

RESOLUTION OF THE SUNLIGHT HOMEOWNERS ASSOCIATION TO ENACT RULES AND REGULATIONS

The Sunlight Homeowners Association (the "Association") hereby adopts the following rules and regulations (the "Rules and Regulations"), pursuant to the authority granted to the Association in Section 4.8 of the Declaration and in Section 5.2(j) of the Bylaws. Unless otherwise defined in these Rules and Regulations, terms defined in the Declaration of Covenants, Conditions, and Restrictions for Sunlight Residential Subdivision ("Declaration"), the Association's Articles of Incorporation ("Articles"), and the Association's Bylaws ("Bylaws") shall have the same meaning herein. The Declaration, Articles, Bylaws, and Rules and Regulations shall hereafter be collectively referred to as the "Governing Documents."

These Rules and Regulations are made for the purposes of promoting the best interests of Owners and occupants of Lots in the community, to secure full, fair, and safe utilization and enjoyment of the community by such Owners and occupants, to protect and enhance the property values of the Lots, to protect persons and property against injury or damage, and in general to promote the health, safety, and general welfare of the Owners and occupants and to make the community a pleasant place in which to live.

These Rules and Regulations are applicable to Owners, tenants, managers, guests, and invitees of Owners, and shall be deemed in addition to, and not in lieu of, all applicable provisions of the Declaration and amendments thereto, Articles of Incorporation, and Bylaws, which shall control in the event of any inconsistency with these provisions. Each Owner is responsible and liable for the acts or omissions of such Owner's tenants, guests, and invitees respecting compliance with these Rules and Regulations and the Declaration as well as all other Governing Documents.

Owner's Obligations for Maintenance Damage and Repair: Each Owner shall maintain the exterior of the Dwelling Unit and all other Improvements on the Lot of the Owner in good condition and shall cause them to be repaired as the effects of damage or deterioration become apparent. Each Owner shall keep the lawn on his Lot mowed and all Landscaping properly maintained. Each Owner hereby acknowledges that the requirement to maintain each Lot in "good condition" and "properly maintained" shall be based upon a standard of care which is appropriate for single family residential areas in Steamboat Springs, Colorado which are of a comparable quality and nature.

Enforcement of Rules Against Owners: The Board of Directors of the Association shall provide for the enforcement of the Sunlight Rules through procedures as set forth in the Bylaws and Policy C of these Rules and Regulations. After notice and hearing, confirming an infraction of the Sunlight Rules, the Board may (a) impose fines and fees, (b) suspend the offending Owner's right to use any recreational facilities in the Common Area, or (c) suspend the offending Owner's right to vote in Association matters, as appropriate to encourage compliance and deter violations of the Sunlight Rules.

Enforcement Against Tenants: If a tenant of a Lot violates any provision of the Sunlight Documents, then the Association, in addition to exercising any of its remedies against the Owner of the Lot, may exercise directly against the tenant any of the remedies for the violation that the Association could have lawfully exercised against the Owner.

PROPERTY USE RESTRICTIONS – From Article V of the Covenants:

General Restriction: The Property shall be used only for the purposes set forth in this Declaration, as permitted by the applicable ordinances of Routt County, and the laws of the State of Colorado and the United States, and as set forth in the Sunlight Documents or other specific recorded covenants affecting all or any part of the Property including the Atwood Covenants.

Use of Lots: All Lots in Sunlight shall be used exclusively for single family dwelling purposes, provided that the Duplex Lots and the Lots for which the Association has a registered Secondary Unit as described in Section 9.5 may have two Dwelling Units. Lots may not be subdivided or replatted except (i) as otherwise provided in Article IX and (ii) as approved by the Committee. A Dwelling Unit shall not be occupied in the course of original construction until substantially completed.

Development of Lots: Each Lot may be developed and Improvements constructed thereon, subject to the requirements of the Design Guidelines and any applicable City zoning, subdivision, building or other code or regulations in effect from time to time.

Signs: No signs of any kind shall be displayed to the public view on or from any portion of the Property except, (i) during the Special Declarant Rights Period and as permitted by Article IX, signs of Declarant or its affiliates or assigns, (ii) signs required by law or expressly permitted pursuant to Section 38-33.3-106.5 of CCIOA, and (iii) "For Sale" or "For Rent" signs, the size, number, design and location of which shall comply with the Design Guidelines.

