

GOVERNANCE POLICIES

TABLE OF CONTENTS

- A. Collection of Unpaid Assessments**
- B. Handling of Conflicts of Interest Involving Board Members**
- C. Conduct of Meetings**
- D. Enforcement of Covenants and Rules**
- E. Inspection and Copying of Association Records by Unit Owners**
- F. Investment of Reserve Funds**
- G. Procedures for the Adoption and Amendment of Policies, Procedures and Rules**
- H. Procedures for Addressing Disputes Arising Between the Association and Unit Owners**

**ADRIEL HILLS CONDOMINIUM ASSOCIATION
POLICY FOR COLLECTION OF UNPAID ASSESSMENTS**

Effective: November 19, 2013

1. **Introduction.** The Board of Directors ("Board") of Adriel Hills Condominium Association, a Colorado nonprofit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Amended Condominium Declaration for Adriel Hills ("Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act, as amended ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. **Policy Purpose.** The purpose of this Policy is to emphasize that collection of unpaid Assessments is an important part of governing the Association and such collection should be done in a uniform manner in accordance with the Association Documents and CCIOA. It is the intent of this Policy to provide a framework for the collection of past due Assessments in a timely and efficient manner.

3. **Collection of Unpaid Assessments.** To assist with the collection of unpaid Assessments in a timely and efficient manner, the Association shall do the following:

3.1 **Due Date/Delinquent Payments.** Assessments are due upon the date specified by the Board. Any Assessment not paid within 10 days after its due date is considered past due and delinquent. A monthly late charge in the amount of \$50.00 will be assessed against the delinquent Owner. Furthermore, the Association may impose interest at any rate up to 18% per annum on past due Assessments from the date of delinquency.

3.2 **Returned Check Charge.** In addition to any other charges under the Association Documents and this Policy, if an Owner makes payment of Assessments to the Association by a check which is not honored by the bank on which it was written or is returned by such bank for any reason whatsoever, including but not limited to insufficient funds, the Owner shall immediately pay the Association, as part of the Owner's Assessment, a reasonable returned check charge not to exceed \$25.00. Owner must provide replacement payment in good funds which include bank check or money order.

3.3 **Notice to Owner/Payment Plan.** If any Assessments are 60 days past due, and before the Association turns over a past due account to a collection agency or an attorney for legal action, the Association must send the delinquent Owner a letter via First Class U.S. Mail notifying the Owner of the delinquency and specifying:

- The total amount due, with a copy of the Owner's ledger showing how the total was determined;
- That unless the Owner acquired the Owner's Unit through a foreclosure and does not occupy the Unit, the Owner will have a one-time opportunity to enter into a

payment plan that allows the Owner to pay off the past due amount in equal payments over a period of at least six months. Under such a payment plan, the Owner will be required to make payment of the past due Assessments and also remain current with payment of the regular Assessments as they come due during the term of the payment plan. If the Owner does not comply with the payment plan, the Association can then pursue legal action against the Owner.

- The contact information for the Association's property manager in the event the delinquent Owner wishes to enter into a payment plan or has any other questions about the amount owing to the Association.
- That action is required to cure the Owner's delinquency and if the Owner fails to do so within 30 days following the date of the Association's letter, the Owner's past due account may be turned over to a collection agency or an attorney, a lawsuit may be filed against the Owner, a lien may be filed and foreclosed against the Owner's Unit, and the Association may pursue any other remedies available under Colorado law.

3.4 Application of Payments on Delinquent Accounts. All payments received with regard to a delinquent Owner's account shall be applied to the Association's attorneys' fees and costs, expenses of enforcement and collection, late charges, interest (if any), returned check charges, and other costs owing under the Association Documents prior to being applied to payment of any Assessments then due.

3.5 Collection Remedies. In the event payment is not received from any delinquent Owner within 30 days after the date of the Association's letter referenced above, the Association may pursue any one or all of the following remedies:

3.5.1 File an Assessment lien against the delinquent Owner's property;

3.5.2 Commence and maintain legal proceedings (lawsuits seeking personal judgments and foreclosure actions) for the recovery of delinquent Assessments, late fees, interest, attorney fees and costs as may be allowed by the Association Documents or CCIOA;

3.5.3 Pursue collection of judgments obtained against Owners;

3.5.4 Take all other lawful action necessary to collect delinquent Assessments in accordance with the Association Documents and Colorado law; and

3.5.5 Suspend the voting rights of the delinquent Owner during the duration of the delinquency.

3.5.6 Suspend amenity use.

If the Association fails to follow the procedures set forth above it shall not be construed as any waiver or release of a delinquent Owner's obligation to pay Assessments or the Association's right to collect the Assessments in accordance with the Association Documents and CCIOA.

4. **Association's Attorney Fees and Costs.** Any delinquent Owner shall be responsible for attorney fees and costs incurred by the Association in the collection of past due Assessments, whether or not a lawsuit is commenced, in accordance with the Association Documents and CCIOA.
5. **Foreclosure and Bankruptcy Notices.** If the Association receives any bankruptcy or foreclosure notice regarding an Owner with unpaid Assessments, the Association may seek advice from its attorney regarding the appropriate action to be taken.
6. **Variations.** The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.
7. **Amendment.** This Policy may be amended from time to time by the Board.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of the Adriel Hills Condominium Association, a Colorado nonprofit corporation ("Association") certifies that the foregoing Policy for Collection of Unpaid Assessments was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on November 19, 2013.

Adriel Hills Condominium Association, a Colorado
nonprofit corporation

By: Bonnie Jean Garden, Secretary

**ADRIEL HILLS CONDOMINIUM ASSOCIATION
POLICY FOR HANDLING CONFLICTS OF INTEREST
OF DIRECTORS**

Effective: June 19, 2012

1. **Introduction.** The Board of Directors ("Board") of Adriel Hills Condominium Association, a Colorado nonprofit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, Amended Condominium Declaration for Adriel Hills ("Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. **Policy Purposes.** The purposes of this Policy are:

2.1 To set forth procedures and rules to identify and handle conflict of interest situations involving Directors

2.2 To provide a framework for appropriate education of existing and new Directors as to (a) their responsibilities in terms of timely disclosing conflict of interest situations and (b) the limits CCIOA places upon the participation of a Board member with a conflict of interest; and

2.3 To provide a mechanism for the Board to take up and reconsider any decision or action which may inadvertently be rendered without appropriate disclosure and handling of a Board member conflict of interest.

