oral communication from legal counsel.

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

The Villas at Elk Run Homeowners Association, Inc.

By: Lee C. Wilson
President

This Policy Regarding Conduct of Meetings was adopted by the Board of Directors at a regular meeting held on the 13 day of February, 2012, effective the 1st day of March, 2012, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Ish
Secretary

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
ENFORCEMENT POLICY

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the enforcement of the Association's restrictive covenants and rules:

1. Power. The Board of Directors shall have the power and duty to hear and make decisions regarding violations and written complaints filed with the Board and impose fines or other sanctions, pursuant to this Policy. The Board may determine enforcement action on a case by case basis, and take other actions as it may deem necessary and appropriate to assure compliance with the Condominium Declaration for The Villas at Elk Run ("Declaration"), the Association's Articles of Incorporation, Bylaws, and rules and regulations (collectively the "Documents") promulgated thereunder, and to create a safe and harmonious living environment.

These enforcement provisions may be in addition to other specific provisions outlined in the Documents, and the Association is not required to follow these enforcement provisions before seeking such other remedies. The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control, as it deems appropriate.

2. Complaint. A proceeding to determine if the Documents have been violated and any enforcement measures and remedies that may apply shall be initiated by the filing of a written complaint with or by the Association's Board. The complaint shall state the specific provision(s) of the Documents alleged to have been violated and as many specifics as are available as to time, date, location and persons involved.

3. Notice of Complaint and Warning Letter. Upon receipt of a complaint, if the Board determines that the allegations in the complaint are sufficient to constitute a violation of the Documents and that action is warranted, the Board shall send a warning letter ("Warning Letter") to the person(s) (the "Respondent") alleged to have violated the Documents, by prepaid, first class United States mail addressed to the mailing address of the Respondent appearing on the records of the Association. The Warning Letter shall advise the Respondent of the following: (1) the details of the complaint, or include a copy of the complaint; (2) that the Board has reason to believe that the Respondent has violated the covenants or rules of the Association; and (3) directing that the Respondent cease the violating activity or that the Respondent will have 14 days from the date of the Warning Letter to come into compliance, or that further enforcement action will be taken for enforcement of the covenants and rules of the Association, including the imposition of fines.

4. Continued Violation After Warning Letter and Right to Hearing. If, following the

Warning Letter having been sent to the Respondent, the Association receives further complaint of the same or similar violations by the same Respondent or that the Respondent has not corrected the violation within the time permitted, the Association shall send a second notice to the Respondent, by prepaid, first class United States mail addressed to the mailing address of the Respondent appearing on the records of the Association. The notice shall advise the Respondent of the following: (1) the details of the complaint, or include a copy of the complaint; (2) the action that may be taken; (3) his or her right to be heard, either orally or in writing, by a committee appointed by the Board at a meeting of the Board which is at least fifteen (15) days after the date of the notice; (4) the date on which the hearing will be scheduled; and (5) the Board's right to proceed with or without a hearing, at its discretion, to make its determination of the allegations contained in the Complaint based on all relevant facts and circumstances, if the Respondent fails to appear at the specified date and time or otherwise respond to the Complaint.

5. Hearing. Each hearing shall be held at the scheduled time, place and date, unless the Respondent has failed to respond or appear at the hearing. The Board may grant continuances for good cause. Each hearing shall be held by a Hearing Committee. The Hearing Committee shall consist of a person or persons appointed by the Board, which may be the Board itself, who do not have any direct personal or financial interest in the outcome of the hearing. A person is deemed not to have a direct personal or financial interest if he/she will not receive any greater benefit or detriment from the outcome than will the general membership of the Association. The Hearing Committee may: (a) exercise its discretion as to the specific manner in which a hearing shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit it to reach a just decision. Neither the Complainant nor the Respondent must be in attendance at the hearing, but both are encouraged to attend. Any party may elect not to present evidence at the hearing. Any decision by the Hearing Committee shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. Each hearing shall be open to attendance by all Members of the Association.

