

**THE ROQUEFORT
HOMEOWNERS
ASSOCIATION, INC.**

**GOVERNANCE POLICIES AND
PROCEDURES, RULES AND
REGULATIONS (UNDER SB 89 AND SB 100)**

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GOVERNANCE POLICIES AND PROCEDURES (UNDER SB 89 AND SB 100)

SUBJECT AND

PURPOSES:

Compliance with Colorado law, to amended and restate prior policies and to adopt and include new policies and procedures (as required under Senate Bills 05-100 and 06-89). The policies adopted by the Association are regarding the following:

1. Code of Conduct of Owners
2. Investment of Reserves
3. Inspection and Copying of Association Records
4. Covenant and Rule Enforcement, Policies and Procedures on disputes between Owners and the Association or between the Association and Owners and policy on the Conduct of Owners
5. Board Member Conflicts of Interest
6. Conduct of Meetings
7. Collection of Unpaid Assessments
8. Adoption and Amendment of Policies, Procedures, Rules, Regulations and/or Guidelines

AUTHORITY

The Declaration, Articles of Incorporation, and Bylaws of the Association and Colorado law.

EFFECTIVE

January 1, 2014.

DATE:

RESOLUTION:

The Association amends and restates it prior policies and procedures and adopts a new policy and procedure (as required under Senate Bill 06-89) as follows:

1. INTRODUCTION AND DEFINITIONS.

Definitions. Unless otherwise defined, initially capitalized or terms defined in the Declaration may have the same meaning in these policies and procedures.

Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

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

Amendment. The following policies may be amended from time to time by the Board of Directors.

2. CODE OF CONDUCT OF OWNERS

Each Owner must adhere to the following Code of Conduct:

- Read and comply with the governing documents of the Community. -
- Maintain their property according to established standards.
- Treat association leaders with respect and integrity.

- Any and all comments made to the Board, the Association, and management are to be presented in a professional and civilized manner, without use of any profanity, personal attacks or shouting and relevant to the purpose of the Board, the Association, and/or management.
- Personal attacks against owners, residents, Board members and managers or their respective family members and service providers are prohibited and are not consistent with the best interest of the community as whole.

- Anyone disrupting the Board, the Association, and/or management may be subject to a court order, which may be sought by any party, to protect from harm or threatened harm to a person or property.

- Vote or provide a proxy to another member to vote in community elections and on other issues.

- Pay association dues, fees, assessments and charges on time.

- Contact Association Board Members and/or the manager, if necessary, to discuss financial obligations and alternative payment arrangements if necessary.

- Request reconsideration (in writing) of material Association decisions that personally affect them. Requests must be mailed to the managing agent's address and/or to the association's mailing address as applicable.

- Provide current contact information ongoing as changes occur to the association leaders and managers to help ensure they are able to maintain current records of the community as required.

- Ensure that those who reside on their property (e.g., tenants, relatives, and friends) adhere to applicable covenants and all rules and regulations.

- No Owner shall interfere or direct a contractor engaged by the Association while a contract is in progress. All concerns and/or requests for work or changes to work being completed are to be addressed solely and directly to the board of directors and/or manager.

- No Owner shall harass, threaten, or attempt through any means to control or instill fear in any other Owner, Director, the manager or any agent of the Association or their respective immediate family members.

3. INVESTMENT OF RESERVES POLICY.

Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, protect market value of Owners' homes and livability in the Community, the Board of Directors determines that it is necessary to have policies and procedures for the investment of reserve funds.

Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may determine. The portions of the Community that the Association is responsible for typically have limited but reasonably predictable useful lives.

Investment of Reserves. The Board of Directors of the Association may invest funds held in the Reserve Fund account to generate revenue that will accrue to the Reserve Fund account balance pursuant to the following goals, criteria and policies, listed in order of importance:

Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.

Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.

Minimal Costs. Minimize investment costs (redemption fees, commissions, and other transactional costs).

Diversify. Mitigate the effects of interest rate volatility upon reserve assets.