3. **Identification and Disclosure of Conflict of Interest Situations.**

3.1. **Definition of Conflict of Interest.** Unless the Declaration provides a more expansive definition, in which case the Declaration controls, a "conflict of interest" shall be defined as any contract, transaction, or other financial relationship between the Association and a director of the Association, or between the Association and a party related to a director, or between the Association and an entity in which a director of the Association is a director or officer or has a financial interest. A "party related to a director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

3.2 **Declaration and Disclosure of Conflict of Interest.** A Board member who has a conflict of interest regarding any contract, decision or other action shall declare and disclose the conflict of interest. In making such declaration and disclosure, the affected Board member shall:

3.2.1 Identify, by agenda item or otherwise with such particularity as necessary to identify the issue in question, the specific pending contract, decision or other action as to which the conflict of interest arises; and

3.2.2 Describe the person or person(s) who would financially benefit from the contract, decision or other action; and

3.2.3 Disclose the nature and magnitude of the financial benefit that would arise out of or as a function of the Board's decision on the contract, decision or other action.

3.3 Procedures for Addressing the Conflict of Interest. Once a conflict of interest has been declared and disclosed:

3.3.1 The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

3.3.2 After exercising due diligence, the governing board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

3.3.3 If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Participation by Board Member Who has Disclosed a Conflict of Interest.

4.1 Discussion. Unless the Association Documents provide for stricter limits on participation, in which case such stricter limits control, a Board member who has a conflict of interest may, after identifying and disclosing the conflict, participate in the Board's discussion of the pending contract, decision or other action. However, upon either (a) the voluntary decision of the Board member who has declared a conflict; or (b) the vote of a two-thirds majority of the then present Directors who do not have a conflict, the Board member with a conflict may be excused from the discussion of the pending contract, decision or other action, in which case such Board member shall not be present or participate in the Board's evaluation of the issue.

4.2 Voting. A Board member who has a conflict of interest shall be considered present for purposes of establishing a quorum and may vote on any matter related to consideration of the contract, decision or other action implicated by the conflict of interest.

5. **Reconsideration of Decisions Impacted by Questionably or Improperly Handled Conflict of Interest.**

5.1 **Effect of Non-Compliance.** The actions of the Board on any conflict of interest transaction shall be considered valid, binding and authorized, and will not be voidable by an Owner or on behalf of the Association, where: (1) the facts of the conflict are known by or disclosed to the Board and a two-thirds majority of the Board members without a conflict vote in favor of the proposed contract, decision or other action in good faith, even though such disinterested Board members would be less than a quorum; or (2) the facts of the conflict are known by or disclosed to the Owners entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Owners entitled to vote thereon; or (3) the conflicting interest transaction is fair as to the Association.

5.2 **Reconsideration/Ratification.** Where the Board identifies a previous contract, decision or other action which was adopted under circumstances where non-compliance with this policy is probable and subsections (1), (2), or (3) of Article 5.1, above, are not satisfied, the Board shall, at an open meeting, take the matter up for reconsideration. At such meeting:

5.2.1 The Board member with a conflict of interest shall fully identify and disclose the conflict as provided above; and

5.2.2 The Board shall discuss whether, after having considered the matter in good faith, the contract, decision or other action should be ratified by a new vote in compliance with this Policy; and

5.2.3 The Board shall conduct a new vote on the question of ratification, which shall satisfy the requirements of Article 5.1 of this Policy.

6. **Violations of the Conflicts of Interest Policy.**

6.1 If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

6.2 If after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

7. **No Loans to Board Members.** No loans shall be made by the Association to its Board members or officers. Any Board member or officer who assents to or participates in the making of a loan prohibited by this section shall be liable to the Association for the amount of such loan until it is repaid.

8. **Records of Proceedings.** The minutes of the governing board and all committees with board delegated powers shall contain:

8.1 The names of the persons who disclosed or otherwise were found to have an financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

8.2 The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

9. **Annual Statements and Board Member Education.**

9.1 Each Director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person has: (1) received a copy of the conflicts of interest policy; (2) read and understands the policy; and (3) agreed in writing to comply with the policy.

9.2 **Existing Directors.** Upon adoption of this Policy, the Association Secretary shall provide all existing Directors with a copy of this Policy.

9.3 **New Directors.** Following adoption of this Policy, the Association Secretary shall promptly provide all new members of the Board elected or otherwise seated on the Board with a copy of this Policy.

9.4 **Annual Refresher.** To ensure the Association operates in a manner consistent with state law, annual reviews should be conducted. The periodic reviews shall, at a minimum, include: (1) whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining; and (2) whether partnerships, joint ventures, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

10. **Variiances.** The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

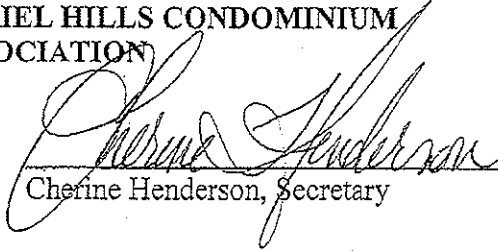
11. **Amendment.** This Policy may be amended from time to time by the Board.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of Adriel Hills Condominium Association ("Association") certifies that the foregoing Policy for Handling Conflicts of Interest of Directors was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on June 19, 2012.

**ADRIEL HILLS CONDOMINIUM
ASSOCIATION**

By:


Cherine Henderson, Secretary

**ADRIEL HILLS CONDOMINIUM ASSOCIATION
POLICY FOR CONDUCTING ASSOCIATION MEETINGS
Effective: June 19, 2012**

1. Introduction.

The Board of Directors ("Board") of Adriel Hills Condominium Association, a Colorado nonprofit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, Amended Condominium Declaration for Adriel Hills ("Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. Policy Purpose.

The purpose of this Policy is to emphasize that meetings of the Association's Board and its Members must be conducted in accordance with the Association Documents and applicable law. The Association Documents (in particular, its Bylaws), CCIOA and the Colorado Revised Nonprofit Corporation Act ("Nonprofit Act") contain numerous provisions governing meetings of the Association's Members and Directors including, without limitation, provisions regarding notices, quorums, proxies, voting and Member participation in the meetings. It is not the intent of this Policy to restate those provisions, but rather to provide overall guidance on the requirements governing the conduct of Association meetings.