6. Decision. If the Respondent does not appear but a written response is filed, the Hearing Committee shall render its decision based on the information contained in the Complaint and the written response, considering all of the relevant facts and circumstances. If neither an appearance nor a written response is made, the Hearing Committee need not conduct a hearing or make any further findings except that it may determine that the Respondent's failure to appear or respond constitutes a waiver of the right to a hearing, and a no-contest plea to the Complaint, and impose the sanctions provided for herein. If an appearance is made, after all testimony and other evidence has been presented to the Hearing Committee at a hearing, the Hearing Committee shall render its decision(s), taking into consideration all of the relevant facts and circumstances. Except as provided herein, the Hearing Committee's decision shall have an effective date no sooner than five (5) days after the hearing. If the Hearing Committee does not inform the Respondent of its decision at the time of the hearing, or if no hearing is held, the Hearing Committee will provide a written notice of the decision to the Respondent's address of record via regular U.S. mail within five (5) days after the decision is made.

7. Enforcement. The provisions of this Policy shall not limit, or be a condition precedent to, the Association's right to enforce the Documents by any means available to the

Association, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages. The Association shall be entitled to reimbursement of all reasonable attorney's fees and costs incurred by the Association in connection with any enforcement action, including any proceeding under this Policy. Without limiting the Association's remedies under the Documents, the Hearing Committee may assess fines, suspend membership privileges, and impose other sanctions in accordance with this Policy. If the violation involves damage to Association property, the violator shall also pay the costs of repair or replacement. The Hearing Committee may revoke or suspend the violator's privileges for a period of time equal to the duration of the violation and for up to sixty (60) days thereafter, unless such violation is a continuing violation, in which case such suspension may continue for so long as such violation continues and for up to sixty (60) days thereafter.

8. Fines. Fines may be levied by the Hearing Committee for violations of the Documents as follows:

<u>Number of Violations in 12 Month Period</u>	<u>Fine Amount</u>	
First violation	\$100	Board Meeting 9/15/2009 Pet Waste Cleanup Fines 1st written warning
Second violation	\$250	2nd \$100
Third violation	\$500	3rd \$200 4th \$300 5th further action to be determined by Board Trash can fine at \$50/occurrence ZCW

9. Habitual Offenders and Continuing Violations. A Member who accumulates more than 3 violations within a 12 month period will be deemed to be a habitual offender. For habitual offenders, continuing violations, or violations which have an indefinite commencement or termination date, the Hearing Committee may impose such additional fines as are deemed reasonable by the Hearing Committee without regard to the schedule set forth above.

10. Willful and Wanton Violations. In the event of a determination by the Hearing Committee of a willful, wanton or flagrant disregard for the provisions of the Documents, or based on the severity of the violation, the Hearing Committee may impose such additional fines as are deemed reasonable by the Hearing Committee without regard to the schedule set forth above.

11. Responsibility for Actions of Tenant or Guest. Members shall at all times be responsible for the actions of their tenants and guests. In the event that a Member's tenant or guest violates the Documents and a fine is imposed, the fine shall be assessed against that Member.

12. Violations or Offenses that Constitute a Present Danger. If, in its sole discretion, the Board deems that any alleged violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, the Board may take the appropriate action necessary to abate the threat to health, safety or welfare of the community or individual.

13. Miscellaneous.

13.1 Failure by the Association to enforce any provision of this Policy shall in no event be deemed to be a waiver of the right to do so thereafter.

13.2 Fines imposed pursuant to this Policy shall become an Assessment imposed against the record Owner's real estate and enforceable as provided in the Declaration.

13.3 The provisions of this Policy shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

13.4 The provisions of this Policy shall replace and supercede any other rules or regulations of the Association addressing the enforcement of the Association's Documents.

The Villas at Elk Run Homeowners Association, Inc.

