

RESOLUTION OF THE
FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION, INC.

POLICIES AND PROCEDURES

SUBJECT: Adoption of the policies and procedures for the Association regarding the following:

1. Collection of Unpaid Assessments;
2. Conflicts of Interest
3. Conduct of Meetings;
4. Enforcement of Covenants and Rules;
5. Records, Inspection and Copying;
6. Investment of Reserves;
7. Adoption of Policies;
8. Dispute Resolution between the Association and Unit Owners;
9. Reserve Studies/Reserve Funding

PURPOSE: To comply with Colorado Law

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

EFFECTIVE DATE: _____

RESOLUTION: The Association hereby adopts the following Policies and Procedures subject to:

- (a) Definitions. Unless otherwise defined, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
- (b) 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.
- (c) Deviations. The Board may deviate from the procedures set forth if in its sole discretion such deviation is reasonable under the circumstances.
- (d) Amendment. The following policies may be amended from time to time by the Board of Directors.

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 Fountain Condominium Owners Association, at a duly called and held meeting of the Board of Directors on _____ and in witness thereof, the undersigned has subscribed his/her name.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION

By: _____
President

VERIFICATION

STATE OF COLORADO)
)ss
COUNTY OF ADAMS)

_____, being first duly sworn states that the matters contained in the foregoing Verified Complaint are true and correct to the best of his knowledge and belief.

The foregoing instrument was acknowledged before me this _____ day of September, 2013 by _____. Witness my hand and seal.

Notary Public

My commission Expires:

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
COLLECTION OF UNPAID ASSESSMENTS

- A. It is in the best interest of the Association to refer delinquent accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue. The Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters. The Association hereby gives notice of its adoption of the following policies and procedures for the collection of assessments and other charges of the Association:
1. 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 1st day of each month. Assessments or other charges not paid in full to the Association within 10 days of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 10 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.
 2. Receipt Date. The Association shall post payments on the day that the payment is received in the Association's office.
 3. Late Charges on Delinquent Installments. The Association shall impose on a monthly basis a 10% late charge for each Owner who fails to timely pay his/her monthly assessment within 30 days of the due date. This late charge shall be a "common expense" for each delinquent Owner. The Association shall impose interest from the date due at the rate of 8% per annum on the amount owed for each Owner who fails to timely pay their monthly assessment within 30 days of the due date.
 4. 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 herein) for payment of assessments.
 5. 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 \$25.00 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 bank for any reason whatsoever, including but not limited to insufficient funds. This returned check charge shall be a "common expense" for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such return check charge shall be due and payable immediately, upon demand. Notwithstanding 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. 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 10 days of the due date.

6. 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.
7. 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 (hereinafter 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, Articles, 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.
8. Collection Process.
 - (a) After the installment of an annual assessment or other charges due to the Association becomes more than 10 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.
 - (b) After the installment of an annual assessment or other charges due to the Association becomes more than 30 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.
 - (c) After the installment of an annual assessment or other charges due to the Association becomes more than 60 days delinquent, the Association or authorized agent of 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 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.

9. Collection Procedures/Time Frames. The following time frames shall be followed for use in the collection of monthly installments of the annual assessment and other charges.

Due Date (date payment due)	The 1 st of each
Past Due Date – First Notice (notice that late charges and interest have accrued)	Ten days after
Second Notice (notice that late charges and interest Have accrued, notice of intent to file Lien)	30 days after due
Delinquent account turned over to Association's attorney; Lien filed; Demand letter sent to Owner.	60 days after due

Before the Association or its assignee turns over a delinquent account to a collection agency or an attorney, the Association will send the Owner(s) a notice of the delinquency specifying:

- the total amount due with an accounting of how the total was determined;
- whether the opportunity to enter into a payment plan exists and instructions for contacting the Association or its assignee to enter into a payment plan. Any payment plan must permit the owner to pay off the deficiency in equal installments over a period of at least six months. If the owner fails to pay the agreed installment or remain current with regular assessments during the six – month period, the owner is in default of the plan and the Association or its assignee may pursue legal action. For purposes of the payment plan, assessments include regular and special assessments, fees, charges, late charges, attorney fees, fines and interest;
- the name and contact information for the individual the Unit Owner(s) may

contact to request a copy of the Unit Owner's ledger to verify the amount of the debt; and

- the action required to cure the delinquency and that failure to do so by the date specified may result in the account being turned over to a collection agency, a lawsuit being filed, filing and foreclosure of alien against the Owner's property or other remedies;
- the method that payments may be applied on the delinquent account; and
- the legal remedies to collect on a delinquent account pursuant to the governing documents and Colorado law.

Once the account is turned over to an attorney, the attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.

