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**AMENDED AND RESTATED BYLAWS
OF
DEER VALLEY ESTATES PROPERTY OWNERS'
ASSOCIATION, INC.**

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DEER VALLEY ESTATES POA
P.O. Box 1252
BAYFIELD CO 81122

AMENDED AND RESTATED BYLAWS
OF
DEER VALLEY ESTATES PROPERTY OWNERS' ASSOCIATION, INC.

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**AMENDED AND RESTATED BYLAWS
OF
DEER VALLEY ESTATES PROPERTY OWNERS' ASSOCIATION, INC.**

A Colorado Nonprofit Corporation

INTRODUCTION

These are the Amended and Restated Bylaws of Deer Valley Estates Property Owners' Association, Inc., a community association. These Amended and Restated Bylaws have been amended and restated in order to adopt and incorporate those applicable provisions of the Colorado Common Interest Ownership Act (CCIOA) as amended, C.R.S. 38-33.3-101 et.seq. (the "Act"), which relate to the governance of common interest communities in the State of Colorado. The effect of the adoption of these Amended and Restated Bylaws shall be to supersede and replace, in the entirety, the original Bylaws of the Association dated December 12, 2006 (the "2006 Bylaws"). These Amended and Restated Bylaws of Deer Valley Estates Property Owners' Association, Inc. are made as of AUGUST 4, 2018 by the undersigned persons, who are duly authorized to execute this document.

ARTICLE 1

DEFINITIONS

Definitional terms used herein shall correspond to the terms used in CCIOA or the definitions used in the Declaration of Covenants, Conditions and Restrictions of Deer Valley Estates Property Owners' Association, Inc. (the "Declaration").

- 1.1. Owner or Lot Owner.** "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple interest to a Single-family Lot, which is a part of the Property including contract sellers but excluding those having such interest merely as security for the performance of any obligation. All Owners are members of the Association.

ARTICLE 2

NAME

Name. The name of the corporation is Deer Valley Estates Property Owners' Association, Inc., hereinafter referred to as the Association.

ARTICLE 3

MEETINGS OF OWNERS

- 3.1. Annual Meeting.** The Annual Meeting of the Owners shall be held at a date and time as established by the Board of Directors ("Board"). The purpose of the Annual Meeting is the election of Directors and the transaction of such other business as appears on the agenda. If the election of Directors shall not be held on the day designated for the Annual Meeting of the Owners, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the Owners as soon thereafter as may be convenient.

- 3.1.1 Agenda.** The agenda for the Annual Meeting shall be assembled by the Board. Owners are permitted to propose agenda topics (and the reason and foundation of the subject) to the Secretary not less than thirty (30) days before the Annual Meeting notice required by Article

- 3.4. The Board, in its discretion, will include those topics it determines are germane to the operation of the Association.
- 3.2. Special Meetings.** Special meetings of the Owners may be called by the President, by a majority of the members of the Board, or by a written instrument signed by Owners comprising twenty percent (20%) of the votes as described in Article 10.2. Special meetings shall take place in accordance with C.R.S. 38-33.3-308, at such place, date, and time as is fixed by a resolution of the Board. Only business within the purpose or purposes specifically described in the notice of the meeting may be transacted at a special meeting.
- 3.3. Place of Meetings.** Meetings of the Owners shall be held at the Property or at a suitable place convenient to the Owners, as may be designated by the Board.
- 3.4. Notice of Meetings.** Preliminary notice of the Annual Meeting of the Owners and call for statements of qualifications of Board candidates (Article 5.1) may be sent to all Owners by electronic mail (e-mail) to each Owner's e-mail address of record. Formal notice of the Annual Meeting shall be given by or at the direction of the Secretary or person authorized to call the meeting, by sending a copy of such notice via U.S. Mail, postage prepaid, to each Owner entitled to vote thereat, according to Section 11.1, not less than ten (10) nor more than fifty (50) days in advance of the meeting. Such formal notice shall specify the place, day, and hour of the meeting. Such notice shall also include agenda items, including the general nature of any proposed amendment to the Declaration and these Bylaws, any budget changes, and any proposal to remove an officer or member of the Board. In the case of a special meeting of the Owners, notice shall be made by e-mail to each Owner's e-mail address of record. The notice shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or e-mail notices to Owners.
- 3.4.1. Notices in Newsletter or Other Regular Publications.** A written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to Owners shall constitute a written notice or report if addressed or delivered to the Owner's address shown in the Association's current list of Owners.
- 3.5. Quorum.** Twenty percent (20%) of the Lots entitled to vote must be present, in person, to constitute a quorum at any meeting of Owners, as described in C.R.S. 38-33.3-309. If, however, such quorum shall not be present at any meeting, the Owners entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present. Once an Owner is present for any purpose at a meeting, including the purpose of determining that a quorum exists, the Owner is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is set for that adjourned meeting.
- 3.6. Majority Vote.** The vote of a majority of the Owners eligible to vote within the Association shall be binding upon all Owners except where a higher percentage vote is required in the Declaration, these Bylaws, or by law. The preferred method of voting for Directors and all other Association matters shall be by way of mail-out ballot pursuant to the requirements of Section 10.3 which, among other things, shall designate the number of votes required for approval. Voting by proxy is not permitted.
- 3.7. Budget Meeting.** At a regular meeting of the Board or at a special meeting called for such purpose, the Board shall approve a proposed budget of the projected revenues, expenditures and reserves for the Association's next fiscal year. A summary of the proposed budget shall then be mailed to the Owners along with the Annual Meeting packet and shall be voted upon by the Owners. The proposed budget must be approved by 40% of the eligible voting Owners in the Subdivision. Mail-out ballots shall be counted at the Annual Meeting. In the event the proposed budget is rejected by the Owners, the budget last approved by the Owners continues until the Owners approve a subsequent budget proposed by the Board as provided above. If the Board deems it necessary or advisable to amend an annual budget that has been approved, the Board may adopt a proposed