3. Member Meetings.

3.1 Governing Documents and Laws. Meetings of the Association's Members shall be conducted in accordance with the requirements of the Association Documents (especially the Bylaws), CCIOA and the Nonprofit Act, to the extent applicable.

3.2 Parliamentary Procedure. Unless otherwise provided in the Association Documents, and except as set forth in the code of conduct below, meetings of the Members shall be conducted in accordance with (a) Robert's Rules of Order Newly Revised, or (b) such other generally recognized rules of parliamentary procedure as may be adopted by resolution of the Board.

3.3 Code of Conduct. The following code of conduct shall apply to meetings of the Members:

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

3.3.2 Members shall not interrupt anyone who validly has the floor.

3.3.3 When speaking, Members shall abide by any time limits set by the meeting chair for comment.

3.3.4 Members shall at all times speak and otherwise behave with common courtesy and civility. In particular, Members shall refrain from personal attacks, and from using profane, rude or threatening language.

3.3.5 Any comments should be relevant to the agenda item being discussed.

3.3.6 No Member may speak for a second time on an issue until everyone who wants to speak about that issue has been given the chance to speak once.

3.3.7 Members may not speak more than twice on any one issue, subject to the discretion of the meeting chair.

3.3.8 Members shall obey all orders made by the meeting chair, including an order to step down (i.e., an order to stop speaking and yield the floor).

3.4 Order of Business. Unless otherwise provided in the Association Documents, or unless a different order of business is set forth in any meeting agenda established by the Board, the order of business at meetings of the Members will be the following:

- Establish quorum.
- Call meeting to order.
- Approval of minutes of prior meeting.
- Reports of committees/officers.
- Election of directors (if annual meeting).
- Old business.
- New business.
- Adjournment.

3.5 Meeting Minutes. Minutes of Member meetings will be taken by (a) the Association Secretary, (b) in the absence of the Secretary, any other officer designated by the President, or (c) a representative of the Association's management company, provided that the Secretary must review and sign the minutes prepared by such representative, and further provided that the Secretary is ultimately responsible for the accuracy of the minutes. The minutes will be maintained in the Association's permanent records. Because minutes of Member meetings will be taken, and in order to encourage full discussion by the Members, no Member meeting may be recorded by audio or video means unless otherwise allowed by the Board in its sole discretion.

4. Board Meetings.

4.1 Governing Documents and Laws. Meetings of the Association's Board shall be conducted in accordance with the requirements of the Association Documents (especially the Bylaws), CClOA and the Nonprofit Act, to the extent applicable.

4.2 Parliamentary Procedure. Unless otherwise provided in the Association Documents, and except as set forth in the code of conduct below, meetings of the Board shall be conducted in accordance with (a) Robert's Rules of Order Newly Revised or (b)

such other generally recognized rules of parliamentary procedure as may be adopted by resolution of the Board.

4.3 Code of Conduct. The following code of conduct shall apply to meetings of the Board:

4.3.1 Directors shall conduct themselves in a professional and businesslike manner.

4.3.2 No personal attacks may be made against other Directors, Association Members, residents or managing agents.

4.3.3 Directors shall at all times speak and otherwise behave with common courtesy and civility. In particular, Directors shall refrain from personal attacks, and from using profane, rude or threatening language.

4.3.4 Though differences of opinion are inevitable, they must be expressed in a professional and businesslike manner.

4.4 Order of Business. Unless otherwise provided in the Association Documents, or unless a different order of business is set forth in any meeting agenda established by the Board, the order of business at meetings of the Board will be the following:

- Establish quorum.
- Call meeting to order.
- Approval of minutes of prior meeting.
- Reports of committees/officers.
- Election of officers (if annual meeting).
- Old business.
- New business.
- Adjournment.

4.5 Meeting Minutes. Minutes of Board meetings will be taken by (a) the Association Secretary, (b) in the absence of the Secretary, any other officer designated by the President, or (c) a representative of the Association's management company, provided that the Secretary must review and sign the minutes prepared by such representative, and further provided that the Secretary is ultimately responsible for the accuracy of the minutes. The minutes will be maintained in the Association's permanent records. Because minutes of Board meetings will be taken, and in order to encourage full discussion by the Directors, no Board meeting may be recorded by audio or video means unless otherwise allowed by the Board in its sole discretion.

4.6 Executive Sessions. Executive or closed-door sessions of the Board shall be conducted in accordance with CCIOA (CRS §38-33.3-308).

5. **Variances.**

The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

6. **Amendment.**

This Policy may be amended from time to time by the Board.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of Adriel Hills Condominium Association ("Association") certifies that the foregoing Policy for Conducting Association Meetings was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on June 19, 2012.

**ADRIEL HILLS CONDOMINIUM
ASSOCIATION**

By:


Cherine Henderson, Secretary

**POLICY FOR ENFORCEMENT OF COVENANTS AND RULES
(INCLUDING NOTICE AND HEARING PROCEDURES AND SCHEDULE OF FINES)
Effective: June 19, 2012**

1. Introduction.

The Board of Directors ("Board") of Adriel Hills Condominium Association, a Colorado non-profit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, Amended Condominium Declaration for Adriel Hills ("Declaration") (such documents being collectively being referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. Policy Purposes.

The purposes of this Policy are to:

2.1 Set forth procedures and rules to promote the consistent enforcement of the Association Documents;

2.2. Provide a framework for mediation of disputes between the Association and Owners, except those related to collection of past due assessments or matters that may require an injunction, restraining order or protection order; and

2.3 Provide Owners with notice of the schedule of fines for violations of the Association Documents.

3. Mediation.

3.1. Request for Mediation. In the event of a dispute between the Association and any Owner, except disputes regarding past due assessments or any matter that may require an injunction, restraining order or protection order, either the Association or an Owner may request mediation by an independent, third-party mediator. A request for mediation ("Request") must be in writing and mailed to the Association or Owner by U.S. Mail, first class postage prepaid to such address for the recipient shown by the public records. The Request shall be considered effective three days following deposit in the mail. The parties shall make reasonable efforts to select a mediator and schedule mediation of the dispute within 30 days after the effective date of the Request, or such longer time as the parties may agree upon in writing. If the mediation does not occur within 30 days (or longer if so agreed in writing), or the parties are unable to settle the dispute through mediation, the Association or Owner may pursue any other lawful remedy allowed by the Association Documents or Colorado law.

