

**POLICIES AND PROCEDURES
FOR
THE SEVEN SPRINGS OWNERS ASSOCIATION, INC.**

In accordance with the requirements of C.R.S. §38-33.3-209.5(1)(b), the Board of Directors of The Seven Springs Owners Association, Inc. (the "Association") hereby adopts the Policies and Procedures set forth herein effective January 1, 2006.

The term "Governing Documents" as it is used in these Policies and Procedures shall mean the Condominium Declaration for Seven Springs recorded April 3, 1981 in the records of the Clerk and Recorder for the City and County of Denver, Colorado in Book 2350 at Page 265 (the "Declaration"); Articles of Incorporation for the Association, the Bylaws of the Association and the Rules and Regulations.

The term "Member" as it is used in these Policies and Procedures shall mean the Member or such Member's designated representative, as evidenced by a proxy (in the case of representation at a Meeting) or other written authorization (in the case of a designation for purposes of exercising such Member's right to obtain copies of records, etc.)

The term "Board" as it is used herein may also include any agents of the Board, such as the Property Manager of the Association acting at the direction of the Board.

The Board may deviate from any of the Policies and Procedures set forth herein if, in the Board's reasonable discretion, such deviation is reasonable and appropriate under the circumstances. The Board will note any such deviation in the applicable Board Meeting minutes.

1. Policies For The Collection of Unpaid Assessments ("Collection Policies"):

a. Assessment Due Dates.

- i. Monthly installments of Annual Assessments are due and payable on the 1st day of each calendar month.
- ii. Special Assessments are due and payable on the date set forth in the applicable Notice of Special Assessment.

b. Delinquent Payments. Any payments owed to the Association under the Governing Documents or these Policies, including but not limited to, monthly installments of Annual Assessments, Special assessments, Late Charges, Returned Check Fees and costs, any costs and Interest, are delinquent on the first day following the date on which they were due. Any Late Charges, Interest, Returned Check Fees and costs, or other costs and expenses, which may be charged to a Member pursuant to these Collection Policies, are due and payable immediately, without notice or demand, on the date on which they are incurred or charged, as the case may be.

c. Late Charges; Interest.

- i. A late charge of \$25 shall be assessed on any outstanding balance (including, but not limited to, assessments, late fees, fines, and legal

fees) that is not paid in full within 16 days of the date on which it was due.

- ii. **Returned Checks.** The Association shall charge any Member tendering a check to the Association that is rejected, dishonored or otherwise returned (a “Returned Check”), the Association’s actual costs incurred in connection with such Returned Check, plus a \$25 Returned Check fee (the “Returned Check Fee”).

d. **Notice of Default.** For any Delinquent Payments that are delinquent for a period in excess of 30 days, the Association shall provide written notice to the Member of such Delinquent Payments demanding payment of all Delinquent Payments, together with any and all other applicable late charges, interest and fees (a “Delinquency Notice”). If the Member fails to bring his or her account current within 10 days of receipt of such Delinquency Notice, the Association may exercise any and all remedies available to it under the Governing Documents and the law, including, but not limited to, suspension of such Member’s voting rights, filing a lien against the Member’s unit and/or retaining counsel to pursue collection of such Delinquent Payments.

e. **Attorneys Fees and Costs.** Each Member shall be liable to the Association for any attorney’s fees and costs incurred by the Association in connection with collecting Delinquent Payments from such Member.

f. **Application of Payments.** Any payments made by, or on behalf of, a Member to the Association shall be applied in the following manner:

- i. Attorney’s fees and costs incurred by the Association for which the Member is responsible.
- ii. Interest which has accrued on Delinquent Payments;
- iii. Late Charges and any outstanding Fees (i.e. Returned Check Fees, etc.);
- iv. Past Due Special Assessments;
- v. Past Due Assessments;
- vi. Current Special Assessments;
- vii. Current Assessments.

g. **Statement of Accounts.** Consistent with the Association’s Bylaws, a Member, or such Member’s First Mortgagee, upon delivery of: (i) at least 10 days prior written notice to the Association, together with (ii) a \$75 Statement of Accounts Fee, obtain a statement of such Member’s account, which Statement of Accounts shall set forth the unpaid assessments or other charges against such Member’s Unit, as well as the amounts and due date of the current monthly payment of the annual assessment. A Statement of Account shall be conclusive and binding on the Association through the stated effective date noted thereon.