Return. Invest funds to seek the highest level of return.

Limitation on Investments. Unless otherwise approved by the Board, all investments must be FDIC (Federal Deposit Insurance Corporation) insured, and/or guaranteed by the United States Government.

Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.

Independent Professional Investment Assistance. The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.

Review and Control. The Board may review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and may make prudent adjustments as needed.

Investment Decisions. Consistent with state law, investment decisions of the Board are to be made based on the standard of care outlined in the Colorado Revised Nonprofit Code. This standard of care requires directors to act: in good faith; with the care an ordinarily prudent person in a like situation would exercise under similar circumstances; and in a manner the director or officer reasonably believes to be in the best interest of the association. In discharging their duties, directors and officers may rely on other people on matters that the directors or officers reasonably believe are within that person's professional or expert competence.

Reserve Study. In order to determine funding of the Reserve Fund, the Board of Directors may determine, with the assistance and advice of professionals, the life expectancy of those portions of the Community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas ("Reserve Study").

Review of Reserve Study. The Board of Directors may cause the Reserve Study, if any, and reserve funding to be reviewed and updated periodically, preferably once every three years to adjust and make changes in costs, inflation, and interest yield on invested funds, plus modification, addition or deletion of components.

4. INSPECTION AND COPYING OF ASSOCIATION RECORDS.

Permanent Records. The Association shall permanently retain the following records as required by Colorado law:

- Minutes of all Board and Owner meetings
- All actions taken by the Board or Owners by written ballot or email in lieu of a meeting
- All actions taken by a committee on the behalf of the Board instead of the Board acting on behalf of the Association
- All waivers of the notice requirements for Owner meetings, Board member meetings, or committee meetings
- Homeowner information and financial records (for 7 years) of the Association

Inspection and Copying Association Records. An Owner or his/her authorized agent is entitled to inspect and copy any of the books and records of the Association, subject to the exclusions, conditions and requirements set forth below:

- (i) The inspection and/or copying of the records of the Association shall be at the Owner's expense and is due and payable to agent or copying center at the time copies are requested. This shall not be billable through the association.
- (ii) The inspection and/or copying of the records of the Association shall be conducted during regular business hours of the managing agent or as

designated and/or agreed by the managing agent and/or the Association.

- (iii) The Owner shall give the Association's manager a written request, stating the purpose for which the inspection and/or copying is sought, at least five business days before the date on which the Owner wishes to inspect and/or copy such records; and
- (iv) The Owner shall complete and sign an Agreement Regarding Inspection of Association Records prior to the inspection and copying of any Association record. A copy of a form of agreement is attached to this policy. Failure to properly complete or sign an agreement in substantially the form attached shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.
- (v) The Association reserves the right to have a third person present to observe during any inspection of record by an Owner or the Owner's representative.

Proper Purpose/Limitation on Unrelated and Commercial Uses. Association records, including membership lists, shall not be used by any Owner for:

- (i) Any purpose unrelated to an Owner's interest as an Owner;
- (ii) The purpose of soliciting 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;
- (iii) Any commercial purpose;
- (iv) For the purpose of giving, selling, or distributing such Association records to any person; or
- (v) Any improper purpose as determined in the sole discretion of the Board.

Exclusions. The following records of the Association shall **NOT** be available for inspection and/or copying as they are deemed confidential:

- (i) Attorney-client privileged documents and records, unless the Board decides to disclose such communications at an open meeting or otherwise;
- (ii) Any documents that are confidential under constitutional, statutory or judicially imposed requirements; and
- (iii) Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy, including but not

limited to social security numbers, dates of birth, personal bank account information, driver's license numbers and other items that would not be available as public record.