Animals and Pets: No animals or poultry, except as provided in clause (iii), of any kind shall be kept or raised on any portion of the Property, except (i) dogs and cats (provided no dogs or cats may be kept on the Property for breeding purposes) and no more than two dogs, (ii) other interior confined household pets belonging to an Owner, and (iii) up to four chicken hens (no roosters). Sunlight Rules shall contain at least the following restrictions and may be more restrictive. Owners who repeatedly violate such restrictions may, in the discretion of the Committee, be prohibited from having specific pets on the Property. Household pets, such as dogs and cats, must be contained inside the Owner's Lot by an invisible fence or similar device. Subject to compliance with Article V regarding design review and subject to the limits set forth in this subsection above, kennels and other dog runs shall be permitted on a Lot. No pets may be permitted to run at large at any time and all dogs shall be kept on a leash when off of an Owner's Lot other than in dog parks established by the Association or District. Owners of pets on the Property will be required to take all steps necessary to control excessive barking or other disturbances caused by their pets and to pick-up pet waste and dispose of it in a suitable trash receptacle. Pet owners are fully responsible for personal injuries and/or property damages caused by their pets and shall be deemed to have agreed to indemnify and hold the Association, each

Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet on the Property.

Drainage: No Owner shall do or permit any work, place any landscaping or install any other Improvements or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Property, except to the extent such alteration and drainage pattern is approved in writing by the Committee or the Board of Directors, and except for rights reserved to Declarant to alter or change drainage patterns.

Trash: No trash, ashes, building materials, or other unsightly items shall be thrown, dumped, or stored on any land or area within the Property. The Association shall cooperate in and encourage programs to recycle trash and other refuse. There shall be no burning or other disposal of refuse out of doors. Each Owner shall provide suitable receptacles for the temporary storage and collection of refuse, and all such receptacles shall be enclosed and screened from the public view and from the wind and protected from animal and other disturbance in accordance with the Sunlight Rules.

Construction Regulations of the Design Guidelines. All Owners and contractors shall comply with the portions of the Design Guidelines regulating construction activities. Such regulations may affect, without limitation, the following: trash and debris removal; sanitary facilities; parking areas; mud and dirt on roads; outside storage; restoration of damaged property; conduct and behavior of builders, subcontractors, and Owners' representatives on the Property at any time; the conservation of landscape materials; and fire protection.

Temporary Structures: No temporary structures shall be permitted except as may be determined to be necessary during construction and as specifically authorized by the Committee, and except as necessary for the exercise by Declarant of the Special Declarant Rights.

Compliance with Laws: Subject to the rights of reasonable contest, each Owner shall promptly comply with the provisions of all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Property. Without limiting the generality of the foregoing, no Owner shall dispose or allow any person under the Owner's control or direction to release, discharge, or emit from the Property or dispose of any material on the Property that is designated as hazardous or toxic under any federal, state, or local law, ordinance, or regulation.

Vehicles: No boat, trailer, camper (on or off supporting vehicle), tractor, commercial vehicle, mobile home, motor homes, off-road vehicle, snowmobile, motorcycle, nor any towed trailer unit or truck shall be parked overnight on any street or parked on any Lot in excess of seven (7) days except in a completely enclosed building such as a garage, or unless screened in a manner approved by the Committee. Pickup trucks having a 3/4 ton or less manufacturer's rated capacity, with or without bed toppers, and passenger vans for the private use of the residents of a Dwelling Unit as primary transportation on a day-to-day basis, shall not be considered trucks for purposes of the foregoing restrictions. No motor vehicles or any Restricted Vehicle shall be parked within any of the Common Area except as expressly

authorized in writing by the Committee. The restrictions set forth in this Section shall not be deemed to prohibit the parking on streets or driveways of certain emergency vehicles in accordance with Section 38-33.3-106.5(d) of CCIOA.