h. **No Waiver.** Failure of the Association to enforce any of these policies for

Collection of Assessments shall in no event be deemed a waiver of the right to do so thereafter.

i. **Amendment; Board Discretion.** These Collection Policies may be amended by the Board of Directors from time to time as permitted by the Policy for Adoption of Policies, Procedures and Rules and as otherwise permitted by the Governing Documents. The Board shall exercise reasonable discretion in the implementation of these Collection Policies. The failure of the Board to strictly adhere to the Collection Policies shall not alone be sufficient to impair the Board's ability to collect amounts due to the Association pursuant to the Governing Documents or these Collection Policies.

2. **Policy Regarding Conflicts of Interest with a Director:**

a. **Conflict of Interest Transactions.**

- 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.

b. **Disclosure and Board Approval of Conflict of Interest Transaction.**

- i. Any Director who has a conflict of interest in a proposed transaction with the Association shall disclose such conflict of interest to the other Board Members at the first meeting of the Board in which the Board discusses or takes a vote on such proposed transaction, and in any event, prior to the commencement of any discussions on such transaction.

With respect to Board action, a Director who has a conflict of interest in a transaction with the Association shall refrain from voting on that transaction.

- ii. A conflict of interest transaction is authorized or approved if it receives the affirmative vote of a majority of the Directors on the Board who have no conflict of interest in the transaction. A transaction may not be authorized, approved or ratified under this

section by a single Director. If a majority of the Directors who have no conflict of interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purposes of taking action under this section.

iii. No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:

(1) 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;

(2) The facts about the conflicting interest transaction are disclosed or 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

(3) The conflicting interest transaction is fair to the Association.

c. A Director may not receive any compensation for serving as a Director of the Association.

d. A Director that is retained by, or otherwise employed by, the Association to perform outside services (as distinguished from such Director's duties in his capacity as a Director) ("Work"), shall be deemed to have a conflict of interest in any transaction, agreement or contract which is related to the Work, and as such, shall not be permitted to vote on such transaction, contract or agreement.

3. **Policies and Procedures For Meetings (Member and Board of Director Meetings):**

a. **Meetings of the Members of the Association.**

i. **Annual Meetings.** Meetings of the Members of the Association shall be held at least once per year.

ii. **Special Meetings.** Special Meetings of the Members of the Association may be called by the President, a majority of the Board of Directors, or by unit owners having 20% of the votes in the Association, said owners voting rights not having been suspended under any other section of the Policy and Procedures, Rules and Regulations, or Bylaws.

iii. **Notice of Meetings of Members.**

(1) Not less than 10 nor more than 50 days in advance of any meeting of the Members of the Association, the Secretary (or, if the Secretary fails to act, but any officer of the Association) shall provide written notice of such annual or special meeting of the Members of the Association, which notice shall state: (i) the place, (ii) time and (iii) the meeting agenda, including the general nature of any proposed amendment to the declaration or bylaws,

any budget changes, and any proposal to remove an officer or Director.

(2) Notices shall be delivered as follows:

(A) By hand delivery; or

(B) By United States' mail, postage prepaid, to the mailing address of such unit or to any other mailing address designated in writing by the owner of such unit.

(C) By deliver to those Members requesting electronic notice (and who have provided an e-mail address to the Association for the delivery of such electronic notices), electronic notice of the meetings of the Members of the Association.

(D) In addition to the foregoing, notice of any meeting shall also be physically posted in a conspicuous place; to the extent such posting is feasible and practicable.

iv. *Manner of Conducting Meetings of Members.*

(1) All Members (or such Member's representative if such Member is being represented by a proxy) who attend a meeting of Members shall sign-in upon arrival.

(2) If a Member wishes to speak at the Meeting, he or she shall indicate on the sign-in sheet: (1) that he or she wishes to speak at the Meeting, (2) the agenda item upon which such Member wishes to speak, and (3) whether such Member will speak for or against the indicated agenda item.