amendment to the annual budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider the proposed amendment. The date of such meeting shall be within a reasonable time after the delivery of the summary of the proposed amendment. The Owners shall vote upon the proposed amendment of the budget as described for the proposed budget above. The Board has the flexibility to reallocate funds within the approved budget without a vote of the Owners. For example, if the budget for snowplowing is not allocated during a particular year, the Board may reallocate those funds toward fence repair or road maintenance without requiring a vote of the Owners.

ARTICLE 4

BOARD OF DIRECTORS

- 4.1. Number and Qualification.** The affairs of the Association shall be governed by a Board of Directors (Board), which shall consist of no less than three (3) and no more than five (5) persons; provided, however, that there shall be an odd number of Directors, as established by resolution of the Board from time to time. All Directors shall be Owners. If any Lot is owned by a trust, partnership, limited liability company, or corporation, any trustee, officer, partner, member, or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for the purposes of the preceding sentence. Directors shall be elected by the Owners.
- 4.2. Term of Office.** The Owners shall elect the Directors for a term of two (2) years. Directors terms will be staggered at the direction of the Board such that a majority of the Directors will have terms ending in the odd numbered years, and the remainder of the Directors will have terms ending in the even numbered years. At each Annual Meeting, an election will be conducted to fill the positions of the Directors whose terms expire. Terms of Office for Directors begin at the conclusion of the election at the Annual Meeting.
- 4.3. Removal of Directors.** The Owners, by a two-thirds (67%) vote of the eligible votes in the Association, at a duly convened special meeting of the Owners at which a quorum is present as prescribed in Article 3.5, may remove any Director of the Board with or without cause.
- 4.4. Resignation of Directors.** Any Director may resign at any time by giving written notice to the President or the Secretary of the Association. The resignation of any Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 4.5. Vacancies.** Vacancies on the Board caused by any reason may be filled at a meeting of the Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum as described in Article 6.3. Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.
- 4.6. Compensation.** No Director shall receive compensation for any service they may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of Association duties.
- 4.7. Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting, by obtaining the written approval of a majority of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors and will be documented with minutes.

ARTICLE 5

NOMINATION AND ELECTION OF DIRECTORS

- 5.1. **Nomination.** Any Owner may be considered for election to the Board by sending a one-page, statement of qualifications to the Secretary of the Association by a date, as specified by the Board, in advance of the Annual Meeting. The statement of qualifications for each candidate shall be included in the mail out package to the Owners containing a written notice and agenda of the Annual Meeting and a form of Official Ballot.
- 5.2. **Election of Directors.** Unless otherwise determined by resolution of the Board, election to the Board shall be by written mail-out ballot. Owners shall return their Official Ballot by mail or hand delivery in advance of the Annual Meeting. The ballots will be counted at the Annual Meeting and the candidates receiving the largest number of votes shall be elected. Voting by proxy is not permitted.

ARTICLE 6

MEETINGS OF THE BOARD

- 6.1. **Regular Meetings.** Regular meetings of the Board shall be scheduled monthly at such place and hour as determined by the Board.
- 6.2. **Special Meetings.** Special meetings of the Board shall be held when called by the President of the Board, or by any two (2) Directors, after not less than twenty-four (24) hours' prior notice.
- 6.3. **Quorum.** A majority of the Board shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.
- 6.4. **Telephone Communication in Lieu of Attendance.** Any member of the Board or any member of any committee designated by the Board may participate in a meeting by using an electronic or telephonic communication method, whereby the Director or committee member may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Board or said committee. The Director's or committee member's vote shall be counted, and the presence noted as if that Director or committee member were present in person on that particular matter.
- 6.5. **Notification of Meetings.** The time and place, and agenda for all meetings of the Board shall be made reasonably available for examination by all Owners by sending such information via e-mail, by physically posting in a conspicuous place (to the extent possible), or by posting to an Association website, if in existence. All meetings (except for executive sessions) of the Board shall be open to attendance by all Owners or their representatives.