Idle, Abandoned, Inoperable, or Oversized Vehicles: No idle, abandoned or inoperable vehicles of any kind shall be stored or parked on any portion of the Property. "Idle, abandoned or inoperable vehicle" is defined as any vehicle which has not been driven under its own propulsion for a period of three weeks or longer. If such vehicle has not been removed to a screened location or a location off the Property within 72 hours after notice has been given, the Association shall have the right to remove the vehicle without liability, and the expense of removal shall be a Default Assessment charged against the Owner as provided in Section 8.5. All unsightly vehicles and machinery may be required by Declarant or the Committee to be stored at a designated location or locations.

Atwood Covenants: The Owners shall comply with the Atwood Covenants which are incorporated herein. The Owners and their guests and invitees shall not trespass on the property described in the Atwood Covenants as the "Atwood Property."

Outside Burning: There shall be no exterior fires, except barbecues and outside fireplaces and firepits approved by the Committee.

Noise: No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Property or improvements, shall be placed or used on any portion of the Property.

Storage Principal Dwelling Unit: An enclosed storage area of at least 100 square feet shall be required for each Principal Dwelling Unit built on Sunlight. Such storage area must be either attached to each residence or, if not attached, located within fifteen (15) feet of the residence and be constructed of similar material and color as the main residence. A garage with an additional 100 sq. ft. of storage, in excess of required space for vehicles shall satisfy this requirement.

Nuisance: No obnoxious or offensive activity shall be carried on within the Property, nor shall anything be done, permitted or placed on the Property which shall constitute or may become a public nuisance. As used herein, the term "noxious or offensive activity" shall not include any activities of an Owner, Declarant or their respective designees which are reasonably necessary to the development of and construction on the Property so long as such activities do not violate Sunlight Documents or the statutes, rules or regulations of any governmental authority having jurisdiction with respect thereto and do not unreasonably interfere with any Owner's use of his or her Lot or with any Owner's ingress or egress to or from his or her Lot and roadway. No noise or other nuisance shall be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or its occupants.

Any violation of the above Rules and Regulations shall be enforced per the Governing Documents and by Policy C of these Rules and Regulations. 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 to impose fines or other sanctions. 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 Association's Governing Documents and to create a safe and harmonious living environment.

POLICIES

A. Collection Policy

1. **Due Dates.** The annual assessment shall be due and payable in periodic installments as determined by the Board of Directors. Special assessments or other charges may be assessed from time to time by the Association in accordance with the Declaration and are due and payable as specified by the Board of Directors. Assessment installments and other charges not paid to the Association within thirty (30) days after the due date shall be considered past due and delinquent.
2. **Late Charges and Interest Charges.** Any assessment or other charge not paid by the due date thereof shall bear interest from the due date at the Default Rate, as defined in the Declaration. In addition, the Association shall be entitled to impose a late charge of twenty-five dollars (\$25.00) on each assessment installment or other charge that is not paid within thirty (30) days after the same is due. All such charges shall be due and payable immediately, without notice, in the manner provided for payment of assessments.
3. **Collection Process.**
 - a. After an assessment installment or other charge owed to the Association becomes thirty (30) days past due, the Association may send a written notice of delinquency to the Owner who is delinquent in payment, including the amount past due, notice that interest and late fees have accrued, and a request for immediate payment.
 - b. If payment in full is not received within fifteen (15) days after the notice of delinquency is sent, the Association may, but shall not be required to, send a notice of default to the Owner. The Association's notice of default shall, at a minimum, include the following:
 - (i) The total amount due to the Association along with an accounting of how the total amount was determined;
 - (ii) Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into a payment plan;
 - (iii) 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;