(3) The President, or his designated representative, shall call the meeting to order.

(4) The order of business at any Meeting of the Members shall be as set forth in the Bylaws.

(5) As each agenda item is addressed, the President will call upon those Members that have signed-up to speak (a "Speaking Member") on such agenda item. Each Speaking Member will be provided an equal amount of time to speak on their designated agenda item. The Board, in its reasonable discretion, will establish the amount of time each Speaking Member may speak on an agenda issue, and shall inform all Speaking Members of such time limit at the beginning of such Member Meeting. Notwithstanding the foregoing, the amount of time allowed a Speaking Member shall in any event be a minimum of 3 minutes to speak on their designated agenda item.

(6) At the time a Speaking Member is called upon to speak, he or she will introduce themselves to those in attendance and shall clearly state his or her name, address, Unit

number, and the agenda item to which he or she is speaking.

(7) AT ANY MEETING, ALL MEMBERS WILL CONDUCT THEMSELVES WITH APPROPRIATE DECORUM AND CIVILITY AND WILL AT ALL TIMES SHOW OTHER PERSONS ATTENDING THE MEETING WITH RESPECT.

(8) After all Members who have signed up to speak on an agenda item have had an opportunity to speak, the President may call for motions regarding any items that require an action or a decision. After any such motion is made and seconded, the President shall call for a vote on said agenda item, as necessary or appropriate.

v. *Voting at Member Meetings.*

(1) *Voting by Secret Ballot.*

(A) Contested elections of Board members, defined as elections in which there are more candidates than positions to be filled, 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, such as names, addresses or unit numbers. 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) Uncontested elections of Board members, defined as elections in which the number of candidates is equal to or less than the positions to be filled, and 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, uncontested elections of Board members or other votes on matters affecting the community shall be by secret ballot at the discretion of the Board or upon the request of any one or more of the Owners who are present at the meeting or represented by proxy.

(2) *Other Voting.* At the discretion of the President or the Chair of the Meeting, votes on all other matters may be taken by secret ballot, acclamation, written ballot or a show of hands.

(3) *Neutral Party to Count Ballots.* Written ballots shall be counted by a neutral third party, excluding the Association's managing agent or legal counsel, or a committee of 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.

(4) *Proxies*. The Secretary of the Association will establish the form, and shall confirm or reject (as the Secretary in good faith deems appropriate) and record proxies in accordance with the Bylaws and Colorado law.

b. **Meetings of the Board of Directors.**

- i. *Open Board Meetings*. Except as set forth below, all Meetings of the Board of Directors shall be open to all Members or their representatives.
- ii. *Agenda*. The agenda for the Board Meetings shall be made reasonably available to all Members or their representatives in a manner, which shall be determined by the Board in its discretion from time to time.
- iii. *Member's Right to Speak*. Any Member who wishes to speak at a Board Meeting must sign-in prior to the commencement of the Meeting, and identify which agenda item to which such Member wishes to speak, and whether the Member is for or against the agenda item.

(1) With respect to each agenda item, the Board shall identify a reasonable number of Members that will be permitted to speak, and shall make a reasonable effort to have an approximately equal number of speakers that are both for and against such agenda item. The number of Members permitted to speak on an agenda item shall be determined by the Board in its reasonable discretion, and the Board at such time shall inform those Members of such time limit at the beginning of the Board Meeting.

(2) Members who attend Meetings of the Board of Directors may not participate in the Board discussions unless so authorized by the vote of a majority of a quorum of the Board.

(3) The Board may take a vote on any issue, but only after first permitting Members to speak as set forth herein, and then a subsequent Board discussion.

(4) Notwithstanding anything contained in these Policies and Procedures, upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open Meeting.