Fees/Costs. Any Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association, including the cost to search, retrieve, and copy the record(s) requested. The Association requires advance payment equal to the cost as agreed within the management agreement if copies are made at the offices of the managing agent. In addition to the cost of the copies, the homeowner is responsible to pay for an hourly rate commensurate to the amount outlined in the management agreement for the time the managing agent spends with the homeowner or homeowner's agent during the copying process, if the association employs a managing agent. Failure to pay such advance payment shall be valid grounds for denying Owner copies of such records. If after payment of the advance and/or deposit it is determined that the actual cost was more, Owner shall pay such amount prior to delivery of the copies. If after payment of the advance fee or deposit it is determined that the actual cost was less, the difference shall be returned to the Owner with the copies.

Original Records. No Owner shall remove any original book or record of the Association from the place of inspection or from the records of the Association. Nor Owner may alter, destroy or mark in any manner, any original book or record of the Association.

Creation of Records. Nothing contained in these policies shall be construed to require the Association to create records that do not exist or compile records in a particular format or order.

5. COVENANT AND RULE ENFORCEMENT AND POLICIES AND PROCEDURES ON DISPUTES BETWEEN OWNERS AND THE ASSOCIATION OR BETWEEN THE ASSOCIATION AND OWNERS.

Reporting Violations to the Association. Complaints regarding alleged violations may be reported by an Owner or resident within the community, a group of Owners or residents, the Association's management company, if any, Board member(s) or committee member(s) by submission of a written complaint.

Complaints of Violations Submitted to the Association. Complaints by Owners or residents shall be in writing and submitted to the Manager, or if no Manager, then to the Board of Directors. The complaining Owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Violator"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. Non-written complaints, or written complaints failing to include any information required by this provision, may not be investigated or prosecuted at the discretion of the Association.

Complaints by a member of the Board of Directors, a committee member, or the manager, if any, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Director or manager.

Investigation of Complaints made to the Association. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by a Board designated individual or committee. The Board shall have sole discretion in appointing an individual or committee to investigate the matter.

Initial Warning Letter from the Association. If a violation is found to exist, a warning letter may be sent to the Violator explaining the nature of the violation. The Violator will have the number of days identified in the letter to come into compliance.

Continued Violation, After Initial Warning Letter from the Association. If the alleged Violator does not come into compliance within the number of days identified in the first warning letter, this will be considered a second violation for which a fine may be imposed following notice and Opportunity for a hearing. A second letter may then be sent to the alleged Violator, providing notice and an opportunity for a hearing, and explaining if a violation is found to exist, a fine may be imposed pursuant to this policy. The letter may further state that the alleged Violator is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within the number of days identified in the letter, or in 10 days of the date on the second violation letter.

Continued Violation, After Second Letter from the Association. If the alleged Violator does not come into compliance within the number of days identified in the second letter, this will be considered a third violation for which a fine may be imposed following notice and opportunity for a hearing. A third letter may then be sent to the alleged Violator, providing notice and an opportunity for a hearing, and explaining if a violation is found to exist, a fine may be imposed pursuant to this policy. The letter may further state that the alleged Violator is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within the number of days identified in the letter, or, 10 days of the date on the third violation letter.

Continued Violation, After Third Letter from the Association. If the alleged Violator does not come into compliance within 10 days of the third letter, this will be considered a fourth violation for which a fine may be imposed following notice and opportunity for a hearing. A fourth letter may then be sent to the alleged Violator, providing notice and an opportunity for a hearing and explaining if a violation is found to exist, a fine may be imposed pursuant to this policy. The letter may further state that the alleged Violator is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within the number of days identified in the letter, or, 10 days of the date on the fourth violation letter.

Notice of Hearing before the Association. If a hearing is requested by the "alleged Violator, the Board, committee or other person conducting such hearing as may be determined in the sole discretion of the Board, may serve a written notice of the hearing to all parties involved prior to the hearing date.

Hearings before the Association. At the beginning of each hearing, the presiding officer, may introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative may, but is not required to, make an opening statement, present evidence and testimony, present witnesses and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Board may base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings may be open to attendance by all Owners.

After all testimony and other evidence has been presented at a hearing, the Board shall, within 40 days, or such longer period as the Board may set, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner, may be by a majority of the Board members present at the hearing. Failure to strictly follow the hearing procedures set forth above shall not be grounds for appeal of the hearing committee's decision, absent a showing of denial of due process.