3.2 Mediation Fees and Costs. Fees and costs associated with the mediation, including payment of fees to the mediator, shall be paid as follows:

3.2.1 The requesting party shall pay the mediator in advance for the first two hours of mediation.

3.2.2 If the mediation lasts more than two hours, the mediator's fees for time beyond the first two hours shall be divided equally between the Association and Owner(s), and paid at the conclusion of the mediation.

3.2.3 The Association and any participating Owner may be represented by their respective attorneys at the mediation. Each party shall pay their respective attorney fees associated with the mediation.

3.2.4 If an Owner requests mediation but fails to appear at the date and time scheduled for the mediation, the Owner shall pay all expenses of the Association related to the mediation, including attorney fees and costs, and those expenses shall be assessed against the Owner as part of the Owner's Assessment.

3.3. Continuation of Hearing and Imposition of Fines. A request for mediation shall not suspend or stay any hearing or imposition of fines in accordance with the Fine Policy set forth below. Any fines imposed prior to or after a request for mediation shall remain in place or continue to accrue (in the event of a continuing violation where a daily fine is imposed) pending mediation of the dispute. Unless otherwise agreed at mediation, such fines shall remain legally collectable as Assessments in accordance with the Association Documents and Colorado law.

3.4. Continuation of Legal Proceedings. If a lawsuit for the collection of Assessments or enforcement of the Association Documents is commenced prior to receiving a request for mediation, such request shall not suspend or stay the lawsuit. The lawsuit shall continue forward, in addition to the mediation process described above, unless otherwise agreed upon by the parties in writing.

4. Fine Policy, Notice and Hearing Procedures.

4.1 Fine Policy. The Association may levy fines for violations of the Association Documents in accordance with the following fair and impartial fact-finding process which is designed to determine whether the alleged violation actually occurred and whether the owner allegedly violating the Association Documents is the one who should be held responsible for the violation.

4.2 Notice of Violation ("Notice"). The Notice of Violation process is as follows:

4.2.1 The Association or any member of the Association may report a violation. If reported by a member, the member should report the violation in writing to the Association at the Association's address. If the violation is of the type that can be readily photographed, any report of the violation should include one or more photographs of the violation.

4.2.2 The Board will verify the violation and issue a written Notice to the violating Owner. The Notice will describe the nature of the violation, the time frame for correcting the violation (expressed as a certain number of days after the effective date of the Notice as determined below), and state that the Association may seek to remedy the violation and otherwise protect its rights as specified in the Association Documents and as provided by law.

4.2.3 The Notice, together with a copy of this Policy, will be sent via U.S. Mail, first class postage prepaid, addressed to the last registered address of the Owner as listed in the Association's records. The Notice will be considered effective three days after it is deposited in the mail.

4.2.4 The Owner receiving the Notice then has the amount of time specified in the Notice to correct the violation.

4.2.5 If the violation is not corrected within the specified time, a fine is levied starting on the first day after the time period for correcting the violation expires, subject to the Request for Hearing provisions below.

4.3 Requests for Hearing. Any Owner receiving a violation Notice has the right to request a hearing before the Board as the Association's impartial decision-maker. To request a hearing, the Owner must contact the Association in writing within four days after the effective date of the Notice. The Association's Board shall then set a date for the hearing. If the hearing, for whatever reason, cannot be held prior to the date when the fine is otherwise scheduled to commence, the date the fine begins shall be extended to the day following the hearing. No Board member may have any direct personal or financial interest in the outcome of the hearing process. A Board member shall not be deemed to have a direct personal or financial interest in the outcome if the Board member will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. Any Board member who does have any direct personal or financial interest in the outcome of the hearing process shall not participate in the hearing. The purposes of the hearing are to (1) determine if the Owner receiving the Notice should be held responsible for the alleged violation, (2) evaluate any mitigating circumstances, and (3) make arrangements for bringing the violation into compliance over a period of time if warranted.

The hearing process will not and cannot be used to determine if a particular provision of the Association Documents is desirable.

4.4 Hearing Procedure. The general procedure for the hearing is as follows:

4.4.1 The presiding Board member shall (1) establish a quorum, (2) explain the Fine Policy and procedures, and (3) describe the nature of the violation as specified in the Notice.

4.4.2 The Owner may then provide rebuttal to the Notice using witnesses or any other information deemed relevant and necessary.

4.4.3 After all testimony and other evidence has been presented, the Board shall decide whether the Owner should be held responsible for the alleged violation. If the Board finds that the Owner has violated the Association Documents, a fine shall then be assessed by the Board or mutually agreeable arrangements made with the Owner to ensure correction of the violation and compliance in the future. If the Board finds that the Owner should not be held responsible for the alleged violation, then (1) no fine shall be assessed, and (2) the Association shall not allocate to that Owner's Association account any of the Association's costs or attorneys' fees incurred in asserting or hearing the alleged violation.

4.5 Fines. If an Owner fails to timely correct a violation, the Board has the right to assess a one-time fine in the amount of \$ [REDACTED] (as the Board deems reasonable and necessary to promote correction of the violation). In addition, the Board may assess daily fines for any continuing or persistent violation in the amount of \$ [REDACTED] per day (as the Board determines to be reasonable and necessary to promote correction of the violation) until the Owner has corrected the violation. The Owner is responsible for notifying the Association in writing if and when the violation has been corrected. Any daily fine shall continue at the stated rate until the earlier of (a) the date on which the Owner gives written notice of correction, regardless of when the violation was corrected, or (b) 120 days after commencement of the daily fine.

4.6 Injunction. If the violation has not been corrected within 120 days after commencement of a daily fine, or after imposition of a one-time fine, the Association may commence the necessary legal proceedings under the Association Documents or under Colorado law to compel correction of the violation as well as to recover any unpaid fines, court costs, attorneys' fees and other Association expenses arising from the violation. Nothing in this paragraph shall preclude the Association from commencing legal proceedings to correct the violation prior to expiration of the 120 day period.

4.7 Collection of Fines. Assessed fines shall be billed to the Owner by U.S. Mail, and are legally collectable as Assessments in accordance with the Association Documents and Colorado law. The fines are the personal obligation of the violating Owner and, in addition, constitute a lien against such Owner's property. Furthermore, the violating Owner is responsible for all costs and reasonable attorney fees incurred by the Association as a result of the violation.

