

HOMESTEAD OWNERS ASSOCIATION INC.

Definition of Policy:

A “*Policy*” is defined as anything that expresses a “*Value, or Perspective that causes Actions.*” It is through a system of written policies we establish the beliefs, values and objectives of the Association. The statements listed below are the Official Policies of the Association. The purpose of these policies is to provide a clear statement of what we (the members and the leadership) are about; what are our standards, values and perspectives. This provides a means to communicate, organize and focus the resources of the Association.

HOMESTEAD OWNERS ASSOCIATION INC.

Process to Amend HOA Rules, Policies and Procedures

Adoption. The Board of Directors shall place any proposed amendment to HOA rules, policies and/or procedures on its agenda, such agenda to be published at the Homestead Court Club and on the HOA website at least seven days prior to the meeting. After adoption at the regularly scheduled meeting by the BOD, the BOD will give association members fifteen (15) days written notice (in the monthly newsletter under Board meeting notes) of the adopted amendment. The notice will give members the date/place/time of the next board meeting so that any owner may give input to the BOD regarding the amendment.

Deviations. The Board may deviate from the procedures set forth in this Process to Amend HOA Rules, Policies and Procedures, if in its sole discretion such deviation is reasonable under the circumstances and in the best interest of the Association.

HOMESTEAD OWNERS ASSOCIATION INC.

Accounting and Investment of Reserve Funds Policy

Homestead Owners Association Board of Directors and management must understand the fiduciary duties to the property owner and the Association while practicing sound business judgment by following generally accepted accounting principles.

The replacement reserves shall be invested in such amounts as may be authorized by the Board of Directors in accordance with the following policy and is bound by the standards set out in section 7-128-401 of the revised Colorado Nonprofit Act.

1. No funds shall be deposited or invested except in authorized investments. Authorized investments are those that are in accordance with the Senate Bill 100-05 and with the declaration and bylaws of the Homestead Owners Association and that are obligations of, or fully guaranteed by, the U.S. government.

2. All accounts, instruments, and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the board of directors as appropriate, and they shall be reviewed at least every two years.
3. Investments shall be guided by the following goals, listed in decreasing order of importance: (A) Safety of principle. The long-term goal is safety of the replacement reserves and to promote and ensure the preservation of the reserve fund's principal. (B) Liquidity and accessibility. Funds should be readily available for projected or unexpected expenditures. This will be achieved by structuring maturities to ensure availability of assets for that time when reserve analyses anticipate needs. (C) Minimal costs. Investment costs (redemption fees, commissions, and other transaction costs) should be minimized. (D) Professional management. Funds should be invested with professional managers who have good reputations and sound credentials. (E) Return. Funds should be invested to seek the highest level of return that is consistent with preservation of the purchasing power of the principal and accumulated interest and work to mitigate the effects of interest rate volatility upon reserve assets.

**HOMESTEAD OWNERS ASSOCIATION INC.
Notice of Meetings and Meeting Procedure Policy**

Parliamentary Procedures - Board Meetings:

The meetings of the Board of Directors will be conducted in accordance with Roberts Rules of Order as revised or such other written procedures adopted by the Board of Directors in advance of any meeting.

Protocol and Conduct of Members:

1. Members of the Board will conduct themselves in a respectful manner to other members of the Board. They will not publicly or privately ridicule anyone.
2. A Director will have the right to propose any matter as a priority consideration that may be at a variance to these Policies and Procedures. . A Director will at all times, subsequent to a vote, support the decisions of the majority of the Board regardless of the position that Director has taken at the time of the vote.
3. A Director will be loyal to the Association and conform to the Association's policies.
4. A Director will not have private meetings with other members of the Board in which business of the Association is discussed. The principal is that all members of the Board must be privy to all discussions and deliberations of the Board.
5. No Director will assume or is vested with any authority to direct a member, contractor, agent or employee of the Association. The authority of a Director is limited to the vote upon policies of the Association and participation in the meetings of the Board.
6. The Board will speak through its Chairperson and its written policies. No member of the Board will have greater powers than another Director.

Violations and Sanctions:

Any conduct or conflict of interest policy violation will be considered by the Board and sanctions may be taken. Any sanction must be appropriate to the circumstances. However, in the consideration of sanctions, it will be the duty of the Board to report to the membership any infraction of these policies or the Governance of the Association to the membership. In addition it will be each Director's responsibility to assure that these policies are enforced through the mechanisms of the Board.