By: Lee C. Wilson
President

This Enforcement Policy was adopted by the Board of Directors on the 13 day of February, 2012, effective the 1st day of March, 2012, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Ish
Secretary

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING INSPECTION AND COPYING OF ASSOCIATION RECORDS

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish uniform procedures for the inspection and copying of Association records by Association Members; to establish the type of records kept by the Association or its agent; and to establish the cost of copying Association records.

WHEREAS, the Colorado Common Interest Ownership Act, in C.R.S. 38-33.3-317 gives all Members the right to examine and copy the financial and other records of the Association for a proper purpose.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the inspection and copying of Association records:

1. The Association shall keep as permanent records the following documents:
 - (a) Minutes of all meetings of Owners and the Board.
 - (b) A record of all actions taken by the Owners or the Board by written ballot or written consent in lieu of a meeting.
 - (c) A record of all actions taken by a committee of the Board in place of the Board on behalf of the Association.
 - (d) A record of all waivers of notices of meetings of Owners and of the Board or any committee of the Board.
 - (e) A record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each Owner is entitled to vote.
 - (f) All tax returns filed on behalf of the Association.

In addition to the above, the Association shall keep a copy of each of the following records at its principal office:

- (a) Articles of Incorporation, Declaration, Covenants and Bylaws.
- (b) Resolutions adopted by the Board.
- (c) The minutes of all Owners meetings and records of all actions taken by Owners without a meeting for the past three (3) years.

- (d) All written communications within the past three (3) years to Owners generally as Owners.
- (e) A list of the names and business or home addresses of the Association's current directors and officers.
- (f) The Association's most recent annual report.
- (g) All financial audits or reviews conducted pursuant to Section 38-33.3-303(4)(b) during the immediately preceding three years.

2. So the Association can have the desired books, records and personnel available, a written notice of intent to inspect must be submitted to the Association's Manager or to the Board of Directors at least five (5) business days prior to the planned inspection. The notice must describe with reasonable particularity which records are to be inspected and the purpose of the inspection.

3. All records shall be inspected at a time and location specified by the Board. Notwithstanding the above, at the discretion of the Board, all records may also be inspected at the next regularly scheduled meeting if such meeting occurs within thirty (30) days after the request to inspect has been received.

4. At the discretion of the Association's Board, certain records may only be inspected in the presence of a Board member or employee of the Manager. No records may be removed from the office without the express written consent of the Board of Directors. 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.

5. The Association may charge a fee, not to exceed the Association's actual cost per page for copies of the Association records.

6. Consistent with individual Member's right to privacy, attorney-client confidentiality and other considerations, the following records will not be made available without the express written consent of the Board of Directors:

- (a) Confidential personnel records.
- (b) Confidential litigation files and matters covering consultation with legal counsel concerning disputes that are subject of pending or imminent court proceedings or are privileged or confidential between attorney and client.
- (c) Files dealing with investigative proceedings concerning possible or actual criminal misconduct.
- (d) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

(e) Inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board of Directors.

(f) Members' personal contact information including, but not limited to, telephone numbers or e-mail addresses, except the Association will, upon request, provide Members' names and addresses.

7. In determining whether records may be inspected, the Association shall consider, among other things:

(a) Whether the request is made in good faith and for a proper purpose;

(b) Whether the records requested are relevant to the purpose of the request;

(c) Whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy; and

(d) Whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information as set forth above.

8. Without the written consent of the Board of Directors, membership lists may not be:

(a) Obtained or used by any person for any purpose unrelated to the Association or the property subject to the Declaration;

(b) Used solely to solicit money or property unless such money or property will be used solely to solicit the votes of the unit owners in an election to be held by the Association;

(c) Used for any commercial purpose; or

(d) Sold to or purchased by any person.

9. The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorneys fees, for abuse of these rights, including, but not limited to, use of any records for a purpose other than what is stated in the notice of intent to inspect.