4. Policies and Procedures For the Maintenance of Records and Inspection and Copying of Association Records by Unit Owner:

a. *Permanent Records*. The Association shall maintain permanent records (the "Permanent Records") of the following:

- i. Minutes of all Member Meetings and Board of Director Meetings;
- ii. A record of all actions taken by written ballot or written consent in lieu of meeting;

- iii. A record of all actions taken by a Committee of the Board in place of the Board of Directors and on behalf of the Association; and
- iv. A record of all waivers of notices of Member Meetings and of the Board, or any Committee of the Board.
- v. Notwithstanding anything to the contrary contained herein the Association's obligations hereunder shall not affect its right to maintain the confidentiality of documents and records: (a) regarding pending or threatened litigation for which the Association has elected to invoke the protections of the attorney-client privilege, (b) that are required by applicable law to be kept confidential; and (c) that contain private or confidential information about individual Members.

b. **Member List.** The Association shall maintain a record of all Members in a form that permits the preparation of a list of names and addresses of all Members, showing the number of votes each Member is entitled to vote.

c. **Records Made Available for Inspection and Copying.** The Association shall maintain at its principal office at 1426 Pierce St., Lakewood, Colorado 80214-1941 the following records (for purposes of these Policies and Procedures, the term "Records" shall refer to the records listed in this subparagraph (c), together with the Permanent Records) in a written form (or such other form that is capable of conversion to a written form within a reasonable time), all of which shall be made reasonably available to Members for examination and copying: The Governing Documents, and any amendments thereto;

- i. The Rules and Regulations;
- ii. The Policies and Procedures;
- iii. Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of owners or any class or category of owners;
- iv. The minutes of all Member Meetings, and records of any actions taken without a meeting, for the preceding three years;
- v. All written communications within the past three years to owners generally (as opposed to specific owners);
- vi. A list of all names and the business or home address of the current Directors and officers of the Association;
- vii. The Association's most recent financial report, if any;
- viii. All financial audits or reviews conducted by the Association pursuant to Colorado law during the immediately preceding three year period.

*The location of the Records may be modified from time to time at the discretion of the

Board; provided, however, that in the event such location is changed, then within 30 days of such relocation, Association shall provide all Members with notice of the address of the new location of such Records.

d. ***Inspection and Copying.*** Upon not less than 5 business days prior written notice to the Association, Members may review and obtain copies of the Records during normal business hours at the Association's principal offices, provided:

- i. A reasonable fee will be charged for copies; provided, however, that such fee shall not exceed the actual cost to the Association for such copies. The "actual cost of copies" shall include, but is not limited to, the cost of the paper, ink and equipment utilized, as well as costs to the Association for the Property Manager's time or other labor involved in making such copies. Upon request, the Association manager shall provide any Member with information on the then-current copy fees.
- ii. In the event that a significant number of copies are requested by a Member, the Association shall be permitted a reasonable period of time to produce such copies and the requesting Member shall deliver the estimated cost for such copies to the Association at the time of the request. For these purposes, a "significant number of copies" shall mean a single request of 30 pages or more. In the event that the estimated cost for such copies is greater than the actual costs incurred by the Association, the Association shall deliver the remaining balance to the Member with the requested copies. In the event that the estimated costs are less than the Association's actual costs, the Member shall deliver the difference to the Association at the time such Member picks up the copies.
- iii. Any Member requesting the opportunity to inspect and/or copy Records of the Association must:
 - (1) Make any request for inspection and copying in good faith and for proper purposes;
 - (2) Provide a written request to the Association describing with reasonable particularity the purpose of the request and a description of the Records to be inspected and copied. The Records requested must be relevant to the stated purpose of the Member's request.
 - (3) Members requesting and obtaining copies agree that such copies and/or any information gathered during an inspection of the Association records shall not be used for solicitation or personal gain (other than to solicit votes on an Association matter from other Members).
 - (4) No Records or documents (other than copies requested and paid for in full) may be removed by a Member from the Association's principal offices.
 - (5) Comply with any reasonable requests of the Association regarding the space available for inspection and copying, and the time available in the event multiple owners

wish to inspect and copy on the same day or days. Each Member will act courteously to other persons that may be assisting with and/or inspecting any records at the same time at the Association's principal offices.

- iv. **No Limitation on Other Rights.** Nothing in this Policy shall be construed to abrogate or affect a Member's rights to inspect Records pursuant to any other law or pursuant to a court order.