Chairperson:

It will be the duty of the Chairperson of the Board to call and convene meetings of the Board as is necessary. For purposes of this section the President of the Association will act as the Chairperson of meetings of the Board. In the absence of the Chairperson the Vice-President will act as the Chairperson

Committees of the Association:

All Committees will be established by the Board of Directors and will be accountable to the Board.

Appointees to a Committee will conform to establish ethical standards. No appointment to a committee will be considered if the appointee has the potential of using the office in a manner that would extend the personal interests of that member or a group of members. A committee member will not serve to represent the personal interest of any member of the association, group of members or themselves. They will strive to serve the general welfare and interests of all of the members without any consideration of individual benefits.

Committee members will accept the duties of a committee person and will serve so long as they may conform to these Standards of Care and Conduct. It will be the duty of any appointee to any committee to promptly remove themselves from any deliberation in which would be a conflict of interest or a violation of these Standards of Care and Conduct. It will be the duty of all Directors to assure that these standards are enforced. As such, it will be the duty of a Director to report any violation of these Standards of Care and Conduct to the Committee Chairperson or to the Board of Directors, as the case requires.

A member of a Committee will be available to perform such tasks and duties as are assigned. It will be the duty of the member of the Committee to promptly submit a notice of resignation at any time that he or she finds that they will not be able to fulfill the duties of the position. Included in the consideration is the attendance of meetings, the review and study of matters and reference to authorities on the subject. They will make reasonable inquiry concerning the subject and regarding the trustworthiness of the authority.

Standing Committees:

Design Review Committee: The purpose of the Committee is to review and recommend to the Board Design & Maintenance Standards of those improvements that are within the jurisdiction of the Association. The Committee does not perform any duty which will be executive in nature. The duty of the Committee is to recommend a coherent system of Architectural Standards. These Standards will be adopted or amended by the Board of Directors and distributed to the members. The administration of Architectural Standards

and guidelines will be separately performed by Management (Staff). Management will exercise the authority of the Association to administer these policies. Management will have the authority to make judgments so long as they are reasonably within the goals and objectives established by these Standards.

Nominations and Elections Committee: This Committee will have the duty and obligation to choose from eligible candidates the individuals who have demonstrated the highest quality and standards necessary and appropriate for the position. Among the factors that should be considered are: (1) Trustworthiness; (2) Experience in the area; (3) Open Minded; (4) Availability; (5) The ability to Conduct themselves in a consistent and diligent manner; (6) Integrity.

Ad-Hoc Committees:

Temporary Committees serving the Board to research and recommend policies and alternatives to the Board of Directors.

Notice of Members of Board Meetings - the Rules of Conduct:

Members of the Board of Directors will by acceptance of the position of Director agree to comply with these rules of conduct and with the rules generally provided in Roberts Rules of Order, Homestead Bylaws and Declaration of Covenants, and Homestead Conditions and Restrictions.

Meetings will be noticed to the members of the Board and will be posted on the Homestead web site and on the community bulletin board at the Homestead Court Club. This notice will be posted at least 7 days before the meeting. Owners will receive notice for annual or special member (owner) meetings per the requirements of the HOA Declarations (no less than ten days or no more than fifteen days written notice); such notice will be posted electronically on the HOA's website and physically posted in a conspicuous location at the main office located in the Homestead Court Club.

The rules of the meeting (agenda, length of time anyone may speak to any issue, e.g., etc.) will be set by the presiding officer. Owners have the right to attend Board Meetings. They may speak before the Board votes on any issue subject to reasonable time constraints established by the Board. After a motion and second has been made on any matter to be discussed, 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 for an allotted time.

Executive Sessions of the Board - the Rules of Conduct:

It will be the Policy of Board of Directors to adjourn meetings of the Board to an executive session after announcing in open session the general purpose of the executive session. Executive sessions of the Board will be confidential and no member of the Board will divulge the contents of the discussion without the express approval of a majority of the Board who were in attendance at the meeting. Further, no decisions of a policy nature

effecting the general membership will be made in an executive session. If there is a decision that affects the general membership which by its nature would compromise the ability of the Association to discharge their duties, this decision will be only made in executive sessions if no other means are available.

The Board will at all times comply by CRS 38-33.3-308 as a general statement items in which executive sessions are usual and appropriate includes the following: (1) Legal matters containing information that is privileged and should remain confidential between the affected parties. (2) Hearings and disputes between a member and the Association in which the member has requested a closed hearing. (3) Human Resource/personnel information, including contract information and contract negotiations.