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 \$10.00 fee. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

10. Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any unit within the Association, the Managing Agent shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.
11. 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 such letter or notices shall be sent via certified or registered mail.
12. Referral of Delinquent Accounts to Attorneys. Upon referral to the Association's attorney, the attorney shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. The attorney, in consultation with the Manager, is authorized to take whatever action is necessary and determined to be in the best interests of the Association, including, but not limited to:
 - a. Filing of a suit against the delinquent Owner for a money judgment;
 - b. Instituting a judicial foreclosure action of the Association's lien;
 - c. Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and
 - d. Filing a court action seeking appointment of a receiver.

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

Upon referral of any matter to the Association's attorney, the Association shall pay the attorney's usual and customary charges as well as any costs incurred by the attorney on the Association's behalf, promptly upon receipt of the monthly invoice from the attorney.

14. 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 who 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.
15. 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. In order to pursue a foreclosure against the property, the balance of the assessments and charges secured by the Association's lien must equal or exceed six months of common expense assessments based on the Association's periodic budget. Further, the Board must resolve by a recorded vote to authorize the filing of a legal action against the specific Unit on an individual basis. This authority may not be delegated to any attorney, insurer, manager, or other person.
16. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.
17. Communication with Owners. All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. Neither the Manager nor any member of the Board of Directors shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact.
18. 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.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
CONFLICTS OF INTEREST

- A. 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.
- B. Definitions.
- (i) "Conflicting interest transaction" means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest.
 - (ii) "Director" means a member of the Association's Board of Directors.
 - (iii) "Party related to a Director" means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director or officer or has a financial interest.
- C. Loans. No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of the loan until it is repaid.
- D. Disclosure of Conflict. Any conflicting interest transaction on the part of any Director or party related to a Director shall 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 shall not vote on the matter. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.
- E. Enforceability of Conflicting Interest Transaction. No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:
- (i) The facts about the conflicting interest transaction are disclosed to the Board, and a majority of the disinterested Directors, even if less than a quorum, in good faith approves the conflicting interest transaction;
 - (ii) The facts about the conflicting interest transaction are disclosed to the Owners entitled to vote on the matter, and the conflicting interest transaction is authorized in good faith by a vote of the Owners entitled to vote on the matter; or
 - (iii) The conflicting interest transaction is fair to the Association.

F. 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 relations 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 volunteer.
- (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 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.
- (xi) No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself 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.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
CONDUCT OF MEETINGS

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

(i) Notice.

- (a) In addition to any notice required in the Bylaws, notice of any meeting of the Owners shall be conspicuously posted within the Community at least ten days prior to each such meeting, or as may otherwise be required by Colorado law.
- (b) The Association shall also post notice on its website (if any) of all meetings. Such notice shall be posted ten days prior to such meeting.
- (c) 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 at least 10 days prior to each such meeting, or may otherwise be required by Colorado law.

(ii) Conduct.

- (a) All Owner meetings shall be governed by the following rules of conduct and order:
 - 1. The President of the Association or designee shall chair all Owner meetings.
 - 2. 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).
 - 3. Any person desiring to speak shall sign up on the list provided at check in and indicate if he/she is for or against an agenda item.
 - 4. Anyone wishing to speak must first be recognized by the Chair.
 - 5. Only one person may speak at a time.
 - 6. Each person who speaks shall first state his or her name and Unit address.
 - 7. 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.
 - 8. Those addressing the meeting shall be permitted to speak without interruption from anyone as long as these rules are followed.

9. 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.
10. Each person shall be given up to a maximum of three minutes to make a statement or to ask questions. The Board may decide whether or not to answer questions during the meeting. Each person may only speak once. 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.
11. All actions and/or decisions will require a first and second motion.
12. Once a vote has been taken, there will be no further discussion regarding that topic.
13. So as to allow for and encourage full discussion by Owners, no meeting may be audio, video or otherwise recorded. Minutes of actions taken shall be kept by the association.
14. 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.
15. The Chair may establish such additional rules of order as may be necessary from time to time.

(iii) Voting. All votes taken at Owner meetings shall be taken as follows:

- (a) Election of Board members shall be conducted by secret ballot. 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.
- (b) All other votes taken at a meeting of the Owners shall be taken in such method as determined by the Board of Directors including acclamation, by hand, by voice or by ballot. Notwithstanding the above, other votes on matters affecting the community shall be by secret ballot at the discretion of the Board or upon the request of 20% of the Owners who are present at the meeting or represented by proxy.
- (c) Written ballots shall be counted by a neutral third party, excluding the Association's managing agent or legal counsel, or a committee volunteers who are not Board members, and in the case of a contested election, are not candidates. The committee shall be selected or appointed at an open meeting, in a fair manner, by the Chair of the Board or another person presiding during that portion of the meeting.

(d) 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.