5. Policies and Procedures for the Enforcement of Covenants and Rules:

a. **Association's Enforcement Powers.** The Association shall have the power to enforce the provisions of the Declaration and the Rules and Regulations*, as applicable, by any one or more of the following means:

- i. by entry upon any Common Elements (without Notice and Hearing) and on any Unit within the Condominium (after Notice and Hearing) (as hereinafter defined) (unless a bona fide emergency exists), without liability to the Member or resident thereof, for the purpose of enforcement or of causing compliance with the Declaration or the Rules and Regulations;
- ii. by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the Declaration or the Rules and Regulations, by mandatory injunction or otherwise;
- iii. by commencing and maintaining actions and suits to recover damages (including attorneys fees and costs) for breach of any of the provisions of the Declaration or the Rules and Regulations;
- iv. by suspension, after Notice and Hearing, of the voting rights of a Member during any period in which a Member is in breach of the Declaration or the Rules and Regulations and for up to 60 days following any breach by such Member of the Declaration or the Rules and Regulations, unless such breach is a continuing breach, in which case such suspension may continue for as long as 60 days after cessation of such breach;
- v. by levying and collecting, after Notice and Hearing, such reasonable and uniformly applied Fines as set forth below, from any Member for breach or failure to comply with the Declaration or the Rules and Regulations.

b. **Notice and Hearing.**

- i. In the event that the Board elects to seek any of those remedies set forth in subparagraphs (i), (iv) and (v) of paragraph (a) above, then the Board shall send written notice of such alleged violation or breach to the Member, as well as to the resident(s) of such Member's Unit, if such Unit is not occupied by the Member (a "Notice of Non-

Compliance”).

- ii. The Notice of Non-Compliance shall set forth the alleged violation, the Fine applicable to the alleged violation, as well as a hearing date, which in any event shall be not less than 10 days from the date of the Notice of Non-Compliance (a “Hearing”).
- iii. The Member may elect to either: (a) consent to pay the Fine, cure the violation, and show proof thereof, or (b) proceed to Hearing. In the event that the Member fails to appear for the Hearing, the next notice shall be sent setting a new hearing date and the appropriate additional Fine shall be assessed.
- iv. Hearings shall be conducted by the Board. The Member shall have an opportunity to present evidence to refute the alleged violation.
- v. If the Board determines, however, after reviewing the evidence of the Member and any evidence presented by the Association, that a violation occurred (or is continuing), then the Board shall have the right to: (i) require that the Member and resident cure the breach or violation immediately, (ii) levy the Fines set forth herein, (iii) levy a Default Assessment against the Member, which Default Assessment shall in any event include, but shall not be limited to, any and all costs incurred by the Association to conduct the Hearing, any attorneys fees and costs incurred by the Association in connection with the violation or breach, (iv) enter the Common Elements or the Member’s Unit, as necessary, to bring the Unit into compliance, and/or (v) suspend such Member’s voting rights until the breach, covenant violation or payment default is cured.
- vi. Each day any violation continues after notice shall be considered a separate violation. The Board shall have the authority to take any remedial action it deems appropriate in the event of a violation of the provisions of the Declaration or the Rules and Regulations.

c. **No Waiver.** No failure by the Board to insist upon the strict performance of any term or provision contained in these Policies and Procedures shall constitute a waiver of any such term or provision unless such waiver is made in writing by the Board. Any waiver of a breach of a term or provision of the Governing Documents, or these Policies and Procedures, shall not prevent a subsequent act, which would have originally constituted a violation under the Declaration, the Rules and Regulations, or these Policies and Procedures, from having the effect of a violation or prevent the Board from exercising all of its rights and remedies under the Governing Documents.

d. **Fines.** The Association may levy fines against Members who violate (or whose family, guests, invitees, tenants or licensees violate) any provision of the Declaration or the Rules and Regulations for which no specific penalty is provided. Such fine will be levied following Notice and a Hearing as set forth above.

- i. Violations will result in a fines that shall become an expense of the subject Unit and shall be due and payable with the next monthly installment of annual assessments.
- ii. All such fines shall constitute a lien on the subject Unit as provided in the Declaration, and may be referred for legal action; and interest, costs, and reasonable attorney fees of any such action shall be added to the amount of such fine.
- iii. The table of fines is set forth below. The fines may be modified or adjusted by the Board of Directors at the time of its decision in each case based on individual circumstances.