Failure to Timely Request Hearing before the Association. If the alleged Violator fails to request a hearing within the number of days identified in the letter, or, 10 days of the postmark of a letter (if the time to request a hearing is not set forth in a letter to the Violator), or if a Violator fails to appear at the hearing, the Board may fine and make other decisions with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be assessed a fine pursuant to these policies and procedures.

Notification of Decision of the Association. The decision of the Board, committee or other person, may be in writing, may be provided to the Violator, and may also be provided to the Complainant, within 10 days, or a reasonable time after the decision.

Fine Schedule of the Association. The following fine schedule has been adopted for all recurring covenant violations:

First violation -- Warning letter

Second violation (Of same covenant or rule) - **\$ 50.00**

Third violation (Of same covenant or rule) -- **\$100.00**

Fourth and subsequent violations (Of same covenant or rule) -- **\$200.00, plus \$50 per day for each day the violation continues to exist.**

In addition, fourth and subsequent covenant violations may be turned over to the Association's attorney to take appropriate legal action.

Any Owner committing three or more violations in a six month period (whether such violations are of the same covenant or different covenants) may be immediately turned over to the Association's attorney for any appropriate legal action.

Waiver of Fines of the Association. The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the Violator coming into and staying in compliance with the Articles, Declaration, Bylaws or Rules.

Other Enforcement Means of the Association. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means, including:

Legal Action. The Association, at any time, may pursue legal action against an Owner to enforce the provisions of the Declaration, Bylaws, rules or resolutions without first following the preceding notice and hearing procedures, if the Board determines to pursue legal action, with or without a finding or determination by the Board that such action is in the Association's best interests.

Individual Purpose Assessments/Specific Assessments/Default Assessment. In addition to fines, the Board may levy an Individual Purpose Assessment/Specific Assessment/Default Assessment against any Owner and Owner's Unit, if allowed and for those purposes set forth in the Declaration, including but not limited to, reimbursing the Association for costs incurred in bringing an Owner into compliance with the Declaration, Bylaws, rules and resolutions.

Self-help Remedies. The Association or its duly authorized agents may have the power to enter any Unit or Common Elements to abate or remove, using such force as may be reasonably necessary, any structure, thing or conditions that violates the Declaration, Bylaws or the rules. If the Association exercises its right subject to this paragraph, all costs of self-help, may be assessed against the Owner's Unit and maybe a lien on the Owner's Unit.

Alternative Dispute Resolution Procedures. Alternative methods of dispute resolution to avoid litigation encouraged by the Board of Directors include negotiation and mediation. The Association encourages Owners or residents with disputes to resolve such disputes without court proceedings. The Association will take reasonable steps to facilitate negotiation or mediation between Owners and/or residents, but will have no responsibility for any costs incurred by the parties to the dispute resolution process. For any step in the dispute resolution process) the parties are not waiving their right to employ legal counsel at their own expense to assist them.

Required dispute resolution procedure for Owner disputes with the Association. Prior to filing a lawsuit against the Association) the Board, or any officer) director, or manager of the Association, an Owner must:

1. Send a written demand on the matter desired to be included in their lawsuit, or)
2. The Owner may request and attend a hearing with the Board of Directors. Any such request for a hearing shall be in writing and shall be personally delivered to any member of the Board of Directors or the Association's manager.

The Owner, in such written demand or request for and attendance of a hearing, shall make a good faith effort to explain the grievance to the Board.

The Owners must allow the Association the opportunity to resolve the dispute in an amicable fashion in not less then 60 days.

If the dispute is not resolved in 60 days, and the Owner has requested a hearing, the Board may give notice of the date, time and place of the hearing to the person requesting the hearing. The

Board shall schedule this hearing for a date not less than 3 or more than 180 days from the date of receipt of the request. If the dispute cannot be resolved) the parties may utilize the discretionary mediation procedure set forth below) but shall not be required to do so.