4.8 Repeat Violations. A "repeat violation" is a violation committed by an Owner which is the same as the original violation committed by that Owner, and which occurs within twelve months after the original violation. A repeat violation is considered a continuation of the original violation, and thus an Owner committing a repeat violation is not entitled to the same hearing procedures set forth above. However the Association shall provide Notice of the repeat violation to the Owner in accordance with Section 4.2 above. If the repeat violation has not been corrected within the time period specified in the Notice for correction of the violation, then the fine (which will be determined by the Board and may be up to double the amount of the fine assessed for the original violation) will commence upon the expiration of the correction time period, notwithstanding any other provisions of this Fine Policy to the contrary. An Owner committing a repeat violation shall have no right to a hearing on such repeat violation before the Board.

4.9 Fines Not Exclusive Remedy. Fines levied under this Policy are not the Association's exclusive remedy for addressing a violation. Nothing in this Fine Policy precludes the Association from pursuing any other remedy provided under the Association Documents or under Colorado law for correcting the violation.

5. Variances.

The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

6. Amendment.

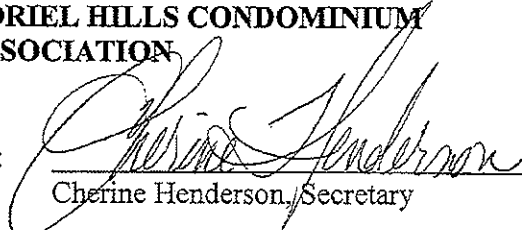
This Policy may be amended from time to time by the Board.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of Adriel Hills Condominium Association ("Association") certifies that the foregoing Policy for Enforcement of Covenants and Rules (Including Notice and Hearing Procedures and Schedule of Fines) was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on June 19, 2012.

**ADRIEL HILLS CONDOMINIUM
ASSOCIATION**

By:


Cherine Henderson, Secretary

ADRIEL HILLS CONDOMINIUM ASSOCIATION
POLICY REGARDING INSPECTION AND COPYING OF ASSOCIATION RECORDS
Effective: *November 19, 2013*

1. Introduction.

The Board of Directors (“Board”) of Adriel Hills Condominium Association, a Colorado nonprofit corporation (“Association”), acting pursuant to the powers set forth in the Association’s Bylaws, Articles of Incorporation, the Amended Condominium Declaration for Adriel Hills (“Declaration”) (such documents being collectively referred to as the “Association Documents”), and the Colorado Common Interest Ownership Act, as amended (“CCIOA”), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. Policy Purposes. The purposes of this Policy are to:

2.1 Identify records to be maintained by the Association;

2.2 Set forth procedures and rules to promote the consistent and predictable handling of requests by Owners for the inspection and copying of Association records;

2.3 Protect the Association and its members from abusive records requests which fail to describe with reasonable particularity the records sought, or which seek records legally protected from disclosure on the basis of privilege or other valid grounds for confidentiality.

3. Association Records to be Maintained. The Association shall maintain in electronic or paper format the following records, which are considered the Association’s sole records for purposes of document retention and production to Owners, at the Association’s office or the office of the Association’s managing agent:

3.1 Operating budget for the current fiscal year, and detailed records of receipts and expenditures affecting the operation and the administration of the Association.

3.2 Records of claims for construction defects and amounts received in settlement of those claims.

3.3 Minutes of all Board and Owner meetings, a record of any Board or Owner action taken without a meeting, and a record of action taken by any Board committee.

3.4 Written communications among, and the votes cast by, Board members that are directly related to an action taken by the Board without a meeting pursuant to the Colorado Revised Nonprofit Corporation Act, as amended (“Nonprofit Act”), or the Association’s Bylaws.

- 3.5 A list of the names of all Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Owner is entitled to cast.
- 3.6 A list of the names, email addresses and physical mailing addresses of current Association Board members and officers.
- 3.7 The Association's current Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, Responsible Governance Policies and any other Policies adopted by the Board.
- 3.8 Financial statements for the past three years and Association tax returns for the past seven years, to the extent available.
- 3.9 The most recent annual report filed by the Association with the Colorado Secretary of State.
- 3.10 A list of current assessments by type of Unit, and financial records sufficiently detailed to enable the Association to provide an Owner with a written statement listing the amount of unpaid assessments currently levied against that Owner's Unit.
- 3.11 The Association's most recent reserve study, if any.
- 3.12 Current written contracts to which the Association is a party, and contracts for work performed for the Association within the preceding two years.
- 3.13 Records of Board or Committee action to approve or deny any Owner request for design or architectural approval.
- 3.14 Ballots, proxies and other records relating to voting by Owners for a period of one year after the election, action or vote.
- 3.15 Board resolutions relating to the characteristics, qualifications, rights, limitations, and obligations of Owners.
- 3.16 All written communications within the past three years from the Association to all Owners generally as Owners.
- 3.17 Results of the most recent available financial audit or review, if any.
- 3.18 A list of all Association insurance policies, including insurance company names, policy limits, policy deductibles, additional named insureds and expiration dates.

4. **Inspection and Copying of Records.**

4.1 **Availability of Records.** Except for the records described in Section 5 below, the records required to be maintained by the Association shall be made available for inspection and copying by either an Owner or that Owner's authorized agent (such as an attorney or other representative of the Owner).

4.2 **Written Request.** Any Owner wishing to inspect and copy Association records shall submit a written request in substantially the form of the attached Request for Inspection and Copying of Association Records ("Request") to the Association through its managing agent, if applicable, or if the Association has no acting managing agent, then through the Association's secretary. The Request shall describe with reasonable particularity the records sought.

4.3 **Time for Inspection and Copying.** The Request must be received by the Association at least ten days prior to inspection or copying of the records. Any inspection and copying of records shall be conducted during normal business hours.

4.4 **Cost.** Any Owner requesting copies of Association records shall pay the Association, in advance, for the Association's labor and material costs related to producing and copying the records. If requested by an Owner, the Association may provide copies of records to the Owner via email, if available.

4.5 **No Obligation to Compile or Synthesize.** The Association is not obligated to compile or synthesize information.

4.6 **No Use for Commercial Purposes.** Association records and the information contained within those records shall not be used for commercial purposes.