The Villas at Elk Run Homeowners Association, Inc.

By: Lee C. Wilson
President

This policy regarding inspection and copying of Association records was adopted by the Board of Directors at a regular meeting held on the 13 day of February, 2012, effective the 1st day of March, 2012, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Dsh
Secretary

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
RESERVE FUND INVESTMENT POLICY

Adopted February 13, 2012

The following Reserve Fund Investment Policy has been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process and to further provide guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, savings institutions, and custodians.

The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal investment management of the Association's reserve funds. This policy does not set forth: (1) the minimum reserve fund balance required of the Association; (2) any mandate for an annual reserve fund study; or (3) the tax consequences of the investment options contained herein.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association's reserve funds:

1. Investment Objectives

All funds which are held for capital expenditures as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado Revised Statutes and resolutions enacted by the Association's Board of Directors in a manner to accomplish the following objectives:

- A. Safety of Funds: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.
 1. Credit Risk: The Association will minimize credit risk, the risk of loss due to the failure of the financial institution, by:
 - a. Limiting investments to the safest types of investments as provided for herein;
 - b. Pre-qualifying the financial institutions, brokers/dealers, and advisors with which the Association does business; and
 - c. Subject to the limitations herein, diversifying the investment portfolio so that potential losses on individual investments will be minimized.

2. Interest Rate Risk: The Association will minimize the risk of the market value of investments in the portfolio due to changes in general interest rates by:
 - a. Structuring the investment portfolio so that investments mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell investments prior to maturity; and
 - b. Investing all funds primarily in short- to intermediate-term investments.

- B. Liquidity of Funds: The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year. To ensure that adequate reserve funds are available to pay the Association's reserve expenditures, annual reserve fund investments shall reasonably match the planned reserve fund expenditures for the following fiscal year.

- C. Types of Investments: The reserve fund portfolio shall consist largely of Money Market Accounts and/or Certificates of Deposit.

- D. Yield: Subject to the restrictions on the types of investments, the Association's portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, the Association, through the Board of Directors, will take into account the Association's investment risk, constraints, and cash flow needs.

2. Delegation of Authority

Responsibility for conducting investment transactions for the Association resides with the Treasurer. The President of the Board of Directors will be considered an authorized person to assist the Treasurer in performing investment management, cash management, or treasury functions. Persons authorized to transact investment business for the Association are limited to these two officers. The Treasurer will provide a copy of this investment policy to all of the Association's investment service providers. Association Members will receive a copy of this investment policy from the Treasurer upon request. The Treasurer may engage the support services of outside professionals, subject to the availability of budgeted funds and approval from the Board of Directors. The Board of Directors shall provide a copy of this policy to the newly elected Treasurer at the assumption of office.

3. Ineligible Investments and Transactions

The Association shall not invest in the following asset classes:

- A. Individual stocks;
 - B. Equity mutual funds, domestic or foreign;
 - C. Mutual funds consisting of bonds or mortgages and or derivatives;
 - D. Options on equity, debt or commodities;
 - E. Floating rate securities; and
 - F. Investment in a single institution in excess of FDIC insurance limits.
4. Selection of Banks and Credit Unions as Depositories and Providers of General Banking Services

Banks, savings institutions and credit unions shall be approved by written resolution by the Board of Directors to provide depository and other banking services for the Association. To be eligible for authorization, a bank and savings institution must be domiciled in the United States and be a member of the FDIC. To be eligible for authorization, a credit union must be domiciled in the United States and accounts must be insured by the National Credit Union Share Insurance Fund (NCUSIF). Banks, saving institutions and credit unions failing to meet the minimum criteria outlined in this paragraph, or, in the judgment of the Treasurer or Board of Directors, no longer offering adequate safety to the Association funds, shall be unauthorized to provide depository and other banking services for the Association.