ARTICLE 7

POWERS AND DUTIES OF THE BOARD

The Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the CCIOA. The Board shall have all powers and duties set forth in CCIOA, subject to the limitations contained in the Declaration, necessary for the administration of the affairs of the Association, including the following powers and duties:

- 7.1. Adopt and amend the Association Documents, namely, these Bylaws, any policies and procedures (the "Policies and Procedures"), and the Declaration according to its terms and conditions;
- 7.2. Propose and amend the annual budget for revenues, expenditures and reserves;
- 7.3. Collect and levy annual General Assessments for Common Expenses from Owners and also collect and levy Special and Default assessments;
- 7.4. Hire and discharge managing agents, as required;
- 7.5. Hire and discharge employees, independent contractors and agents other than managing agents;
- 7.6. Institute, defend or intervene in litigation or administrative proceedings, file liens, or seek injunctive relief for violations of the Association's Declaration, Bylaws, or Policies and Procedures in the Association's name, on behalf of the Association or two or more Owners on matters affecting the Association;
- 7.7. Make contracts and incur liabilities; with the approval of a majority of the Owners at a meeting of the Owners, borrow funds for any purpose in connection with their duties and to execute all such instruments evidencing such indebtedness, including mortgages and security agreements; and assign the right to future income, including the right to receive common expense assessments;
- 7.8. Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- 7.9. Cause additional improvements to be made as a part of the Common Elements;
- 7.10. Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to §38-33.3-312 of the Act;
- 7.11. Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements, such easements or licenses to include easements as may be necessary for underground utilities for electric, gas, cable, telephone, and internet and any easements necessary for sewer, storm, water and water systems;
- 7.12. Impose and receive a payment, fee or charge for services provided to Owners for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
- 7.13. Impose a reasonable charge for late payment of assessments, recover reasonable attorney's fees and other legal costs for collection of assessments and other action to enforce the power of the Association (regardless of whether or not suit was initiated) and, after notice and hearing, levy a reasonable fine for a violation of the Declaration and Bylaws of the Association;
- 7.14. Impose a reasonable charge for the preparation and recording of statements of unpaid assessments;
- 7.15. Provide for the indemnification of the Association's Officers, the Board, and committee members, and maintain Directors' and Officers' liability insurance;
- 7.16. Exercise any other powers conferred by the Declaration or Bylaws;
- 7.17. Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association;

- 7.18. Exercise any other power necessary and proper for the governance and operation of the Association;
- 7.19. By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to the Board;
- 7.20. Suspend the voting interests allocated to a Lot, and the right of an Owner to cast such votes during any period in which such Owner is in default in the payment of any assessment or, after notice and a hearing, during any time in which an Owner is in violation of any provision (other than non-payment of an assessment) of the Bylaws or Declaration; and
- 7.21. At its discretion and by resolution of the Board, declare the office of a member of the Board to be vacant in the event such member shall fail to attend three (3) regular meetings of the Board during any one-year period.

ARTICLE 8

OFFICERS AND THEIR DUTIES

- 8.1. **Designation of Officers.** The Officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board, a Secretary, and a Treasurer. The Board may create, by resolution, other Officers for the Association.
- 8.2. **Appointment of Officers.** The Board shall appoint Officers at the first meeting of the Board following each Annual Meeting of the Owners. Such meeting shall be held immediately following the conclusion of the Annual Meeting, or, if this is not possible, at the earliest convenient time after the Annual Meeting.
- 8.3. **Term.** The Officers of this Association shall hold office for one (1) year unless an Officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.
- 8.4. **Special Appointments.** The Board may appoint such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, having such authority, and perform such duties as the Board may, from time to time, determine.
- 8.5. **Resignation and Removal.** Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 8.6. **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.
- 8.7. **Multiple Offices.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4.
- 8.8. **Duties of Officers.** The duties of the officers shall be as follows:
 - 8.8.1. **President.** The President shall be the chief executive officer of the Association; shall preside at all meetings of the Board and Owners; shall see that orders and resolutions of the Board

are carried out; shall sign all leases, mortgages, deeds, and other written instruments; and shall be authorized to be one of two co-signers of all checks and promissory notes.

8.8.2. Vice President. The Vice President shall assume the responsibilities of the President in the President's absence.

8.8.3. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Owners; shall serve notice of meetings of the Board and of the Owners; shall maintain the Property Owners' List; and shall perform such other duties as required by the Board.

8.8.4. Treasurer. The Treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; shall prepare the annual budget and a statement of income and expenditures to be presented to the Owners at the Annual Meeting, and deliver a copy of each to the Owners; and shall be authorized to be one of two co-signers of all checks. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board and shall perform all duties incident to the office of treasurer of a non-stock corporation organized under the laws of the State of Colorado. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes, and other obligations, and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board. Except for reserve funds described below, the Treasurer may have custody of and shall have the power to endorse for transfer on behalf of the Association, stock, securities, or other investment instruments owned or controlled by the Association or as fiduciary for others.

Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Board, and executed by two authorized co-signers.

8.9. Compensation. No Officer shall receive compensation for any service rendered to the Association. However, any Officer may be reimbursed for actual expenses incurred in the performance of Association duties.

ARTICLE 9

COMMITTEES AND APPOINTEES

9.1. Committees. The Board shall appoint an Architectural Review Committee. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purpose. The Board shall approve a Chair and membership of these committees at the first Board meeting following the creation of said committee, and annually, at the first Board meeting following the Annual Meeting of the Owners.

9.2. Appointees. The Board shall appoint a Webmaster and an Archivist from the membership of the Association. In the event that a qualified Webmaster cannot be found from among the membership of the Association, the Board shall hire or contract with a qualified Webmaster from the La Plata County community. In addition, the Board shall appoint other individual Owners to positions as deemed appropriate in carrying out its purpose. Such appointees will serve at the direction of the Board.

misconduct in the performance of duty; except as to matters as to which that person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. Such costs and expenses shall include amounts reasonably paid in settlement for the purpose of curtailing litigation, but only if the Association is advised in writing by its counsel that, in the counsel's opinion, the person indemnified did not commit such gross negligence or willful misconduct. The foregoing right of indemnification shall not be exclusive of other rights to which a corporate officer or Director may be entitled as a matter of law or by agreement.