- (iv) A statement indicating that action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquency account being turned over to an attorney or 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 Lot, or other remedies available under Colorado law, including but not limited to revoking the Owner's right to vote if permitted in the Bylaws or Declaration.
4. Liens. A statutory lien exists for any delinquent balance owed to the Association by an Owner. The Association, through its attorney, may record a notice of assessment lien against the property of the delinquent Owner, in accordance with the Declaration. The lien amount will include fees, charges, late charges, attorneys' fees, fines, and interest owed by the delinquent Owner.
 5. Returned Check Charges. The Association will assess a twenty-five dollar (\$25.00) fee against an Owner in the event any check or other instrument is not honored or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds.
 6. Payment Plan. Any Owner who becomes delinquent in payment of assessments after the effective date of these Rules and Regulations may enter into a payment plan with the Association, which plan shall be for a minimum term of six (6) months or such other terms as may be approved by the Board. Such payment plan shall be offered to each Owner prior to the Association referring any account to an attorney or collection agency for collection action; provided, however, that an attorney may prepare delinquency notices, give notice of termination of voting rights, and offer a payment plan, as well as any other activity requested by the Association, on behalf of the Association. In the event the Owner defaults or otherwise does not comply with the terms and conditions of the payment 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 actions as it deems appropriate in relation to the delinquency.
 7. Attorneys' Fees on Delinquent Accounts. The Association shall be entitled to recover its reasonable attorneys' fees and collection costs incurred in the collection of assessments or other charges due to the Association from a delinquent Owner. The reasonable attorneys' fees incurred by the Association shall be due and payable immediately when incurred, upon demand.
 8. Application of 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 attorneys' 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.

9. Referral of Delinquent Accounts to Attorneys. If payment in full is not received within ninety (90) days after its due date, the Association may, but shall not be required to, refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys may take all appropriate action to collect amounts owed by the Owner. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has zero balance, or is written off. The attorney will set up and monitor all payment plans involving owner accounts turned over for attorney action. After consultation with the Board or the Association's managing agent, the attorneys may exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver.
10. 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.
11. Good Standing. To remain in good standing, an Owner must pay his or her account balance within thirty (30) days of the due date. Owners not in good standing cannot vote on matters coming before the membership until such time that their account balances are paid in full, except on those matters excluded in the Declaration.
12. Rental Interception. The Association may, without court order, notify the tenant or rental manager of any Lot where the Owner is delinquent in the payment of assessments pursuant to the Declaration and Colorado law, that rents shall be paid to the Association effective immediately and continue until such time as the Owner's account is current. Such notice shall be in writing to the tenant or rental manager and the Owner. All funds received by the Association from the tenant or rental manager shall be credited to the Owner's account as set forth herein.
13. Defenses. Failure of the Association to comply with any provision of this policy shall not be deemed a defense to payment of assessment fees or other charges, late charges, returned check charges, attorneys' fees, and/or costs as described and imposed by this policy.
14. 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.
15. Delinquencies Constitute Covenant Violations. Any delinquency in the payment of assessments or other charges shall constitute a violation of the covenants contained in the Declaration, and, after notice and an opportunity for a hearing, the Association may impose sanctions on the delinquent Owner consistent with the Association's Covenant Enforcement Policy and Fine Schedule.
16. Waivers. Nothing in this collection policy shall require the Association to take specific actions or pursue specific legal remedies. 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 with the name of the person or persons representing the Association granting the relief 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.

B. Conduct of Meetings

1. Open Meetings. All meetings of the Association, including Owner, Board of Directors, and committee meetings, are open to every Owner and any person designated by an Owner in writing as the Owner's representative. As used in this policy, "Member" includes Owners and any Owner representative or other authorized attendee at an Association meeting.
2. Board Meetings. At regular and special meetings of the Board of Directors, 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 or as otherwise provided in this policy. The Board shall permit Members to speak before the Board takes formal action on an item under discussion, expressly including prior to the adoption of a rule or regulation, 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 Member comments during any meeting.
3. Agenda; Open Forum. The President of the Board, and in his or her absence, the Vice President, shall serve as chairperson of all meetings. The agenda for all meetings shall follow the order of business determined by the Board but shall include a Member Open Forum during which any Member who wishes to speak will have the opportunity to do so, subject to the other provisions of this policy.
4. Limits on Right to Speak. The Board shall have the right to determine the length of time of the Open Forum. The presiding chairperson may place reasonable limitations on 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 chairperson, each Member will have three minutes to speak during the Open Forum. Members may not speak more than once during the Open Forum except by permission of the Board. No Member may speak a second time until all Members wishing to speak have had an opportunity to speak once.
5. Sign-Up Sheets. The Board may make an Open Forum sign-up sheet available to Members prior to the time a meeting is scheduled to begin. Any Member wishing to comment at the ensuing meeting may add his or her name to the sign-up sheet. The chairperson will recognize Members for comment at the meeting in the same order as their names appear on the sign-up sheet. Any Member wishing to comment who has

not placed his or her name on the sign-up sheet may only speak if time permits.