Discretionary dispute resolution procedures. The procedures set forth below may be used in disputes between Owners and the Association) and between Owners and other Owners or residents. At its discretion, the Board of Directors may utilize the procedures set forth below to resolve disputes with Owners prior to filing litigation.

Negotiation. A request for dispute resolution by negotiation may be initiated by an Owner or the Association. Any such request shall be in writing stating the nature and details of the dispute and shall be personally delivered to the other party. So long as the other party agrees to negotiate, a meeting shall be held between the parties to begin a good faith attempt to negotiate a resolution not less than 60 days of receipt of such request) unless otherwise extended by written agreement. Through negotiation, the parties will communicate directly with each other in an effort to reach an agreement that serves the interests of both parties. Should the dispute pertain to property issues) each party will be granted the right to inspect the alleged defects or problems at a time convenient to everyone involved.

Mediation. If the dispute is not resolved by negotiation, any party may request in writing that the issue be submitted to mediation. If the parties agree to mediate the dispute prior to seeking other remedies) they shall participate in good faith in the mediation. The role of the mediator is to facilitate further negotiation between the parties. The mediator will not have power to decide how to resolve the dispute but will use recognized, accepted mediation techniques to assist the parties in making that decision. The mediator shall be selected by a consensus of the parties involved within 15 days of the receipt of the request. Any cost of mediation will be shared equally among the parties unless they and the mediator agree otherwise.

6. BOARD MEMBER CONFLICTS OF INTEREST.

General Duty. The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Directors shall comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and Rules and Regulations and applicable laws.

Definition of 'conflicts of interest.' A conflict of interest exists whenever any contract, decision or other action taken by or on behalf of the Board would financially benefit: (i) a Director; (ii) a parent, grandparent, spouse, child, or sibling of the Director; (Hi) a parent or spouse of any of the persons in subsection (ii); or (iv) an entity in which a Director is a director or officer or has a financial interest.

Disclosure of Conflict. Any conflict of interest on the part of any Director may be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the Director may participate in the discussion but may not vote on the matter, unless the transaction is fair to the Association, as allowed by state statutes. The minutes of the meeting may reflect the disclosure made any abstention from voting, the composition of the quorum and record who voted for and against.

Code of Ethics. In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:

- (i) No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
- (ii) No contributions will be made to any political parties or political candidates by the Association.
- (iii) No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, Entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relationships with the Association.
- (iv) No Director shall accept a gift or favor made with intent of influencing decision or action on any official matter.
- (v) No Director shall receive any compensation from the Association for acting as a director.
- (vi) No Director shall willingly misrepresent facts to the members of the community for the sole purpose of advancing a personal cause or influencing the community to place pressure on the Board to advance a personal cause.
- (vii) No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors shall go through the Board President or managing agent and be in accordance with policy.
- (viii) No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.
- (ix) No promise of anything not approved by the Board as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.
- (x) Any Director convicted of a felony shall voluntarily resign from his/her position. (to be deleted – not necessary as any board member can be removed at any time for any reason on no reason with a vote of the board).

- (xi) No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself directly in any way.
- (xii) Language and decorum at Board meetings will be kept professional. Personal attacks against owners, residents, managers, service providers and Directors are prohibited and are not consistent with the best interest of the community.

7. CONDUCT OF MEETINGS.

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

Notice for/of Member Meetings/Posting. In addition to any notice required in the Bylaws, notice of any meeting of the Owners shall be sent via email and/or by regular U.S. Postal service and posted on the host website. There will be no physical posting of notices within the subdivision as the association does not have or own area suitable to post notices.

Notice for/of Member Meetings Website. The Association shall also post notice on its website (if any) of all meetings. Such notice shall be posted seven days or in a reasonable time prior to such member meeting.

Notice for Member Meetings via Internet (electronic mail). If any Owner has requested that the Association provide notice via email and has provided the Association with an email address, the Association shall, if it has such capability, send notice of all Owner meetings to such Owner at the email address provided as soon as possible after notice is provide pursuant to the Bylaws, but in no case less than 24 hours prior to any such meeting.