All liability, loss, damage cost and expense incurred or suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a Common Expense of the Association.

11.3. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE 12

AMENDMENTS

Amendment. These Bylaws may be amended in whole or in part by a vote of 67% of the eligible votes in the Association.

ARTICLE 13

GOVERNANCE POLICIES AND PROCEDURES

Governance Policies. Appended to these Bylaws as Appendix A are the governance policies and procedures required by C.R.S. 38-33.3-209.5. The governance policies have been adopted by the Board pursuant to CCIOA.

APPENDIX
GOVERNANCE POLICIES AND PROCEDURES
FOR
DEER VALLEY ESTATES PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE A-1

COLLECTION OF UNPAID ASSESSMENTS

A-1.1 Procedure for Collection of Assessments.

A-1.1.1 Due Date. Any assessment (General, Special, or Default) not fully paid on the due date thereof is delinquent. All assessments are payable to the Association and are mailed as directed by the Board or property manager, if applicable. Assessments are to be paid on the first day of each month. Owners who pay the entire annual General Assessment for the upcoming fiscal year in a single lump sum shall receive a discount of \$25.00 (or such other amount as determined by resolution of the Board from time to time) of the amount of the total General Assessment.

Special Assessments will be levied and mailed to Owners as necessary according to the terms set forth in the Declaration.

A-1.1.2 Late Fees and Interest. Any assessment, fee or charge, which is not fully paid within 30 (thirty) days after the date when due shall bear interest, from the date of the delinquency, at the rate of one percent (1%) per month, compounded, or such greater amount as may be established by Board resolution from time to time. In addition, the Board may impose a late fee in a reasonable amount as established by resolution on the delinquent assessment commencing on the first day of each calendar month thereafter so long as the assessment remains unpaid.

A-1.1.3 Suspension of Voting Rights. When an Owner fails to pay an Association assessment by the due date, the Owner's voting rights in the Association shall be suspended until the delinquent assessment has been paid in full.

A-1.1.4 Notification to Owner. Before the Association can turn over a delinquent account to a collection agency, file a lien against the property, or authorize an attorney to commence collections, foreclosure, or file a lien against the property, the Association will send the Owner a letter or notice of delinquency (the notification letter may be sent by the property manager or attorney for the Association) specifying:

A-1.1.4.1 Total amount due with an accounting or ledger showing amounts owed;

A-1.1.4.2 The amount necessary to cure the delinquency;

A-1.1.4.3 The name and contact information of the person to whom payment should be made;

A-1.1.4.4 The opportunity to enter into a one-time six-month payment plan and the instructions for contacting the Association for doing so; and

A-1.1.4.5 A listing of legal remedies of the Association, including foreclosure.

A-1.1.5 Application of Payment; Definition of Assessment. Any fine, late charge, or other monetary charge or penalty levied by the Association pursuant to the Bylaws, the Declaration, or the Act, including attorney's fees and costs incurred by the Association and for which the Owner is liable, shall be collectible as an Assessment as that term is defined by the Act. Payments received from an Owner shall be applied to the Owner's account in the following order:

A-1.1.5.1 Attorney's fees and costs incurred by the Association and for which the Owner is responsible pursuant to the Act or the Declarations;

A-1.1.5.2 Interest which has accrued on all unpaid charges;

A-1.1.5.3 Fines, late charges or other monetary charges or penalties;

A-1.1.5.4 Past due Default Assessments;

A-1.1.5.5 Past due Special Assessments;

A-1.1.5.6 Past due installments of General Assessments;

A-1.1.5.7 Current Special Assessments; and

A-1.1.5.8 Current installment for General Assessments.

A-1.2 Work-Out Plan. The Board of the Association, or its designated representative, has the authority to negotiate work-outs and payment plans with an Owner. The following rules for work-outs or payment plans shall apply:

A-1.2.1 Six-Month Payment Plan. At a minimum, the Association will offer the Owner the opportunity to pay off the deficiency in equal installments over a period of at least six months. The deficiency amount may include any General, Special or Default Assessments, late fees, attorneys' fees, fines, and interest. The six-month payment plan shall commence no later than 30 (thirty) days after the date of the delinquency notice to the Owner. The Association will provide the Owner with the six-month payment schedule and the dates upon which the payments are due.

A-1.2.2 The Owner shall remain current with any General Assessments that may come due during the payment plan period.

A-1.2.3 If the Owner fails to make an installment payment under the payment plan or fails to remain current with the General Assessments during the payment plan period, the Owner is in default of the plan and the Association may pursue its remedies including, but not limited to, filing a lien, foreclosure, and filing a lawsuit and obtaining a judgment.

A-1.2.4 The Association is not required to enter into any future payment plans with the Owner if the Owner fails to comply with the terms of the initial payment plan offered by the Association.

A-1.2.5 The Association is not required to enter into a payment plan if the Owner does not occupy the Lot and the Owner obtained the title by foreclosure or deed in lieu of foreclosure.

A-1.2.6 A waiver of interest and/or late fees or agreement to a payment plan in one instance shall not operate as a waiver of any future payment obligations nor shall such waiver or agreement constitute a precedent for the Board.