6. Member Conduct. No Member is entitled to speak until recognized by the chairperson. Only the chairperson may interrupt the person recognized to speak. The speaker shall observe the specific time limits set for comments. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the chairperson and restricted to the agenda item being discussed. Courteous behavior is mandatory.
7. Recording of Meetings. Note taking is permitted, however, video or audio recording of all or any portion of a meeting is prohibited. The Board may place additional limitations or restrictions on note taking by third-party attendees at Association meetings.
8. Curtailment of Member Conduct. Should the chairperson determine that any Member has spoken for the allotted amount of time or longer, or determine that the Member is in violation of the provisions of this policy, the chairperson shall have the authority to instruct the Member to yield the floor, and that Member will be obligated to comply with the chairperson's instruction.
9. Disruptive or Unruly Behavior. If a Member refuses to stop talking after his or 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 chairperson will issue a verbal 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 or 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 chairperson may call a recess and speak directly to the Member, reiterating that either the meeting will be adjourned or law enforcement or security will be called to remove the Member.
 - c. If the Member still refuses to cooperate, the chairperson may choose whether to adjourn the meeting or to call law enforcement or security.
10. 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 to discuss any of the following:
 - 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; or
- f. Review of or discussion relating to any written or verbal communication from legal counsel.

Prior to the time the members of the Board convene in executive session, the chairperson shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above. The Board is not permitted to adopt any rule or regulation during an executive session.

11. Attorney-Client Privileged Communication. 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 that it deems appropriate, in an open meeting.

C. Covenant Enforcement Policy and Fine Schedule

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 to impose fine 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 Association's Governing Documents and to create a safe and harmonious living environment.
2. Remedies Not Exclusive. These enforcement provisions may be in addition to other specific provisions outlined in the Governing 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.
3. Complaint. A proceeding to determine if the Governing 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 Board. The Complaint shall state the specific provision(s) of the Governing Documents alleged to have been violated and as many specifics as are available as to time, date, location, and persons involved.

4. 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 Governing 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 Governing 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; (2) the alleged violation of the Governing Documents; and (3) directing the Respondent to take specific action to remedy the violation, or cease the violating activity, within ten (10) days from the date of the Warning Letter or face further enforcement action, including the imposition of fines.
5. Continued Violation after Warning Letter and Right to Hearing. If, following the Warning Letter having been sent to the Respondent, the Board 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 Board 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 alleged violation of the Governing Documents; (2) the enforcement action that the Association may take or sanction the Association may impose; (3) the Respondent’s right to a hearing, either in person or in writing, by the Board, or by a committee appointed by the Board (“Hearing Committee”), at a meeting of the Board which is at least fifteen (15) days after the date of the notice; (4) the date of the hearing; 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.
6. Hearing. Each hearing shall occur at the scheduled date, time, and place, unless the Respondent has failed to respond or appear at the hearing. Continuances may be granted for good cause. Each hearing shall be conducted by the Board members, or by a Hearing Committee, 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 or she will not receive any greater benefit or detriment from the outcome than will the general membership of the Association. The Board or 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 Board or committee shall be fair and reasonable in light of the relevant facts and circumstances. Each hearing shall be open to attendance by all Members of the Association.

7. Decision. If the Respondent does not appear but a written response is filed, the Board or Hearing Committee shall render its decision based on the information contained in the Complaint and the written response, considering all relevant facts and circumstances. If neither an appearance nor a written response is made, the Board or 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 Board or Hearing Committee at a hearing, the Board or Hearing Committee shall render its decision(s), taking into consideration all relevant facts and circumstances. Except as provided herein, the Board's or Hearing Committee's decision shall take effect no sooner than five (5) days after the hearing. If the Board or Hearing Committee does not inform the Respondent of its decision at the time of the hearing, or if no hearing is held, the Board or Hearing Committee will provide a written notice of the decision of the Respondent's address of record via first class United States mail within five (5) days after the decision is made.

8. Enforcement. The provisions of this policy shall not limit, or be a condition precedent to, the Association's right to enforce the Governing Documents by any means available to the Association, including but not limited to commencement of a lawsuit to force compliance or seek injunctive relief or damages. The Association shall be entitled to reimbursement of all reasonable attorneys' 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 Governing Documents, the Board or 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 Board or 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.