(iv) Proxies. Proxies may be given by any owner as allowed by C.R.S. 7-127- 203.

(a) All proxies shall be reviewed by the Association's Secretary or designee as to the following;

1. Validity of the signature
2. Signatory's authority to sign for the unit owner
3. Authority of the unit owner to vote
4. Conflicting proxies
5. Expiration of the proxy

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

(i) Conduct.

(a) All Board meetings shall be governed by the following rules of conduct and order:

1. The President of the Association, or designee, shall chair all Board meetings.
2. All persons who attend a meeting of the Board shall be required to sign in, listing their name and unit address.
3. 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 of the meeting. Any Owner wishing to speak during the Owner Forum shall so indicate so at the time of sign in.
4. Anyone desiring to speak shall first be recognized by the Chair.
5. Only one person may speak at a time.
6. Each person speaking shall first state his or her name and Unit address.
7. 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.
8. Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are

followed.

9. 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.
 10. Each person shall be given up to a maximum of three 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.
 11. No meeting of the Board may be audio, video or otherwise recorded except by the Board to aid in the preparation of minutes. Minutes of actions taken shall be kept by the Association.
 12. 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.
- (ii) Owner Input. At a time determined by the Board, but prior to a vote by the Directors, Owners, or their designated representatives, present at such time shall be afforded an opportunity to speak on the motion as follows:
- (a) The Chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor 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.
 - (b) 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.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
COVENANT AND RULE ENFORCEMENT

- A. Reporting Violations. Complaints regarding alleged violations may be reported by an Owner or resident within the community, a group of Owners or residents, the Association's Managing Agent, if any, Board member(s) or committee member(s) by submission of a written complaint.
- B. Complaints. (a) Complaints by Owners or residents shall be in writing and submitted to the Board of Directors or the Resident Manager. 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. (b) Complaints by a member of the Board of Directors, a committee member, or the Managing Agent, 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 Managing Agent.
- C. Investigation. 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.
- D. Initial Warning Letter. If a violation is found to exist, a warning letter shall be sent to the Violator explaining the nature of the violation. The Violator will have 10 days from the date of the letter to come into compliance.
- E. Continued Violation After Initial Warning Letter. If the alleged Violator does not come into compliance within 10 days of 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 shall 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 shall 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 10 days of the date on the second violation letter.
- F. Notice of Hearing. 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 at least 10 days prior to the hearing date.
- G. Hearing. At the beginning of each hearing, the presiding officer, shall 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 shall 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 shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board shall, within a reasonable time, not to exceed 10 days, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner, shall be by a majority of the Board members present at the hearing. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

- H. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within 10 days of the second letter, or fails to appear at the hearing, the Board may make a decision 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.
- I. Notification of Decision. The decision of the Board, committee or other person, shall be in writing and provided to the Violator and Complainant within 10 days of the hearing, or if no hearing is requested, within 10 days of the final decision.
- J. Fine Schedule. The following fine schedule has been adopted for all recurring covenant violations:

First violation:	Warning letter	
Second violation:	(of same covenant or rule)	\$25.00
Third and subsequent violations:	(of same covenant or rule)	\$50.00

Third 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 appropriate legal action.

- K. Continuous Violations. Continuous violations are defined as violations of Owner obligations that are uninterrupted by time. Each day of non-compliance with such violations constitutes a separate violation. *For example: the failure to remove an unapproved exterior improvement or the continuous parking in a fire lane.*
- L. If an Owner is determined as having a continuous violation, in accordance with the terms of this Policy, such Owner may be subject to a daily fine of \$50.00 each day the violation is not corrected, following a notice and opportunity for a hearing as set forth above.
- M. Waiver of Fines. 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.
- N. Other Enforcement Means. 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.

- O. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
- P. 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 Project.
- Q. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
- R. Amendment. This policy may be amended from time to time by the Board of Directors.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
INSPECTION AND COPYING OF ASSOCIATION RECORDS