Hearings, Town Hall Meetings and Workshops of the Board - the Rules of Conduct:

Purpose of Meetings:

These meetings are for the purpose of gathering information and opinions. The meetings will not be used for the purpose of adopting policies or procedures of the Association. A matter will be deferred to the appropriate authorities, Board or Management. Hearings: These meetings can be under the direct control of the Board, a standing committee of the Association or a special committee so long as the committee has been authorized in their charter to hold meetings. Notice to hearings will be posted in the same manner as meetings of the Board, except if the hearing is a hearing in a matter, which would be not open as provided under the provisions of executive meetings; then no such notice will be posted.

Town Hall Meetings:

Will be for the purpose of receiving information from the general membership or to provide answers to the general membership. These meeting may also be used for the annual Homeowner education meeting as laid out in the Homeowner education policy. These meetings will not be a "Membership Meeting" in which decisions will be made or policies established or procedures developed. Notice to said meetings will be posted in the same manner as meetings of the Board.

Parliamentary Procedures - Membership Meetings:

Generally, there will be three (3) types of Membership Meetings: Type 1 is the "Annual Meeting of the Members"; Type 2, Special Membership Meeting called by the Board for the purpose of resolving issues reserved to the membership; Type 3, Special Membership Meeting called by a petition of the membership, as prescribed by the Association's Bylaws.

Chairperson of Membership Meetings:

The President of the Association will act as the Chairperson of all membership meetings. No petition or action of the membership will purport to replace the Chairperson. All official meetings of the Association will be under control of a properly appointed person serving at the direction of the Board of Directors. Any action or attempted action by members to replace the Chairperson may only be done upon strict adherence to the

Bylaws and statutes that control the removal of a member of the Board or the recall of the entire Board of Directors.

Protocol and Conduct of Meetings:

All meetings of the membership in which a vote will be taken must have given at least fifteen (15) days notice as provided in the Bylaws of the Association of any action or proposed action. Secret ballot can be requested by 20% of owners present or in person. It will be a violation of this policy to consider actions at a duly constituted meeting in which a quorum is present if the issue or topic has not been fully disclosed to all of the membership at least fifteen (15) days prior to the meeting or vote. No proxy will be valid unless the matters have been fully disclosed to the member giving the proxy and the right of any member to instruct the proxy holder. It will be presumed that proxies on file with the Association will remain in effect if the proposed information has been provided to each proxy giver at least fifteen (15) days before the meeting. Amendments at a meeting concerning the proposed matter before the membership will not be allowed.

Meetings will be held in accordance with Roberts Rules of Order as amended or such other written procedures adopted by the Board in advance of the meeting.

Electronic Communication – Board and Committee Meetings:

(Adopted by Resolution 2006-2)

Notice:

Meetings of the Board (regular, executive, special, or committee) may be noticed to Board members by first-class mail or by 48 hours' notice (seven days notice to the general membership for regular meetings.) delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means; provided, however, that notice need not be given to any Board member who has signed a written waiver of notice by these means. An agenda for all regular meetings shall be prepared by the president or by management under the direction of the president.

Teleconferencing:

Members of the Board may participate in a meeting through the use of a conference telephone or similar communications equipment, so long as all members participating in the meeting can hear one another. It is necessary that Board members be able to confer with each other in order to comply with their legal duties. A teleconference is a meeting of the Board in which Board members are in different locations, connected by electronic means, through audio, video or both. The Board may typically use teleconferences for all purposes in connection with any meeting of the Board of Directors. All votes taken during a teleconference meeting shall be by roll call. During the teleconference, at least a quorum of the members of the Board shall participate from one physical location. All teleconferenced meetings shall be conducted in the same manner that protects the statutory rights of the members, including the right of the membership to address the Board. All Board policies and association bylaws shall apply to board meetings that are teleconferenced.

Discussion:

Members of the Board may use any technology to discuss matters of importance to the Association prior to any meeting of the Board. This discussion must include/copied to ALL Board members. This discussion is limited in that no policy, vote, or decision can be made by means of this discussion. All Board policies and Association bylaws (including the protocol and conduct of members policy, and Board member conflict of interest policy) shall apply to any discussion by electronic means.