9. Fines. Fines may be levied by the Board or Hearing Committee for violations of the Governing Documents as follows:

<u>Number of Violations in 12 Month Period</u>	<u>Fine Amount</u>
First violation	\$50
Second violation	\$100
Third violation	\$250

Fines imposed pursuant to this policy shall become an assessment imposed against the record Owner's Lot and enforceable as provided in the Governing Documents.

10. Habitual Offenders and Continuing Violations. A Member who accumulates more than three (3) violations within a twelve (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 Board or Hearing Committee may impose such additional fines as are deemed reasonable by the Board or Hearing Committee without regard to the schedule set forth above.

11. Willful and Wanton Violations. In the event of a determination by the Board or Hearing Committee of a willful, wanton, or flagrant disregard for the provisions of the Governing Documents, or based on the severity of the violation, the Board or Hearing Committee may impose such additional fines as are deemed reasonable by the Board or Hearing Committee without regard to the schedule set for the above.
12. Responsibility for Actions of Tenant or Guest. Owners shall at all times be responsible for the actions of their tenants and guests. In the event that an Owner's tenant or guest violates the Governing Documents and a fine is imposed, the fine shall be assessed against that Owner.
13. 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.
14. Miscellaneous.
 - a. 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.
 - b. The provisions of this policy shall be independent and severable. The invalidity of any one or more 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.

D. Inspection and Copying of Association Records

1. The Association shall keep as permanent records the following documents:
 - a. Minutes of all meetings of Members and the Board;
 - b. Records of all actions taken by the Members 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 Members and of the Board or any committee of the Board;

- e. A record of Members in a form that permits preparation of a list of the names and addresses of all Members, showing the number of votes each Member is entitled to vote; and
 - f. All tax returns filed on behalf of the Association.
2. 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, Bylaws, and Rules and Regulations;
 - b. Resolutions adopted by the Board;
 - c. The minutes of all Member meetings and records of all actions taken by Members without a meeting for the past three (3) years;
 - d. All written communications within the past three (3) years to Members generally as Members;
 - e. A list of the names and addresses of the Association's current directors and officers;
 - f. The Association's most recent annual report; and
 - g. All financial audits or reviews conducted pursuant to C.R.S. § 38-33.3-303(4)(b) during the immediately preceding three (3) years.
3. So the Association can have the desired books, records, and personnel available, a written Request to Inspect must be submitted to the Association at least five (5) business days prior to the planned inspection. The Request must describe with reasonable particularity which records are to be inspected and the purpose of the inspection.
4. All records shall be inspected at the offices of the Association's management company, or such other location communicated to the requesting Owner or Mortgagee, between the hours of 9:00 AM and 5:00 PM, Monday through Friday. The Board and the requesting Owner or Mortgagee may agree in writing to other hours of inspection. Notwithstanding the above, the Board may provide the records for inspection at the next regularly scheduled meeting if such meeting occurs within thirty (30) days after the Request was received. Further, upon consent of the Owner or Mortgagee, the Association may photocopy and provide the requested records to the Owner or Mortgagee in lieu of their inspection of the records.
5. No original records may be removed from the Association's possession. At the discretion of the Board, certain original records may only be inspected in the presence

of an Association Board member, employee, or agent.

6. The Association may charge a fee, not to exceed the Association's actual cost per page, for copies of the Association records. In addition, the Association may charge the Owner up to \$25.00 per hour for inspection time that requires supervision by an Association Board member, employee, or agent.
7. Consistent with individual Owners' rights to privacy, attorney-client confidentiality, and other considerations, the Association will not make the following documents available without the express written consent of the Board:
 - 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 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, vendor bids, and general information or investigations which have not been formally approved by the Board; and
 - f. Owners' personal contact information, including but not limited to telephone numbers or e-mail addresses, except the Association will, upon request, provide Owners' names and mailing addresses.
8. 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.
9. Without the written consent of the Board, ownership lists may not be:

- a. Obtained or used by any person for any purpose unrelated to the Association or 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 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.
10. 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 Request to Inspect.