Conduct at Member Meetings. All Owner meetings shall be governed by the following rules of conduct and order:

- The Code of Conduct of Owners set forth in these Policies in Section 2.
- The President of the Association or designee shall chair all Board and Owner meetings.
- All Owners and persons who attend a meeting of the Owners will sign in, present any proxies and receive ballots as appropriate. (See section below regarding voting).
- Any person desiring to speak shall sign up on the list provided at check in (if any) and indicate if he/she is for or against an agenda item.

- Anyone wishing to speak must first be recognized by the Chair.
- - Only one person may speak at a time.
- Each person who speaks shall first state his or her name and Unit address.
- Any person who is represented at the meeting by another person, as indicated by a written instrument, will be permitted to have such person speak for him/her.

- Those addressing the meeting shall be permitted to speak without interruption from anyone as long as these rules are followed.
- Comments are to be relevant to the purpose of the meeting.
- Each person shall be given up to a maximum of five minutes to make a statement or to ask questions. Each person may address the floor only once during a meeting.
- The Board may elect to defer a response to Owner questions until such time as adequate research and answers are available to give to the Owner.
- Yielding of time by a speaker to another individual shall not be permitted.
- Time limits may be increased or decreased by the Chair, but shall be uniform for all persons addressing the meeting.
- All actions and/or decisions require a motion, a second and a vote with majority either in favor or opposed deciding the action.
- Once a vote has been taken, there will be no further discussion regarding that topic.
- So as to allow for and encourage full discussion by Owners, no meeting may be audio, video or otherwise recorded.
- Minutes of motions, actions and discussions pertinent to the business of the Association shall be kept by the Association.
- Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the meeting.
- The Chair may establish such additional rules of order as may be necessary from time to time.

Voting at Member Meetings. Election of Board members shall be conducted by secret ballot. Where secret balloting is used, each Owner entitled to vote pursuant to the ' Bylaws shall receive a ballot. The ballot shall contain no identifying information concerning the ballot holder. In the event an Owner holds a proxy for another Owner, upon presentation of such proxy to the Secretary of the Association or the Secretary's designee, the Owner shall receive a secret ballot to cast the vote of the Owner who provided the proxy. The proxy shall be kept and retained by the Association.

All other votes taken at a meeting of the Owners shall be taken in such method as determined by the Board of Directors or Chair of the meeting, including acclamation, by hand, by voice or by ballot, unless otherwise required by law.

Written ballots shall be counted by at least two neutral third parties that may include the Association's manager or legal counsel, and/or by an Owner(s) who is not a candidate or a board member. The Chair may specify the procedure for selecting these volunteers.

The individual(s) counting the ballots shall report the results of the vote to the Chair by indicating how many votes were cast for each individual or how many votes were cast in favor and against any issue or candidate.

Proxies for Member Meetings. Proxies may be given by any owner as allowed by C.R.S. 7127-203. All proxies shall be reviewed by the Association's Secretary or designee as to the following:

- Validity of the signature
- Signatory's authority to sign for the unit owner
- Authority of the unit owner to vote
- Conflicting proxies
- Expiration of the proxy

Board Meetings. Meetings of the Board of Directors of the Association shall be called pursuant to the Bylaws of the Association.

Conduct at Board Meetings. All Board meetings shall be governed by the following rules of conduct and order:

- The Code of Conduct of Owners set forth in these Policies, Section 2.
- The President of the Association, or designee, shall chair all Board meetings.
- All persons who attend a meeting of the Board may be required to sign in, listing their name and unit address.
- All Owners will be given an opportunity to speak as to any matter or ask questions of the Board during the Owner forum at the beginning or end of the meeting as determined by the Board of Directors and the Agenda. Any Owner wishing to speak during the Owner forum is requested to so indicate so at the time of sign in.
- Anyone desiring to speak shall first be recognized by the Chair.
- Only one person may speak at a time.
- Each person speaking shall first state his or her name and Unit address.
- Any person who is represented at the meeting by another person as indicated by a written instrument shall be permitted to have such person speak for them.
- Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are followed.
- Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.