A-1.3 Remedies at Law. In addition to the above, the Association may bring an action in law or in equity, or both, against any Owner personally obligated to pay such overdue assessment, charges, or fees and may also proceed to foreclose its lien against such Owner's Lot. Any action at law or in equity by the Association against an Owner to recover a money judgment for unpaid assessment, charge or fees may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefore.

A-1.4 Foreclosure. Before an Association may foreclose on its lien, the following two requirements must be met:

A-1.4.1 The balance due from the Owner must equal or exceed six months of budgeted common expense assessments allocated to the delinquent Owner's Lot.

A-1.4.2 The Board must vote to approve the commencement of foreclosure against the delinquent Owner.

ARTICLE A-2

HANDLING CONFLICTS OF INTEREST INVOLVING DIRECTORS

If any contract, decision or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, sibling or otherwise is a family-member related to a member of the Board or a parent or spouse of any of those persons, that member of the Board shall declare a conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member may participate in the discussion but shall not vote on that issue. If a Board member does not voluntarily make a declaration as to a conflict, the remaining Board members (i.e., those members of the Board who do NOT have a conflict) may, by majority vote, determine whether or not a conflict exists according to the standards set forth in the Colorado Nonprofit Corporations Act (CNCA), at C.R.S. 7-128-501. The Board, by majority vote (excluding the member of the Board with the conflict) shall also determine whether or not the conflicting interest transaction is void, voidable, must be enjoined, set aside or gives rise to an award of damages or other sanctions in accordance with the criteria set forth in C.R.S. 7-128-501(c).

ARTICLE A-3

CONDUCT OF MEETINGS

A-3.1 Open Meeting. All meetings of the Association are open to every Owner, or to any person designated by an Owner in writing as the Owner's representative, subject to the right of the Board to conduct executive sessions as provided in the Act.

A-3.2 Restrictions on Speaking. In any Board meeting, at an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Owners or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue.

A-3.3 Owner Conduct. When speaking at a meeting, Owners shall abide by the following:

A-3.3.1 No Owner is entitled to speak until recognized by the chair.

A-3.3.2 Comments are to be restricted to the agenda item being discussed.

A-3.3.3 Owners are expected to behave courteously. Personal attacks, physical actions, yelling, and pounding on tables will not be tolerated and the chair may terminate the Owner's comment period.

A-3.3.4 Owners shall not interrupt when another Owner has the floor.

A-3.3.5 Owners should avoid repetition of comments already made other than to endorse what has already been said.

A-3.4 Disruptive or Unruly Behavior. If an Owner unreasonably disrupts a meeting, refuses to stop speaking when requested, or is otherwise in violation of the provisions of this policy, the President or other Officer or meeting chair may make a motion to take any appropriate action to bring the meeting under control, including, asking the disruptive person to leave, calling a recess, or adjourning the meeting.

The conduct provisions of Subsections A-3.3 and A-3.4 above shall also apply to members of the Board.

A-3.5 Request to Speak on Agenda. The President of the Board establishes the agenda for each meeting. Owners who desire to speak at a meeting shall notify the Secretary of the Board in writing at least 10 days in advance of the meeting and shall indicate the topic on which the Owner desires to speak. The Owner's topic of discussion may be included as an item of New Business unless the topic is already an agenda item in which case, the Owner may speak to the issue when the agenda item is presented for Owner comment subject to any time limits established by the Board. The Owner shall be permitted five minutes to introduce and speak on any New Business matter unless, during the meeting, the Board determines that a shorter or longer period of time is appropriate.

ARTICLE A-4

ENFORCEMENT OF COVENANTS AND RULES, INCLUDING NOTICE AND HEARING PROCEDURES, SCHEDULE OF FINES

A-4.1 Abatement and Enjoinment of Violations by Owners. The violation of any of the terms and conditions of the Declarations, the Bylaws, or Policies and Procedures adopted by the Board (the "Association Documents") or the breach of any of the Association Documents shall give the Board the right, after prior written notice to the Owner of the violation (except in case of an emergency), in addition to any other rights set forth in these Bylaws:

A-4.1.1 To enter a Lot, or authorize law enforcement to enter a Lot, in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist on that Lot) that is existing and creating a danger to the common interest community contrary to the intent and meaning of the provisions of the Association Documents. The Board shall not be deemed liable for any manner of trespass by this action; or

A-4.1.2 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

A-4.2 Notice and Hearing Procedures – Violations of Association Documents.

A-4.2.1 Procedures. The following procedures shall apply before the Board may levy a fine.

A-4.2.1.1 Notice to Owner. If it is believed that an Owner has violated a covenant or rule and regulation under the Association Documents (the "Alleged Violation"), the

Board shall send written notice (via mail or electronic mail ("e-mail")) regarding same to the Owner. The notice shall require the Alleged Violation to cease within such period of time as the Board deems reasonable, based upon the nature of the Alleged Violation. The notice, if mailed, shall be mailed to the last known address of the Owner, via certified mail. The notice, if emailed, shall be emailed to the last known email address provided.