5. Reporting

On an annual basis, an investment report shall be prepared and submitted by the Treasurer or an outside advisor, who will provide such report to the Board of Directors in a timely manner, listing the reserve fund investments held by the Association and the current market valuation of the investments. The report shall include a summary of investment earnings during the prior fiscal year. The Board shall make available to requesting Members a listing on an itemized basis as to amount, type and rate of return, of the instruments, funds and accounts in which Association funds are invested or deposited.

6. Policy Revisions

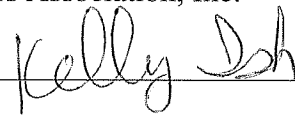
The Board of Directors shall review this reserve fund investment policy periodically and may amend the policy as conditions warrant. The Treasurer may recommend amendments to this policy as necessary.

The Villas at Elk Run Homeowners Association, Inc.

By: Zee C. Wilson
President

This Reserve Fund Investment Policy was adopted by the Board of Directors on the 13 day of February, 2012, effective the 1st day of March, 2013 and is attested

to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.



Secretary

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING THE ADOPTION AND AMENDMENT OF POLICIES AND RULES

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To adopt a policy setting forth procedures for the adoption and amendment of policies, procedures, and rules.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing adoption and amendment of policies, procedures and rules:

1. Pursuant to the Association's governing documents and Colorado Revised Statutes 38-33.3-302, the authority to create, adopt, enforce, amend and repeal policies, procedures, rules and regulations (hereinafter collectively referred to as a "Rule") lies with the Board of Directors of the Association. The Board may adopt certain Rules as may be necessary to facilitate the efficient operation of the Association, including clarification of ambiguous provisions in other documents. The Board has the right, but not the obligation, prior to adopting any new Rule, to conduct an informational meeting of the owners and solicit their input regarding any new or existing Rule.
2. When the Board, in the exercise of its discretion, determines that a Rule should be adopted, amended or repealed, as appropriate, it shall do so at a meeting of the Board. At the meeting at which the Board intends to adopt the proposed Rule, at an appropriate time determined by the Board, but before the Board votes on the adoption of the Rule, members or their agents shall be permitted to speak regarding the Rule. If more than one person desires to address the Rule and there are opposing views, the Board shall provide for a reasonable number of persons to speak in favor of and against the Rule.
3. The Board shall then give notice of the adoption, amendment, or repeal of the Rule in writing to each Member of the Association at the address for notices to Members as may be provided for in the Association's Declaration or Bylaws, and shall publish the Rule by any reasonable means available, including but not limited to posting the Rule in the community or on its website, if any, by e-mail, mail, newsletter, or personal delivery. The Rule, along with all other Rules of the Association, shall be available for inspection and copying in accordance with the Association's policy regarding inspection and copying of Association records.
4. Any owner's failure to receive the Rule shall not be a defense to any attempt by the Association to enforce the Rule or to levy fines, expenses, or attorneys' fees as a result of a violation of the Rule.

The Villas at Elk Run Homeowners Association, Inc.

By: Lee C. Wilson
President

This Policy Regarding the Adoption and Amendment of Policies and Rules was adopted by the Board of Directors on the 13th day of February, 2012, effective the 1st day of March, 2012, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Ish
Secretary

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING DISPUTE RESOLUTION

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5 at a regular meeting of the Board of Directors.

Purpose: To provide a more efficient means of resolving disputes or claims involving the Association and/or the Association's governing documents and to reduce the costs and fees associated with dispute resolution.

WHEREAS, the Colorado Common Interest Ownership Act, in C.R.S. 38-33.3-124, encourages common interest communities to adopt protocols that make use of mediation in resolving disputes between the Association and one or more unit owners.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the resolution of disputes:

1. Dispute Resolution Procedures. Except as otherwise provided in this Policy, the following procedures will be followed in all disputes or claims involving the Association and/or the Association's governing documents.