- Each person shall be given up to a maximum of five minutes to speak or to ask questions, although questions may not be answered until a later date. Each person may only speak once during the owner forum and once on any other issue prior to a vote by the Board on such issue.
- Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair but shall be uniform for all persons addressing the meeting.
- No meeting of the Board may be audio, video or otherwise recorded except by the Board to aid in the preparation of minutes. Once the Minutes are recorded onto a written format and approved by the Board, the recording may be erased and/or otherwise destroyed without notification to the Owners. Minutes of actions taken shall be kept by the Association.
- Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order shall be requested to immediately leave the meeting.

Owner Input at Board Meetings. After a motion and second has been made on any matter to be discussed, but prior to a vote by the Directors, Owners present at such time shall be afforded an opportunity to speak on the motion as follows:

The Chair will ask those Owners present to indicate by a show of hands who wish to speak in favor of or against the motion. The Chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak. The Chair shall also announce the procedure for who shall be permitted to speak if not everyone desiring to speak will be permitted to speak.

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

8. COLLECTION OF UNPAID ASSESSMENTS.

Due Dates. The monthly installments of the annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable on the first day of each month. Assessments or other charges not paid in full to the Association within fifteen (15) days of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full and received by the Association within fifteen (15) days of the due date shall incur late fees and interest as provided below.

In the event notice of acceleration is given to delinquent Owner(s), the Owner(s) of the unit shall also be charged any costs incurred by the Association in giving notice of such acceleration.

Receipt Date. The Association shall make all efforts to post payments on the same day as payment is received in the Association's office, weekends and holidays or office closures excepted.

Late Charges on Delinquent Installments. The Association shall impose, on a monthly basis, a \$25.00 late charge for each Owner who fails to timely pay his/her monthly installment of the annual assessment within fifteen (15) days of the due date. This late charge shall be and is a "common expense" for each delinquent Owner. The Association may impose interest from the date due at

the rate of 18% per annum on the amount owed for each Owner who fails to timely pay their monthly installment of the annual assessment within fifteen (15) days of the due date.

Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the unit for which such assessment or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth in these policies and procedures) for payment of assessments.

Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association or this Resolution, a \$30.00 fee or other amount deemed appropriate by the Board of Directors shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the management company or bank for any reason whatsoever, including but not limited to insufficient funds and incorrect addressing of the payment.

This return check charge shall be in addition to any late fees or interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment is not timely made within fifteen (15) days of the due date.

This returned check charge shall be and is a "common expense" for each Owner who tenders payment by check or other instrument that is not honored by the bank upon which it is drawn. Such return check charge shall be due and payable immediately, upon demand. Despite this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner(s) of the unit for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, Rules and Regulations or this Resolution after the date adopted as shown above. If two or more of an Owner's checks are returned unpaid by the bank within any (fiscal) year, the Association may require that all of the Owner's future payments, for a period of one (1) year, be made by certified check or money order.

Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

Application of Payments. All sums collected on a delinquent account that has been turned over to the Association's attorney shall be remitted to the Association's attorney until the account is brought current. All payments received on account of any Owner or the Owner's property (collectively "Owner"), shall be applied to payment of any and all legal fees and costs (including attorney fees), expenses of enforcement and collection, late charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Bylaws, Rules and Regulations, or this Resolution, prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.

Collection Process.

(a). After an installment of an assessment or other charges due to the Association becomes more than 30 days delinquent, the Association shall send a written notice (“First Notice”) of non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment. Additionally, the First Notice will inform the delinquent Owner that they will be given the opportunity to enter into a payment plan of up to six (6) months in duration to repay the delinquent amount, including late fees and interest, and how to make arrangements for the payment plan.