A-4.2.1.2 Imposition of Fine. If the Alleged Violation has not ceased within the manner and period of time set forth in the letter to Owner, the President, or other authorized representative of the Board, will send a second notice to the Owner informing the Owner that the Board intends to levy a fine and that the Owner has the opportunity to be heard before the Board. The Owner must contact the Board to arrange for a hearing if the Owner disputes the violation. The hearing will be held at a mutually agreeable time and no later than 15 (fifteen) days after Owner requests the hearing. If the Owner fails to request a hearing or does not dispute the occurrence of the Alleged Violation, the Alleged Violation shall be deemed to have occurred. The Owner may attend the meeting in person or by telephone. The Board has the authority, upon determination that a violation has occurred, to levy fines, attorney's fees and other charges as permitted under Colorado law. At the discretion of the Board, fines may be retroactive to the date of the original imposition of said fine.

A-4.2.1.3 Constraints on the Members of the Board. It shall be incumbent upon each member of the Board to make a determination as to whether they are able to function at the hearing in a disinterested fashion. If a member is incapable of objective consideration in the case, they shall disclose such to the Board. They will be removed from the proceedings and have it so recorded in the minutes.

A-4.2.1.4 Hearing. The hearing will not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Decisions of the Board may be made "under advisement," i.e., at a later date and time, but not to exceed 7 (seven) days from the date of the hearing. All decisions of the Board are effective three days after written notice is sent to the Owner (via regular, first class mail or by email if an email address has been provided by the Owner).

A-4.2.1.5 Failure to Attend. If the accused Owner, or his or her authorized agent, fails to attend the hearing (in person or by telephone), and there are no reasonable extenuating circumstances to justify the non-appearance, the violation shall be deemed to have occurred and the Board shall be authorized to impose the fine, charges, and/or attorney's fees, or take such other action as authorized by the Association Documents or Colorado law.

A-4.2.2 Joint and Several Liability. If there are multiple Owners, each shall be jointly and severally liable for any fine or other monetary penalty imposed pursuant to the enforcement of the Association Documents, including, but not limited to, all attorney's fees, expert witness fees and costs incurred by the Association resulting from or in any way related to the violation or the collection of fines.

A-4.2.3 Remedy. Each remedy set forth in this Policy shall be in addition to all other remedies, whether available at law or in equity, and all such remedies, whether or not set forth in the Association Documents, shall be cumulative and nonexclusive.

A-4.3 Fines. The Board may levy a fine of fifty dollars (\$50) for each violation of the Association Documents for each day that such violation persists. In the discretion of the Board, the \$50 fine may be increased or decreased depending upon the facts and circumstances of each violation; however, Owners should be prepared to pay a minimum \$50 fine. The Board, in its discretion, may adopt a "Schedule of Fines" to be applied for particular violations. The Schedule of Fines may be adopted at any time by the Board by way of resolution or by separate policy.

ARTICLE A-5

INSPECTION AND COPYING OF RECORDS

A-5.1 Association Records.

A-5.1.1 Records to Be Maintained. In addition to any records specifically defined in the Association's Declaration or Bylaws, or expressly required by Section 38-33.3-209.4 of the Act, the Association must maintain the following, all of which shall be deemed to be the sole records of the Association for purposes of document retention and production to Owners:

A-5.1.1.1 Detailed records of receipts and expenditures affecting the operation and administration of the Association;

A-5.1.1.2 Records of claims for construction defects and amounts received pursuant to settlement of those claims;

A-5.1.1.3 Minutes of all meetings of its Owners and Board, a record of all actions taken by the Owners or Board with a meeting and a record of all actions taken by the Owners or Board without a meeting, and a record of all actions taken by any committee of the Board;

A-5.1.1.4 Written communications among, and the votes cast by, Board members that are:

A-5.1.1.4.1 Directly related to an action taken by the Board without a meeting pursuant to Sec. 7-128-202 of the Colorado Non Profit Corporations Act (CNCA); or

A-5.1.1.4.2 Directly related to an action taken by the Board without a meeting pursuant to the Association's Bylaws;

A-5.1.1.5 The names of Owners in a form that permits preparation of a list of the names of all Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Owner is entitled to vote;

A-5.1.1.6 Its current Declaration, Covenants, Bylaws, Articles of Incorporation, responsible governance policies adopted pursuant to Sec. 209.5 of the Act and other policies adopted by the Board;

A-5.1.1.7 Financial statements as described in 7-136-106 of the CNCA for the past three years and tax returns of the Association for the past seven years, to the extent available;

A-5.1.1.8 A list of the names, e-mail addresses, and physical mailing addresses of its current Board members and Officers;

- A-5.1.1.9** Its most recent annual report delivered to the Secretary of State, if any;
- A-5.1.1.10** Financial records sufficiently detailed to enable the Association to comply with Sec. 316(8) of the Act concerning statements of unpaid assessments;
- A-5.1.1.11** The Association's most recent reserve study, if any;
- A-5.1.1.12** Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;
- A-5.1.1.13** Records of Board or committee actions to approve or deny any requests for design or architectural approval from Owners;
- A-5.1.1.14** Ballots, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;
- A-5.1.1.15** Resolutions adopted by its Board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and
- A-5.1.1.16** All written communications within the past three years to all Owners.

A-5.1.2 Examination and Copying. Subject to the restrictions and limitations set forth in this Policy and the Act, all records maintained by the Association must be available for examination and copying by an Owner or the Owner's authorized agent.

A-5.1.2.1 Written Request. Owners shall submit a written request, describing with reasonable particularity the records sought, at least 10 (ten) days prior to inspection or production of the documents.