5. **Exclusions.**

5.1 **List of Owners.** Notwithstanding anything in this Policy to the contrary, a list of Owners, or any part of such list, may not be obtained or used for any purpose unrelated to an Owner's interest as an Owner without the consent of the Board. More specifically, a list of Owners, or any part of such list, may not be (a) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association, (b) used for any commercial purpose, or (c) sold to or purchased by any person or entity.

5.2 **Other Excluded Records.** The following records are not subject to inspection and copying:

5.2.1 Architectural drawings, plans, and designs, unless the owner of those drawings, plans or designs authorizes their release in writing.

5.2.2 Contracts, leases, bids or records related to the purchase or provision of goods or services currently under negotiation.

- 5.2.3 Communications with the Association's attorney that are protected by the attorney-client privilege or attorney work product doctrine.
- 5.2.4 Records (other than publicly filed pleadings) relating to pending, potential or threatened litigation, mediation or arbitration.
- 5.2.5 Records the disclosure of which would be in violation of the law.
- 5.2.6 Records of any executive session of the Board.
- 5.2.7 Records requested by an Owner relating to a Unit owned by someone else.
- 5.2.8 Personnel, salary or medical records relating to specific individuals.
- 5.2.9 Personal identification and account information of Owners, including bank account information, telephone numbers, email addresses, driver's license numbers and Social Security Numbers
- 5.2.10 Any records that are otherwise confidential under constitutional, statutory or judicial imposed requirements.

6. **Variances.**

The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

7. **Amendment.**

This Policy may be amended from time to time by the Board.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of the Adriel Hills Condominium Association, a Colorado nonprofit corporation ("Association") certifies that the foregoing Policy Regarding Inspection and Copying of Association Records was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on November 19, 2013.

Adriel Hills Condominium Association, a Colorado nonprofit corporation

By: Bonnie Jean Tarden, Secretary

REQUEST FOR INSPECTION AND COPYING OF ASSOCIATION RECORDS

Owner's Name: _____ Date: _____
Address: _____
Telephone #: _____

I HEREBY REQUEST THAT ADRIEL HILLS CONDOMINIUM ASSOCIATION ("ASSOCIATION") ALLOW INSPECTION AND/OR COPYING OF THE ASSOCIATION RECORDS DESCRIBED BELOW.

1. Describe with Reasonable Particularity the Records Sought: _____

2. Type of Review: (choose one)

I wish to inspect records at the Association's location.

I wish to pay the Association's labor and material costs for copies of the records I have requested.

3. Certification and Acknowledgement of Association Records Policy:

I certify that I will not use any Association records and the information contained within those records for any commercial purpose.

I acknowledge and accept the Association's Policy Regarding Inspection and Copying of Association Records ("Policy"), and agree that I have been provided with an opportunity to review that Policy. I acknowledge and agree that the records will be made available to me in accordance with the Policy and I will comply with the Policy. I agree that I will be responsible for paying the Association's labor and material costs for copies of Association records and acknowledge that I must prepay these costs before the copies are provided.

Owner Signature: _____

**ADRIEL HILLS CONDOMINIUM ASSOCIATION
RESERVE POLICY**

Effective:

**1.
Introduction.**

The Board of Directors (Board) of Adriel Hills Condominium Association, a Colorado non-profit corporation, acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, and the Declarations (such documents being collectively being referred to as the Association Documents), and the Colorado Common Interest Ownership Act (CCIOA), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

**2. Policy
Purposes.**

The purposes of this Policy are to:

2.1 Provide, through a Reserve Study, a tool for the Association to identify the major components of the community that the Association is responsible to maintain, repair and replace, to determine the useful life of those components, to establish a maintenance, repair and replacement schedule for those components, and to establish a plan for funding such maintenance, repair and replacement.

2.2 Manage the investment of the Association's Reserve Funds in a prudent manner to preserve them for their intended uses, structure the maturities of Reserve Fund investments so the Association will have liquid assets available for its anticipated needs, and realize prevailing market returns with minimal risk.

2.3 Provide detailed monthly reporting of the Association's Reserve Funds account balances along with explanations of transactions affecting such account balances to the Board and Homeowners. Exhibit A provides a list of Reserve Funds as of April 1 of the current fiscal year.

**3. Reserve
Study.**

The Association shall have a reserve study prepared and periodically updated (any reserve study, together with any updates, being collectively referred to in this Policy as the Reserve Study) for the major components of the community maintained, repaired and replaced by the Association. The Reserve Study shall be reviewed at least once every three years (with the first three year period commencing January 1, 2010), or more frequently if determined necessary by the Board in its sole discretion. The Reserve Study may be prepared by the Association, its managing

agent or by a qualified outside consultant. The Reserve Study shall be based on both a physical analysis and a financial analysis of the major components for which the Association has maintenance, repair and replacement responsibility.

4. Funding Plan for Work Recommended by Reserve Study.

The Board will review the plan and may consider changes to the budget based on the Reserve Study, which plan shall be updated from time to time as deemed necessary by the Board in its sole discretion (the funding plan, together with any updates, being collectively referred to in this Policy as Funding Plans). The Funding Plans shall take into consideration the cost of maintenance, repair and replacement of the major community components for which the Association is responsible, the impact of inflation, the projected funding sources for the work (including assessments collected from the owners and revenue generated from invested Reserve Funds), as well as any other factors considered advisable by the Board. The goal of the Funding Plans shall be to maintain Association reserves at an adequate level to provide for the timely maintenance, repair and replacement of the major community components for which the Association is responsible so as to minimize the risk to the owners of special assessments, deferred maintenance and unfunded losses. The Funding Plans may include a "percent funded" factor calling for the amount of the Reserve Funds to be 100% of the amount necessary to fully fund the work identified in the Reserve Study, or such other reasonable percentage as may be established by the Board from time to time.

5. Investment of Reserve Funds.

5.1 Segregated Accounts. All Reserve Funds and Seasonal Operating Funds shall be maintained in distinct general ledger accounts that are fully reconciled to the Working Capital balance sheet accounts of the Association. If future needs arise, additional bank accounts may be established for certain Designated Long-Term Reserves funds.

5.2 Types of Investments. The Board shall invest the Association's Reserve Funds in one or more of the following types of investments:

- FDIC-insured bank checking account with no more than the maximum FDIC-insured amount in any one financial institution. The purpose of this account is to meet the short-term cash requirements of the Association! including Reserve Fund expenditures
- FDIC-insured interest bearing liquid bank accounts (money market deposit accounts) with no more than the maximum FDIC-insured amount in any one financial institution.
- FDIC-insured certificates of deposit with no more than the maximum FDIC-insured amount in any one financial institution.
- Money market funds that invest only in United States Treasuries and Treasury-backed securities.