- A. 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 unit owner meetings, Board member meetings, or committee meetings
- B. Inspection/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, which may be collected by the Association in advance;
 - (ii) The inspection and/or copying of the records of the Association shall be conducted during regular business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, at the office of the Association's Managing Agent, or during the next regularly scheduled Owner or Board meeting occurring within 30 days of the Owner's request.
 - (iii) The Owner shall give the Association's Managing Agent a written demand, stating the purpose for which the inspection and/or copying is sought. The Association shall make the requested records available within five business days of the Owner's request or at the next regularly scheduled Owner or Board meeting if the next regularly scheduled Owner or Board meeting is scheduled within thirty days of the Owner's request, in the sole discretion of the Board. The Board shall advise the Owner of the time and place of such inspection in writing within five business days of the Owner's request; and
 - (iv) The Owner shall complete and sign the Agreement Regarding Inspection of Association Records prior to the inspection and copying of any Association record. A copy of the Agreement is attached to this Policy. Failure to properly complete or sign the Agreement shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.
- C. Proper Purpose/Limitation. 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.
- D. Exclusions. The following records 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;
 - (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, and driver's license numbers.
- E. 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 may require a deposit equal to the anticipated actual cost of the requested records. Failure to pay such deposit shall be valid grounds for denying Owner copies of such records. If after payment of the deposit it is determined that the actual cost was more than the deposit, Owner shall pay such amount prior to delivery of the copies. If after payment of the deposit it is determined that the actual cost was less than the deposit, the difference shall be returned to the Owner with the copies.
- F. Inspection. 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.
- G. Original. No Owner shall remove any original book or record of the Association from the place of inspection nor shall any Owner alter, destroy or mark in any manner, any original book or record of the Association.
- H. Creation of Records. Nothing contained in this Policy shall be construed to require the Association to create records that do not exist or compile records in a particular format or order.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
INVESTMENT OF RESERVE POLICY

- A. 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, and to protect the 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.
- B. 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.
- C. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Fund accounts to generate revenue that will accrue to the Reserve Fund accounts balance pursuant to the following goals, criteria and policies, listed in order of importance:
- (i) Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.
 - (ii) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
 - (iii) Minimal Costs. Minimize investments costs (redemption fees, commissions, and other transactional costs).
 - (iv) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
 - (v) Return. Invest funds to seek the highest level of return.
- D. Limitation on Investments. Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured, and/or guaranteed by the United States Government.
- E. 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.
- F. 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.
- G. Review and Control. The Board shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.

- H. 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 (hereinafter referred to as a "Reserve Study").
- I. Review of Reserve Study. The Board of Directors shall cause the Reserve Study, if any and reserve funding to be reviewed and updated periodically, at least once every three years to adjust and make changes in costs, inflation, interest yield on invested funds plus modification, addition or deletion of components.
- J. Standard of Care. The officers and members of the Board of Directors shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Director or officer reasonably believes to be in the best interests of the Association in accordance with the Colorado Revised Nonprofit Corporation Act.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
ADOPTION OF POLICIES, PROCEDURES, RULES, REGULATIONS, OR
GUIDELINES.

- A. Scope. The Board of Directors of the Association may, from time to time, adopt 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. In order to encourage Owner participation in the development of such Policies and to insure that such Policies are necessary and properly organized, the Board shall follow the following procedures when adopting any Policy.
- B. Drafting Procedure. The Board shall 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.
- C. Notice and Comment. A copy of the proposed Policy shall be provided to all Owners or posted on the Association's website, if any, and Owners shall be allowed a minimum of 30 days to provide comment and/or feedback on the proposed Policy.
- D. Emergency. The Board may forego the notice and opportunity to comment in the event the Board determines in its sole discretion that providing notice and opportunity to comment is not practical given the emergency nature of such Policy.
- E. Adoption Procedure. After the period for Owner comment expires, the Board may adopt any Policy. 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.
- C. Policy Book. The Board of Directors shall 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.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
DISPUTE RESOLUTION POLICY AND PROCEDURE

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.

A. Required dispute resolution procedure. Prior to filing a lawsuit against the Association, the Board, or any officer, director, or property manager of the Association, an Owner must request and attend a hearing with the Board of Directors. Any such request shall be in writing and shall be personally delivered to any member of the Board of Directors or the Association's property manager. The Owner, in such request and at the hearing, must make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's grievance. Upon receiving a request for a hearing, the Board shall 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 14 or more than 30 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.

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

(i) 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 14 or more than 30 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.

(ii) 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 14 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.

FOUNTAIN CONDOMINIUM OWNERS ASSOCIATION
RESERVE STUDY POLICY AND RESERVE FUNDING POLICY

Reserve Study Policy:

The Association is not required under the Community's governing documents to have a reserve study.

The Association has determined to establish policies on reserve studies as follows:

- The Association will have a reserve study prepared in the future.

- The Association will have a reserve study updated or revised periodically to address or acknowledge changes occurring which may affect the conclusions and/or recommendations contained in the reserve study.

- Reserve studies are preferred to be performed by an outside consultant, but may also be performed internally.

Reserve Funding Policy

The Association has determined to establish policies on reserve funding as follows:

- Funding for replacement is preferred to be based on a financial analysis performed in part by the company preparing the reserve study and in part by the managing agent in consultation with the Board.

- Funding for replacement is planned and projected to be from the following sources: (1) cash then on hand, including the operation and the reserve accounts, (2) annual assessments of owners, (3) special assessments of owners, (4) a loan as may be obtained by the Association , and/or any combination of the above.