- i. If the Owner pays the delinquent amount owed during the succeeding thirty (30) days, the collection action is closed.
- ii. If the Owner sets up a payment plan with the Association and meets the established payment schedule, while remaining current with any assessments that come due during the payment plan period, then the payment plan and the collection action will be closed at the conclusion of the repayment period.
- iii. If the Owner fails to pay the agreed installment or does not remain current on the payment of assessments that come due during the payment plan period, then the Owner is in default of the plan and the Association may pursue legal action to collect the unpaid amounts owed.

(b). If the delinquent Owner fails to respond to the First Notice within 30 days, thereby causing the delinquent amount to become more than 60 days delinquent, the Association shall send a second written notice (“Second Notice”) of non-payment, amount past due, notice that interest and late fees have accrued, notice of intent to file a lien and request for immediate payment. Additionally, the Second Notice will inform the recipient that under Colorado law, they will be given the opportunity to enter into a payment plan of up to six (6) months in duration to repay the delinquent amount, including late fees and interest, and how to make arrangements for the payment plan.

- iv. If the Owner pays the delinquent amount owed during the succeeding thirty (30) days, the collection action is closed.
- v. If the Owner sets up a payment plan with the Association and meets the established payment schedule, while remaining current with any assessments that come due during the payment plan period, then the payment plan and the collection action will be closed at the conclusion of the repayment period.
- vi. If the Owner fails to pay the agreed installment or does not remain current on the payment of assessments that come due during the payment plan period, then the Owner is in

default of the plan and the Association may pursue legal action to collect the unpaid amounts owed.

(c). After an installment of an assessment or other charges due to the Association becomes more than 90 days delinquent, and the Owner has not requested that a payment plan be established, the Association shall turn the account over to the Association's attorney for collection.

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

(d). In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

Collection Procedures/Time Frames. The following time frames shall be followed for use in the collection of installments of the periodic assessments and other charges.

| | |
|---|-------------------------------|
| Due Date | 1 st of each month |
| First Notice (notice that late charges and interest have accrued) | 30 days after due date |
| Second Notice notice that late charges and interest have accrued) | 60 days after due date |
| Delinquent account referred To Association's attorney; Lien filed; Demand letter sent to Owner by attorney | 90 days after due date |

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

In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

Certificate of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee upon written request, first class postage prepaid, return receipt, to the Association's agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property for a fee as set by the Manager, from time to time. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

Use of Certified Mail/Regular Mail. In the event the Association shall cause a collection or demand letter or notices to be sent to a delinquent Owner by regular mail. the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.

Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law. A receiver is a disinterested person appointed by the court that manages the rental of the property, collects the rent and disburses the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past due assessments, and prevent the waste and deterioration of the property.

Judicial Foreclosure. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or other circumstances favor such action.

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

Communication with Owners. All communication with a delinquent Owner may be handled through the Association's attorney once a matter has been referred to the attorney.

Defenses. Failure of the Association to comply with any provision in this policy shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this policy.

9. ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, RULES, REGULATIONS OR GUIDELINES.

Scope. The Board of Directors of the Association may, from time to time, adopt or amend certain policies as may be necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law.

Drafting Procedure. The Board may consider the following in drafting the policy:

- (i) Whether the governing documents or Colorado law grants the Board the authority to adopt such a policy;
- (ii) The need for such policy based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and
- (iii) The immediate and long-term impact and implications of the policy.

Adoption Procedure. The Board may adopt any policy at anytime. Upon adoption of a policy, the policy or notice of such policy, including the effective date shall be provided to all Owners by any reasonable method as determined in the sole discretion of the Board, including but not limited to posting on the Association's website (if any) or mailing.

Policy Book. The Board of Directors may keep copies of any and all adopted policies in a book designated as a policy book. The Board of Directors may further categorize policies, Procedures, Rules and Regulations, Resolutions and Guidelines but shall not be required to do so.

PRESIDENT'S CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on _____ day of _____, 2_____ and in witness thereof, the undersigned has subscribed his/her name.

ROQUEFORT HOMEOWNERS
ASSOCIATION, INC.

BY: _____

President