HOMESTEAD OWNERS ASSOCIATION INC.
Risk Management Standards and Insurance Claims Policy

Insurance: It will be the Policy of the Association to have sufficient coverage in policies of insurance in the forms that are ordinary for Associations of this nature. Deductibles will be a common expense for losses that occur on the properties of the Association subject to certain written exceptions. Limits of coverage shall be as is customary and ordinary.

Claims: Homeowners submitting claims to any of Homestead Insurance carriers listed on the general information sheet must first notify the Associations general office. The Association may elect to cover any claims presented from the ownership, in order to keep premiums down. If requested the owner must allow the Board reasonable opportunity to inspect the claim and determine if the subject matter of the claim is within the associations insurance responsibility. Claim contact numbers are provided on the general information sheet.

HOMESTEAD OWNERS ASSOCIATION INC.
Owner and Board Member Education Policy

Director education: Homestead Owner Association will reimburse Directors for attending educational meetings and seminars on responsible governance of the Association, by the Board as a common expense.

Owner Education: Homestead Owners Association offers an hour-long orientation program throughout the year. Please contact the Member Services Office for more information at (970) 926-1067

This event is geared toward anyone who wants a brief overview of the services Homestead Owners Association provides. The first part of the program will give attendees a history of Homestead and describe amenities and facilities that are open to the public. Homestead staff will present this section. The second part of the orientation will be focused on services that members receive including the private amenities, explanation of all governing documents including; architectural standards, bylaw, policies, rules and regulations and other information helpful to homeowners. Homestead's legal representation will present the final portion. Conclusion will be a question and answer session.

The orientations are presented at the Homestead Court Club community room. Call for dates (970) 926-1067, or check the Web site calendar.

Homestead Owners Association Inc. hosts special orientations in order to inform and educate new and existing members. All members are invited to attend these programs sponsored by Homestead.

**HOMESTEAD OWNERS ASSOCIATION INC.
Covenant Enforcement Policy**

WHEREAS, the Declaration, of Homestead Owners Association, as amended, grants the Board of Directors of Homestead Owners Association and its agents (“Association”) with the power to enforce all covenants, restrictions, easements and charges contained in the Declaration and Guidelines. The Board of Directors desires to promote the health, safety and general welfare of all residents within the Association and to enhance and protect the value, desirability, and attractiveness of all property within the community.

The following covenant enforcement procedures will be followed:

1. **Complaints.** The Board of Directors will investigate all Declaration or Guidelines violations that are reported to the Board of Directors (or the Association’s community manager) in writing or by phone within thirty (30) days after those complaints are noticed to the Association. Inquiries or complaints that, in the opinion of the Board or its agent, lack sufficient detail may be deemed to not warrant further investigation. Violations noted during a covenant enforcement drive by will be treated the same as complaints. The Board or its agent may investigate inquiries about violations from Board Members.
2. **Notification to Owners.** If the investigation shows the report of violation is accurate, the Board shall give written notice by USPO mail, to the owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions which shall be taken by the owner to remedy such violation or breach. (For time sensitive violations such as parking, trailers, recreational vehicles, and garbage cans, violation stickers will be placed on the offending item and this will serve as notice.) The notice shall give the owner fifteen (15) days to cure the violation, submit a plan to remedy the violation, or request a hearing with the Board of Directors. (Time sensitive violations will receive seven (7) days to cure unless violation has been sited in the past year, then section 3 fines will begin immediately.) Alternatively, the owner may request a hearing with the Board of Directors at the next regularly scheduled Board meeting to appeal the notice of violation. The Board’s decision on the appeal is final.
3. **Fines.** If the owner does not cure the violation, submit a plan to remedy the violation, request an appeals hearing, or if the Board determines that a violation or breach exists after a hearing, the Board may levy a fine of \$50 per occurrence per day against the property owner who has violated or breached the Declarations or Guidelines. Once fines have started, owners must request a hearing with the Board of Directors in writing for the fines to cease. If the violation or breach is not corrected within thirty (30) days after the initial fine is assessed, the Board will take legal action.

4. **Collection Provisions.** All fines, costs and expenses necessary to enforce this policy shall be an assessment against the owner's property and subject to all lien and collection powers of the Association as stated in our collection policy.