A-5.1.2.2 Times for Copying and Inspection. The Board shall have a reasonable period of time to organize the documents for examination and copying. Examination and copying times shall occur during normal business hours or the next regularly scheduled Board meeting if the meeting occurs within thirty days after the request.

A-5.1.2.3 Purpose for Copying. Notwithstanding any provision of the Declaration, Bylaws, or Articles of the Association to the contrary, the Association may not condition the production of records upon the statement of a proper purpose.

A-5.1.2.4 Membership Lists. A membership list or any part thereof may NOT be obtained or used by any person for any purpose unrelated to an Owner's interest as a Lot owner without consent of the Board. Without the consent of the Board, a membership list or any part thereof may not be:

A-5.1.2.4.1 used to solicit money or property unless such money or property will be used solely to solicit the votes of Owners in an election to be held by the Association;

A-5.1.2.4.2 used for any commercial purpose; or,

A-5.1.2.4.3 sold to or purchased by any person.

A-5.1.3 Withholding of Records. Records maintained by an Association shall be withheld from inspection and copying (unless a majority of the Board votes to relinquish same) to the extent that they are or concern:

A-5.1.3.1 Architectural drawings, plans, and designs, unless released upon the written consent of the legal Owner of the drawings, plans, or designs;

A-5.1.3.2 Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;

A-5.1.3.3 Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine;

A-5.1.3.4 Disclosure of information in violation of law;

A-5.1.3.5 Records of an executive session of the Board; or,

A-5.1.3.6 Individual Lots other than those of the requesting Owner.

A-5.1.4 Records Not Subject to Inspection. Records maintained by an Association are not subject to inspection and copying, and they must be withheld, to the extent that they are or concern:

A-5.1.4.1 Personnel, salary, or medical records relating to specific individuals; or,

A-5.1.4.2 Personal identification and account information of Owners and residents, including bank account information, telephone numbers, e-mail addresses, driver's license numbers, and social security numbers. Except that an Owner or resident may provide the Association with prior written consent to the disclosure of, and the Association may publish to other Owners and residents, the person's telephone number, e-mail address or both. The written consent must be kept as a record of the Association and remains valid until the person withdraws it by providing the Association with a written notice of withdrawal of the consent. If a person withdraws his or her consent, the Association is under no obligation to change, retrieve, or destroy any document or record published prior to the notice of withdrawal. Consents may be delivered or withdrawn by Owners by electronic means, including but not limited to, facsimile and e-mail.

A-5.1.5 Charges for Copies. The Association shall impose, in advance, the below described charges for labor and materials required for inspection and copying. All applicable charges shall be estimated based on the written request of the Owner or its agent, and payment for the estimated costs shall be paid in advance in good funds. Upon completion of the inspection and copying, a final invoice will be prepared based on actual costs. Delivery of documents shall be withheld until all actual costs are paid. If the estimate is higher than the actual costs, a refund will be made by the Association in a timely manner. Charges shall be as follows:

A-5.1.5.1 Copies per page, letter or legal size: at current rates per page.

A-5.1.5.2 Materials other than copies: actual costs plus labor.

A-5.1.5.3 Documents which are stored electronically shall be sent free of charge.

A-5.1.6 Electronic Transmission. The right to copy Association records includes the right to receive copies by photocopying or other means, including the receipt of copies through an electronic transmission if available, upon request by the Owner.

A-5.1.7 No Obligation to Coordinate Information. The Association is not obligated to compile or synthesize information.

A-5.1.8 No Commercial Purpose. Association records and the information contained within those records shall not be used for commercial purposes.

A-5.2 Website Posting. The Association may place certain records and documents on its website for general review by Owners. Notwithstanding the foregoing, documents and records which are required to be withheld as described in this Policy and/or which the Board deems as consisting of a sensitive nature or private nature shall not be posted on the Association website.

ARTICLE A-6

INVESTMENT OF RESERVE FUNDS

The Board is authorized to deposit reserve funds with federally insured national or state banks or with any state chartered or federally chartered savings and loan association doing business in Colorado for fixed periods of time at such rate of interest as may be negotiated but in no event shall any such deposit be in excess of the amount insured by the Federal Deposit Insurance Corporation or its successor.

ARTICLE A-7

AMENDMENTS TO POLICIES AND PROCEDURES

Policies and procedures may be adopted or amended by the majority vote of the members of the Board, following notice and comment to all Owners pursuant to the notice requirements of the Bylaws at any meeting duly called for such purpose. Copies of the proposed policies and procedures shall be made available for review by the Owners prior to the meeting in accordance with the notice procedures of the Bylaws.

ARTICLE A-8

PROCEDURES FOR ADDRESSING DISPUTES

A-8.1 Alternative Dispute Resolution. The purpose of the Declaration is to establish a harmonious Common Interest Community. Because the prompt, efficient, fair and non-belligerent resolution of any disputes is desirable, any controversy arising out of or relating to the Association Documents, or a breach thereof, or any other dispute between the Association and any Owner shall be resolved as set forth in this Article. This Article shall satisfy the requirement for an Alternative Dispute Resolution (ADR) policy set forth in the Act, Section 38-33.3-124(b).