A. Prior to proceeding with any claim, the party asserting the claim ("Claimant") shall give written notice of such claim to all opposing parties ("Respondent"), which notice shall state plainly and concisely:

- (i) the nature of the claim, including all persons involved and Respondent's role in the claim;
- (ii) the legal or contractual basis of the claim (i.e. the specific authority out of which the Claim arises); and
- (iii) the specific relief and/or proposed remedy sought.

B. After the Respondent receives the notice of claim, the parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the claim by good faith negotiation. Such efforts may include inspections of the Claimant's or the Respondent's Unit for purposes of evaluating any alleged violation. Any party may be represented by attorneys and independent consultants to assist in the negotiations and to attend meetings.

C. If the parties do not resolve the claim through negotiations within sixty (60) days after submission of the claim to the Respondent, the Claimant shall have an additional sixty (60) days to submit the Claim for mediation. In the event the parties are unable to agree on a mediator, a mediator shall be appointed upon application of either party to the District Court of Pitkin County. In such event, the Claim shall be deemed to be submitted upon filing the petition for appointment of the mediation.

D. If the Claimant fails to submit the claim to mediation within such time, or fails to appear at the mediation, the claimant shall be deemed to have waived the claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such claim. However, nothing in this Policy shall release or discharge Respondent from any liability to any person other than Claimant.

E. Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the parties. If a termination of the mediation occurs, the mediator shall issue a written statement advising that the parties are at an impasse.

F. Unless otherwise agreed, each party shall bear its own costs of the mediation, including attorneys fees, and each party shall share equally all charges of the mediator.

G. Upon termination of mediation if no resolution is reached, if Claimant desires to pursue the claim, Claimant shall thereafter be entitled to file an action in any court having jurisdiction in Pitkin County for final resolution of the Claim.

H. In any action, the court shall award the substantially prevailing party its reasonable costs and attorneys' fees.

2. Exclusions. Unless all parties to the actions outlined below otherwise agree, the following disputes or claims shall not be subject to the provisions of this policy:

A. An action by the Association relating to the collection or enforcement of the obligation to pay assessments or other charges set forth in the Association's governing documents; and

B. An action by the Association to obtain a temporary restraining order or preliminary or permanent injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to enjoin any immediate threat to persons or property; and

C. Any action between or among unit owners, which does not include the Association as a party, if such action asserts a claim which would constitute a claim for relief independent of the Association's governing documents; and

D. Any action in which any indispensable party is not the Association, its officers, directors, or committee members, or a person subject to the Association's governing documents, or their officers, directors, partners, members, employees and agents; and

E. Any action to enforce a settlement agreement made under the provisions of this policy.

3. Judicial Enforcement. If the parties agree to a resolution of any claim through negotiation or mediation in accordance with this policy, and any party thereafter fails to abide by the terms of such agreement, then any other party may file its action in court to enforce such agreement without the need to again comply with the procedures set forth in this policy. In such event, the party taking action to enforce the agreement shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties as the court may determine) all costs incurred in enforcing such agreement, including without limitation, reasonable attorneys fees and court costs.

4. Statute of Limitations. The Claimant need not follow the procedures set forth above, if the Claimant would be prejudiced by the running of or lapse of an applicable statute of limitation or statute of repose. In addition, no claim may be initiated after the date when institution of legal or equitable proceedings based on such claim would be barred by the applicable statute of limitation or statute of repose.

5. Interaction With Enforcement Policy. It is not the intent of this policy to supersede any of the provisions of the Association's Enforcement Policy. Nor is the intent of this policy to require the Association to follow the procedures set forth herein before having the ability to bring enforcement action or impose fines or other sanctions under the Enforcement Policy.

The Villas at Elk Run Homeowners Association, Inc.

By: Zoe C. Wilson
President

This Policy Regarding Dispute Resolution was adopted by the Board of Directors on the 13 day of February, 2013 effective the 1st day of March, 2013, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Ish
Secretary