E. Adoption and Amendment of Policies and Rules

1. The Association's Governing Documents, and C.R.S. § 38-33.3-302, give the Board the authority to adopt policies, procedures, rules, and regulations (hereinafter collectively referred to as a "Rule"). The Board may adopt Rules to facilitate the efficient operation of the Association, including clarification of provisions in the Governing Documents.
2. Prior to adopting a new Rule, the Board has the right, but not the obligation, to conduct an informational meeting of the Owners and solicit their input regarding any new or existing Rule.
3. The Board shall only adopt Rules in open meetings. At the meeting where the Board intends to adopt a proposed Rule, at an appropriate time determined by the Board, but before the Board votes on the adoption of the Rule, Members or their designated representatives will have an opportunity to speak regarding the Rule in the manner provided in the Association's Conduct of Meetings policy.
4. The Board will give notice of the adoption, amendment, or repeal of a Rule in writing to each Owner at the address for notices to Owners as may be provided in the Association's Declaration or Bylaws, or as submitted to the Association by the Owner, and will publish the Rule by any reasonable means available, which may include posting the Rule in the community or on the Association's website, by e-mail, mail, newsletter, or personal delivery.
5. Any Owner's failure to receive a Rule shall not serve as 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.

F. Dispute Resolution

1. Claims and Disputes. Except as provided herein, the following procedures will apply to all claims or disputes involving the Association and/or the Governing Documents.
2. Notice of Claim. Prior to proceeding with any claim, the party asserting the claim (the “Claimant”) shall give written notice of such claim to all opposing parties (the “Respondent”), which notice shall state plainly and concisely:
 - a. The nature of the claim, including all persons involved and the Respondent’s role in the claim;
 - b. The legal or contractual basis of the claim, *i.e.* the specific authority out of which the claim arises; and
 - c. The specific relief and/or proposed remedy sought.
3. Duty to Confer. 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 Lot 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. If requested in writing with the Notice of Claim, the Board may appoint a representative to assist the parties in negotiating a resolution.
4. Submission of Claim to Mediation. If the parties do not resolve the claim through negotiations within thirty (30) days after submission of the claim to the Respondent, the Claimant shall have an additional thirty (30) 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 local district court. In such event, the claim shall be deemed to be submitted upon filing the petition for appointment of the mediator.
5. Waiver of Claim. If the Claimant fails to submit the claim to mediation within sixty (60) days after submission of the claim to the Respondent, or fails to appear at the mediation, the Claimant shall be deemed to have waived the claim, and the Respondent shall be released and discharged from any and all liability to the Claimant on account of such claim; provided, nothing herein shall release or discharge the Respondent from any liability to any person other than the Claimant.
6. Results of Mediation. 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.
7. Costs of Mediation. 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.

8. Termination of Mediation. Within five (5) days of termination of mediation, if no resolution is reached and the Claimant desires to pursue the claim, the Claimant shall make a final written settlement demand (“Settlement Demand”) to the Respondent, and the Respondent shall make a final written settlement offer (“Settlement Offer”) to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant’s original notice of claim shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, the Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.
9. Arbitration. If the parties do not agree in writing to a settlement of the claim within fifteen (15) days of the termination of mediation, the Claimant shall have fifteen (15) additional days to submit the claim to arbitration. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the claim shall be deemed abandoned, and the Respondent shall be released and discharged from any and all liability to the Claimant arising out of such claim; provided nothing herein shall release or discharge the Respondent from any liability to persons other than Claimant. The arbitration award shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.
10. Costs of Arbitration. Any arbitration award which is equal to or more favorable to the Claimant than the Claimant’s Settlement Demand shall include Claimant’s costs of arbitration, such costs to be borne equally by all Respondents. Any arbitration award which is equal to or less favorable to the Claimant than the Respondent’s Settlement Offer shall award to the Respondent its costs of arbitration, to be paid by the Claimant. Each party shall bear its own attorneys’ fees.
11. Excluded Claims. Unless all parties thereto 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 Governing Documents;
 - b. An action by the Association to obtain a temporary restraining order or preliminary 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;
 - c. Any action between or among 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 Governing Documents;
 - d. Any action in which an indispensable party is not the Association, its officers,