A-8.2 Prerequisite/Claims. First and foremost, Owners are encouraged to communicate with one another and resolve their disputes without involvement of the Board. The parties to a dispute shall exhaust all remedies and procedures required by the Association Documents prior to resolving the dispute through mediation. Matters pertaining to covenant violations are first subject to the Notice and Hearing procedures and shall not be mediated until after the Board has made a determination as to whether a violation has occurred in Article A-4 of this Appendix. All claims, disputes and other controversies arising out of or relating to the rights, obligations and duties of any Owner, or the Association and its Officers and Directors under the Association Documents and/or a breach thereof (a "Claim") shall be subject to and resolved by submitting the Claim to mediation. Claims shall NOT include any suit by the Association to enforce or collect assessments, any suit involving an imminent threat to the peace, health, or safety of the Common Interest Community, or any suit to obtain a

temporary restraining order or injunction and such other ancillary relief as the court may deem necessary in order for the Association to enforce the restrictions of this Declaration.

A-8.3 Direct Communication. If the dispute is not governed by a procedure for resolution as otherwise provided in the Association Documents, the parties to the disagreement shall set forth their respective positions in the dispute in correspondence to one or through one another's legal counsel. The written communication shall describe the nature of the dispute, claim or controversy, including the persons involved, and the legal basis of the dispute, claim or controversy and relief or remedy sought. All disputes, claims or controversies should be initiated within a reasonable time after the dispute, claim or controversy has arisen and in no event shall a dispute, claim or controversy be made after the date when such dispute, claim or controversy would be barred by any applicable statute of limitations. The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the dispute, claim or controversy by good faith negotiation.

A-8.4 Mediation. If the dispute, claim or controversy cannot be resolved through direct communication of the parties within thirty (30) days after the date the dispute, claim or controversy was submitted to a party, either party may request appointment of a neutral and properly credentialed mediator. With the prior agreement of both parties, the parties shall participate in mediation in good faith until the dispute is resolved or until the mediation terminates. Either party to a mediation may terminate the mediation process without prejudice. If the parties do not settle the dispute, claim or controversy within sixty (60) days after submission of the matter to mediation, the mediator shall issue a notice of termination of the mediation proceedings. Each party shall bear its own costs of mediation, including attorney's fees and each party shall share equally all charges rendered by the mediators and all costs associated with same. The mediation agreement, if one is reached, may be presented to the court as a stipulation.

A-8.5 Notice and Hearing Procedure. This ADR policy is not intended to modify or alter any portion of the "notice and hearing procedure" implemented for purposes of determining the occurrence of a violation and levy of a fine.

ARTICLE A-9

RESERVE STUDY

A-9.1 No less than once every three years, the Board will study and analyze if there is a need for any Association improvements, repairs, or maintenance (i.e., "Work") to be made to Association Common Elements. Work shall include, but not be limited to, any work on the general Common Elements of the Association.

A-9.2 The Board, in its discretion, may hire consultants or contractors to assist with the preparation of the study and any such costs associated with such study shall be a Common Expense of the Association. Any study conducted by the Board will be based upon a physical analysis of the Association Common Elements unless the Board feels a financial analysis would be more appropriate under the circumstances.

A-9.3 The Board shall, at its annual budget meeting, discuss and determine (i) how to prioritize any Work recommended for completion and (ii) the sources of funding for completion of the Work. Sources of funding shall include the following: General Assessments, Special Assessments, use of existing reserves, lines of credit, new loans, or other means of financing available to the Association, including any combination of the foregoing.

A-9.4 To the extent reasonably possible, the Board shall adopt a plan for funding all or a portion of the Work. Funding for the Work may be identified as a line item in the annual budget and/or the Board may establish a separate capital improvements fund for the collection and deposit of assessments for future Work. The Board may revise its funding plan(s) as necessary due to fluctuations in the

cost of Work and other economic factors that would necessitate an increase or decrease in the rate of collection for funding of the Work or a change in the amount of funding necessary to complete the Work. Any funding plan adopted by the Board shall be advisory only.

A-9.5 In conjunction with the Board's annual budget review and adoption of the Association's annual budget, the Board shall review the sufficiency of its reserves. In its discretion, the Board may allocate a portion of the General Assessments to be set aside for reserves in such amounts as the Board deems necessary.

ARTICLE 9

RESERVE STUDY

A-9.1 No less than once every three years, the Board will study and analyze its state of readiness for any Association movement, repair or maintenance (the "RAMP") to be made to Association Common Elements. Work shall include but not be limited to any work on the general Common Elements of the Association.

A-9.2 The Board in its discretion may hire consultants or contractors to assist with the preparation of the study and any such costs associated with such study shall be a Common Element of the Association. Any study conducted by the Board will be based upon a physical analysis of the Association Common Elements unless the Board feels a financial analysis would be more appropriate under the circumstances.

A-9.3 The Board shall at its annual budget meeting discuss and determine (i) how to prioritize any RAMP recommended for completion and (ii) the amount of funding for completion of the RAMP. Funding for the RAMP shall include the following: General Assessments; Special Assessments; use of existing reserves; fees of third party contractors; or other means of financing available to the Association, including any combination of the foregoing.

A-9.4 To the extent reasonably possible, the Board shall adopt a plan for funding all or a portion of the RAMP. Funding for the RAMP may be identified as a line item in the annual budget and/or the Board may establish a separate capital improvement fund for the collection and deposit of assessments for future RAMP. The Board may revise its funding plan(s) as necessary due to fluctuations in the