- Any other type of investment that is (a) FDIC-insured or guaranteed by the United States government (but only to the extent of such insurance or guarantee), or (b) an obligation of the United States government.

5.3 Liquidity. The Board shall maintain from time to time a sufficient portion of its Reserve Funds in one or more bank checking accounts to meet required expenditures for repairs or replacement that the Association will incur before its non-liquid assets mature.

5.4 Laddering of Non-Liquid Investments. The Association Board of Directors may desire to invest certain funds in accounts with longer maturity dates and typically higher interest rates for long-range needs. These investment considerations shall be based on projected market rates and maturity dates to meet the Association's future liquidity needs.

5.5 Investment Advisor. The Board may retain a professional investment advisor to assist in investing its Reserve Funds pursuant to this Policy.

5.6 Control and Review of Investments. All cash and investment funds will be held in accounts titled in the name of the Association. Any withdrawal or transfer by check or otherwise of Reserve Funds requires the signature of at least two Association officers or directors. The Board will review the account balances and reconciliations as part of the monthly Board meeting. The Board may recommend adjustments to the investment accounts as necessary to maintain competitive yields.

5.7 Standards of Conduct. In making decisions regarding the investment of Association Reserve Funds, the officers and directors shall act in good faith, with the care that ordinarily prudent persons in a like position would exercise under similar circumstances, and in a manner the officers or directors reasonably believe to be in the best interests of the Association, pursuant to the Colorado Revised Nonprofit Corporation Act.

6. Variances.

The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

7. Amendment.

This Policy may be amended from time to time by the Board.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of the Adriel Hills Condominium association, certifies the foregoing Reserve Policy was approved by the vote of at least a majority

of the Association's directors at a meeting of the Association's Board of Directors held on April 23, 2013.

By: Sharone Mekelburg
Sharone Mekelburg, Secretary

ADRIEL HILLS CONDOMINIUM ASSOCIATION

Exhibit A: Reserve Fund Policy

Effective May 1, 2012

It is the obligation of the Adriel Hills Board of Directors to meet cash flow requirements, comply with state statutes regarding reserves and clearly report the financial position of the Association. The following financial reporting line items and corresponding policy are adopted and implemented by the Board of Directors as of November 16, 2010 and added as exhibit A to the Reserve Policy. The board of Directors is to review the current and projected funding status of each of these reporting line items at the beginning of the calendar year for fiscal year budget considerations.

Reserve for Seasonal Operation Spending: The Association's income is received over twelve months in a fiscal year, however a significant portion of the Association's fiscal year expenses occur May through September, during the construction season. The payment of these seasonal expenses must be made when incurred. As the Association does not choose to operate with a bank-funded line of credit, the Association must have adequate cash flow to pay these expenses. Averaging the several past years of seasonal expense activity, approximately \$100,000 must be maintained by the Association to meet the seasonal spending obligation.

It is the policy of the Board of Directors to maintain a seasonal operations reserve. The Board of Directors, with guidance from the Association's Treasurer, management team and financial consultant, if needed, will review the seasonal cash flow requirements as part of the annual budget process and determine if adjustments in the reserve amount is needed. The method of replenishing this fund to maintain minimum balance is to be determined by the Board of Directors at each budget cycle. At the end of the Association's fiscal year, any remaining funds are to be applied to one or more of the established line items as determined by the Board of Directors.

Reserve for Operating Contingencies: It is the policy of the Adriel Hills Board of Directors to maintain funds equal to 7.5% of the annual budget in a specific financial reporting line item as a contingency fund. The uses of the fund include but are not limited to unforeseen/unbudgeted mechanical breakdowns, such as pumps, boilers, or major landscape equipment, excessive snowfall or budget overages. Use of funds in this category is per Board of Director approval only. The method of replenishing this fund to maintain minimum balance is to be determined by the Board of Directors at each budget cycle.

Reserve for Insurance Deductibles & Losses: This fund is established to meet the Association's obligations for losses and deductibles when losses are the responsibility of the Association and

for no other purpose. The funding level is to be no less than three times the Association's Insurance deductible. Replenishment of the fund is to occur annually at the time of the insurance policy anniversary renewal or sooner as determined by the Board of Directors. If assessed at the time of renewal, the annual insurance assessment to homeowners will include their prorated share of the renewal premium and prorated share of the funds required for the minimum fund balance.

Reserve for Long Term Maintenance: This fund includes separate financial reporting line item subcategories; such as road overlays and roof replacement. Income and expenses would be reported per each subcategory. The Board of Directors would determine future subcategories, funding and expenses based on reserve study data.

Reserve for Capital Improvements: This fund is maintained exclusively for the purpose of capital improvement type projects. Projects, prioritization, funding and expenses would be determined by the Board of Directors.

Reserve for Recreational Amenities Improvements: This fund is maintained exclusively for the purpose of capital projects specific to the Adriel Hills recreation amenities. Specific projects, prioritization, funding and expenses is periodically determined by the Board of Directors.

**ADRIEL HILLS CONDOMINIUM ASSOCIATION
PROCEDURES FOR THE ADOPTION AND AMENDMENT OF
POLICIES, PROCEDURES AND RULES
Effective: June 19, 2012**

1. Introduction.

The Board of Directors ("Board") of Adriel Hills Condominium Association, a Colorado nonprofit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, Amended Condominium Declaration for Adriel Hills ("Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act ("CCIOA"), has enacted the following Procedures effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. These Procedures supersede any previously adopted Policy on the same subject matter.

2. Purpose of Procedures.

The purpose of these Procedures is to clarify that the Association's power to adopt and amend policies, procedures, rules and regulations (collectively, the "Policies") rests with the Board, while also providing that Owners will receive notice and the opportunity to comment on such Policies before they are adopted or amended.

3. Power to Adopt or Amend.

The Board shall have the sole power to adopt and amend the Policies of the Association.