5. **Unresolved Violations.** After the expiration of sixty (60) days following notice of a violation which no hearing is requested or alternatively after an appeal meeting, the Board or its agent may:

1. Suspend the rights or privileges of the owner relating to use of any common property within the Association and suspend the voting rights of the owner;
2. Pursue all rights of action available at law or in equity including, but not limited to the remedy of injunctive relief and obtaining a monetary judgment for all costs, expenses, including reasonable attorney fees, and damages;
3. Reserve the right to waive or increase fines or penalties based on severity of the violation and circumstances;
4. Through the Association's agents and employees, enter at all reasonable times upon any lot to which a violation, breach or other condition to be remedied exists, and take the actions specified in the notice to the owner to abate, extinguish, remove or repair such violation, breach or other condition which may exist thereon contrary to the provisions hereof. Such entry or action, or both, shall not be deemed to be a trespass or wrongful act. All costs and expenses, including reasonable attorney fees incurred by the Association or on its behalf in enforcing such violation, shall be a binding personal obligation of such owner enforceable at law, as well as a lien on such owner's lot enforceable pursuant to the provisions of the Declaration and Homesteads collection policy.

HOMESTEAD OWNERS ASSOCIATION INC.

Animal Control Policy

(Adopted by Resolution 2006-3)

Homestead Owner Association would like to suggest a reasonable balance – or at least, on some balance – between the needs of a dog owner and the safety and comfort of other residents. This means that Association adopts the following policies.

- Dog owners are required to comply with the Eagle County Laws (Resolution 96 - 23 and any subsequent Laws) concerning Dogs.
- Owners are to keep their animals either in their homes or on leashes at all times and must meet Eagle County Law 96-23 Section 10 and 11 regarding confinement and restraint. Electronic containment systems may only be used when the animal is still within verbal control and owner is on site.
- Homestead bars animals (within reason) from Homestead Court Club grounds, other common areas, such as parks (not designated dog parks), Dogs are allowed on Homestead open space and trails if they meet Eagle County control regulations.

- Homestead requires owners to care for their animals and clean up after them.
- Homestead may require owners to obtain and show proof of liability insurance to cover property damage or injuries to others caused by their animal.
- Homestead will insist on the removal of an animal (by Eagle County Animal Control Officer) that threatens or disturbs other residents, for example, by barking incessantly, showing vicious tendencies or behavior, or roaming free within the Homestead neighborhood.
- Homestead Staff will fill out and submit a “Citizen Incident Report” to Eagle County, for any violation of the above policy. Violations of this policy are subject to “time based violation” rules set out in the Homestead Covenant enforcement policy.

HOMESTEAD OWNERS ASSOCIATION INC.
Alternative Dispute Resolution
 (Adopted by Resolution 2006-4)

1. General. It is the general policy of the Association to encourage the use of Alternative Dispute Resolution to resolve disputes involving the Association and an Owner. Alternative Dispute Resolution (“ADR”) is defined as a procedure for settling a dispute by means other than litigation, such as binding arbitration, non-binding arbitration, or mediation.
2. General Policy. In the event of any dispute between the Association and an Owner, except for those Exempted Claims defined, the Association and the Owner shall agree to resolve the dispute using the procedures set forth below prior to filing suit in any court or initiating proceedings before any administrative tribunal.
3. Exempt Claims. The following claims shall be exempt from the provisions of this Policy:
 - (a) Any action by the Association against an Owner to collect assessments or other sums due to the Association, including foreclosure proceeding; and
 - (b) Any action by the Association to enforce any provisions of the Association’s Declaration, Bylaws, or rules and regulations; and
 - (c) Any claim of the Association which if not pursued by the filing of a lawsuit would be deemed barred due to the applicable statute of limitations.
4. Procedure for All Other Claims. All Claims other than Exempt Claims shall be resolved using the following procedures in lieu of litigation:
 - (a) The Association or any Owner having a claim (“Claimant”) against an Owner or the Association, respectively (“Respondent”), other than an Exempt Claim, shall notify each Respondent in writing of the Claim (“Notice”), stating (i) the nature of the Claim, including the date, time, location, persons involved, and Respondent's role in the Claim, (ii) the basis of the Claim (i.e. the provisions of this Declaration, the Bylaws, the Articles, Rules or Regulations or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to

meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The parties shall make every reasonable effort to meet in person to resolve the Claim by good faith negotiation.

(c) Mediation.

(i) If the parties do not resolve the Claim through negotiation within 20 days of the date of the Notice (or within such other period as may be agreed upon by the parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation by an independent mediation service agreed upon by the parties.

(ii) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of the Claim.