4. Notice to Owners.

Except as otherwise required by the Association Documents, prior to the adoption or amendment of Policies, the Board shall provide notice of the proposed adoption or amendment to all Owners. Notice shall be provided by mailing the proposed Policies to each Owner at least 10 days prior to the meeting at which the Board intends to adopt or amend the Policies. Owners may provide written comments or attend the meeting and provide comments prior to the Board's vote. The Board may consider Owner comments, but is not bound to act on those comments. The Board shall have the discretion and final authority to adopt or amend all Policies in accordance with the Association Documents and Colorado law. A copy of all Policies adopted or amended by the Board shall be mailed to all Owners.

5. Variances.

The Board may from time to time vary from the requirements set forth in these Procedures if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

6. **Amendment.**

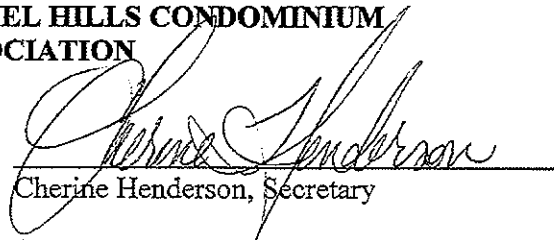
These Procedures may be amended from time to time by the Board.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of Adriel Hills Condominium Association ("Association") certifies that the foregoing Procedures for the Adoption and Amendment of Policies, Procedures and Rules was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on June 19, 2012.

**ADRIEL HILLS CONDOMINIUM
ASSOCIATION**

By:


Cherine Henderson, Secretary

COMMON INTEREST COMMUNITY ASSOCIATION DISPUTE RESOLUTION POLICY

RESOLUTION OF THE

ADRIEL HILLS CONDOMINIUM ASSOCIATION

REGARDING DISPUTE RESOLUTION POLICY AND PROCEDURES

SUBJECT: Adoption of dispute resolution policy and procedures

PURPOSE: Adopt policy that established procedures for addressing disputes arising between the Association and unit owners (and between unit owners).

AUTHORITY: The Declaration, Articles and Bylaws of the Association and Colorado Law

EFFECTIVE DATE: August 11, 2008

RESOLUTION: The Adriel Hills Condominium Association ("Association") hereby adopts the following Policy and Procedures:

1. Background. The Association believes that the cost, complexity, and delay inherent in court proceedings make litigation a particularly inefficient means of resolving neighborhood disagreements. Further, relationships in our community may be damaged through use of adversarial means of resolving disputes. Accordingly, the Association encourages the use of alternative methods for resolving disputes.
2. General Policy. In the event of any dispute between the Association and Unit Owners (and disputes between individual Unit Owners) in situations that do not involve an imminent threat to the peace, health, or safety of the community, the Association and unit owner(s) involved in the dispute shall work to resolve the dispute using the procedures set forth below prior to filing a complaint in court or otherwise initiating a legal proceeding. For each of the resolution processes, Colorado Law governs the process and the parties do not waive their right to employ legal counsel at their own expense to assist them.
3. Exempt Claims. The following claims shall be exempt from the provisions of this Policy:
 - a. Any action by the Association against an Owner to collect assessments or other sums due to the Association, including foreclosure proceeding; and
 - b. Any action by the Association to enforce any provisions of the Association's Declaration, Bylaws, or Rules and Regulations; and
 - c. Any claim of the Association which if not pursued by the filing of a lawsuit would be deemed barred due to the applicable statute of limitations.
4. Procedures for Resolving Disputes.
 - a. The Association or any Owner wishing to resolve a disputes ("Initiating Party") will provide each other Party to the dispute with a written request ("Request for Resolution") describing:
 - i. the nature of the dispute, including the date, time, location persons involved, and the other party's or parties' role in the dispute; [and]

ii. a request for what the Initiating Party would like the other party or parties to do or not do to resolve the dispute; [and]

iii. times and dates that the Initiating Party may be available to communicate directly with the other party or parties to discuss in good faith ways to resolve the dispute.

b. **Negotiation.** The parties are encouraged to make reasonable efforts to communicate directly with each other in an attempt to reach an agreement that serves the interest of all parties prior to initiating any other dispute resolution procedures.

c. **Mediation**

i. Beginning the process. Unless otherwise agreed, if the parties do not resolve the dispute within 20 business days of the date of receipt of the "Request for Resolution", the parties will begin efforts to schedule a mediation session with a trained, neutral mediator to assist them in reaching their own solution. The mediator will facilitate the process, but will not make decisions for the parties. The parties will meet with the mediator within 60 days of the date of receipt of the Request for Resolution.

ii. Selecting a mediator. Unless otherwise agreed, the parties shall select a mutually acceptable mediator within 30 business days of the date of receipt of the Request for Resolution. The parties will work with the mediator to establish the date for the mediation meeting. The cost of mediation will be shared equally among the parties unless they agree otherwise.

d. **Arbitration.**

i. Beginning the process. If the parties do not resolve the dispute through mediation, any party may begin efforts to schedule a binding arbitration with a trained, neutral arbitrator who will decide the outcome of the dispute based on evidence and testimony provided by the parties. The parties agree to accept the decision of the arbitrator as final and binding on them to the fullest extent permitted under the laws of Colorado. Judgment may be enforced in any court having jurisdiction.

ii. Selecting an arbitrator. The parties shall mutually agree on an arbitrator. The cost of arbitration will be shared equally among the parties unless they agree otherwise. Unless otherwise agreed, the parties shall select a mutually acceptable arbitrator within 30 business days of the completion of mediation. The parties will work with the arbitrator to establish the date(s) for the arbitration. The arbitrator shall have authority to require one party to pay all or a portion of the other party's legal fees to the extent such an award is permissible under law.

iii. Arbitration Award. The Arbitrator shall provide the parties [and the Association if the Association is not a party] with an award including findings of fact and conclusions.

5. **Failure to comply with Agreement or Award.** If the parties resolve any dispute through mediation or arbitration, and a party or parties fails to abide by the terms of the agreement or award, the other party may initiate legal proceedings to enforce the agreement or award without need to comply with the provisions of this Policy.

Additionally, the party taking action to enforce the agreement or award shall, if that party prevails, be entitled to recover from the non-complying party all costs incurred in enforcing the agreement or award, including without limitation, attorney fees and costs.

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

PRESIDENT'S CERTIFICATION:

The undersigned, the President of the Adriel Hills Condominium Association, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Adriel Hills Condominium Association on July 15, 2008 and in witness thereof, the undersigned has subscribed his name.

Adriel Hills Condominium Association, a Colorado non-profit corporation

By: *Mervin Roekman* 8/15/08

President