(iii) If the parties do not settle the Claim within 45 days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the parties met, that the parties are at an impasse, and the date that mediation was terminated.

(iv) Within 10 days of the Termination of Mediation, the parties shall again attempt to resolve the matter informally through negotiation.

(d) Arbitration.

(i) If the parties do not resolve the Claim through negotiation, as provided for above, within 20 days of the Termination of Mediation, the Claimant shall then have 15 additional days to submit the Claim to arbitration in accordance with the appropriate rules of the American Arbitration Association, or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of the Claim. However, nothing herein shall release or discharge Respondent from any liability to anyone not a party to the proceedings.

(ii) This Policy is an agreement of the Association and Owners to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration law of the State of Colorado. If specifically agreed to by both parties to the arbitration, the arbitration shall be final and binding and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

5. Costs. If the Claims are resolved through negotiation or mediation as provided above, each party shall bear all of its own costs incurred in resolving the Claim, including its

attorney fees and mediation expenses, unless the parties otherwise agree. If the Claims are not resolved through negotiation or mediation as provided above and the Claim goes to arbitration, the prevailing party shall receive as a part of its award from the opposing party all of its costs, including attorney fees, costs for other representatives in resolving such Claim, and any expenses incurred as a result of the dispute resolution procedures of this Policy.

6. Failure to Comply with Settlement. If the parties resolve any Claim through negotiation, mediation, or arbitration as set forth above, and the other party fails to abide by the terms of such agreement or award, then the other party may file suit or initiate administrative proceedings to enforce such agreement or award without need to comply with the provisions of this Policy. In such event, the party taking action to enforce the agreement or award shall be entitled to recover from the non-complying party all costs incurred in enforcing such agreement or Award, including without limitation, attorney fees and costs.
7. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
8. 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.
9. 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.
10. Amendment. This policy may be amended from time to time by the Board of Directors.

HOMESTEAD OWNERS ASSOCIATION INC.
Records Inspection and Retention
(Adopted by Resolution 2009-1)

1. The Association shall permanently retain the following records as required by Colorado law:
 - (a) Minutes of all Board and Owner meetings;
 - (b) All actions taken by the Board or unit Owners by written ballot in lieu of a meeting;
 - (c) All actions taken by a committee on the behalf of the Board instead of the Board acting on behalf of the Association; and
 - (d) All waivers of the notice requirements for unit owner meetings, Board member meetings, or committee meetings.
2. Destruction of Records: The following records shall be retained by the Association for a period of 14 days after which they shall be destroyed in a manner approved by

the Board of Directors, unless retention of such records is required by a valid court order:

- (a) Ballots cast by Owners for the election of Board Members at a regular or special meeting;
 - (b) Non-Directed proxies delivered to the Association for the purpose of casting a ballot at an annual or special meeting of the members unless such proxy indicates it shall be valid for a longer period of time. Upon expiration of the proxy, the proxy shall be destroyed.
 - (c) Directed proxies delivered to the Association for the purpose of casting a vote at a regular or special meeting of the members.
3. 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:
 - (a) 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;
 - (b) The inspection and/or copying of the records of the Association shall be conducted during regular business hours at the Association's principal office;
 - (c) The Owner shall give the Association's Board member 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; and
 - (d) 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.
4. Proper Purpose/Limitation. Association records, including membership lists, shall not be used by any Owner for:
 - (a) Any purpose unrelated to an Owner's interest as an Owner;
 - (b) 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;
 - (c) Any commercial purpose;
 - (d) For the purpose of giving, selling, or distributing such Association records to any person; or
 - (e) Any improper purpose as determined in the sole discretion of the Board.
5. Exclusions. The following records shall NOT be available for inspection and/or copying as they are deemed confidential:

- (a) Attorney-client privileged documents and records, unless the Board decides to disclose such communications at an open meeting;
 - (b) Any documents that are confidential under constitutional, statutory or judicially imposed requirements; and
 - (c) 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, human resources information, and driver's license numbers.
 - (d) Directed proxies used for the purpose of voting on Association matters including election of Board members.
6. 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. Copies shall be provided at .25 cents per copy. 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 an Owner's request to 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. There shall be no cost to any Owner accessing records which are required to be disclosed by Colorado law at no cost to Owners.
7. Inspection. The Association reserves the right to have a third party present to observe during any inspection of record by an Owner or the Owner's representative.
8. 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.
9. 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.
10. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
11. 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.
12. 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.