(1) First Notice of Violation:	\$25.00 fine.
(2) Second Notice of Violation:	\$50.00 fine
(3) Third and all Further Notice(s) of Violation:	\$100.00 fine*

*Fines shall continue to accrue until the violation in question is cured.

- iv. The fine will be due and payable with the next monthly installment of annual assessments.
- v. If payment of the fine is not received when due, it will be subject to collection pursuant to the Association's Collection Policies set forth above.
- vi. The fines may be modified or adjusted by the Board of Directors at the time of its decision in each case based on individual circumstances.
- vii. As stated in Subparagraph A above, the imposition of fines after Notice and Hearing pursuant to these Policies and Procedures, shall not be a prerequisite to, nor in any manner operate to preclude, the Board from taking any other action, from seeking any other remedies or from recovering its costs and attorneys fees as permitted, allowed or available under the Governing Documents, these Policies and Procedures and applicable law.

e. **Remedies Not Exclusive.**

- i. The Board of Directors may determine enforcement action on an individual basis, and take other actions permitted under the Governing Documents or the law, as it deems necessary and appropriate to assure compliance with the Declaration and the Rules and Regulations to create a safe and harmonious living environment.

- ii. These enforcement provisions may be in addition to other specific provisions outlined in the Rules and Regulations, Declaration, and Bylaws. The Board may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control.

6. Investment of Reserve Fund Policies:

a. The Association shall maintain a reserve fund (the “Reserve Fund”) for working capital and any other purpose proper for the proceeds of assessments.

b. 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.

c. Investment Policies:

i. All or part of the Reserve Fund principal should be invested in securities or other investment vehicles that can be liquidated easily to satisfy the immediate or emergency needs of the Association with little or no penalty for early withdrawal;

ii. The securities or other investment vehicles comprising the Reserve Fund shall have minimal fees, costs and expenses associated with the maintenance, liquidation, investment, reinvestment or restructuring thereof.

iii. The Reserve Fund shall be invested in securities or other investments that offer the highest possible rate of return possible for investments with low volatility.

d. All accounts and investments of the Association, including, but not limited to, the Reserve Fund, shall be FDIC insured and/or guaranteed by the United States Government.

e. The Board may retain an independent investment advisor to provide advice, and/or to manage or assist the Board in managing the Reserve Fund.

The Board shall, not less than once every three years, conduct a review of the Reserve Fund activity and returns and make such adjustments as the Board deems reasonably necessary or advisable. The Board shall present the results of such review not less than annually to the Members at the annual Meeting of the Members.

7. Procedures for Adoption of Amendments to Policies, Procedures and Rules and Regulations:

a. The Board of Directors may adopt, amend, modify, revise, enforce, repeal, restate or expand the Policies and Procedures and/or the Rules and Regulations in whole or in part as deemed necessary or desirable, with respect to the interpretation and implementation of the

Declaration and the operation of the Association.

b. The Board will take reasonable efforts to provide the Members with prior written notice of any change or modification to the Policies and Procedures or Rules and Regulations, and shall in any event (except in the case of an emergency) include notice of a proposed modification on the agenda for the Board Meeting at which such modification will be addressed by the Board.

c. In the event that the Board deems it necessary to accelerate the applicability of any such new, amended or revised Policies and Procedures and/or Rules and Regulations, the Board may act without prior notice provided: (i) that notice of such emergency rule making shall be given as soon as is reasonably possible thereafter to the Members of the Association and (ii) the Board will include such modification on the agenda for the next succeeding Board Meeting following its emergency implementation, and will provide opportunity to Members and Directors to speak on such amendment at such Board Meeting, as required by these Policies and Procedures, prior to taking a vote to ratify or reject such modification.

d. Notice shall be sufficient if it is provided in the manner set forth for Notice a Meeting of the Members.

e. Copies of any Policies and Procedures, as well as any Rules and Regulations, will be maintained with the Association Records maintained by the Association and made available to Members for inspection and copying as provided above.

8. Policies and procedures Regarding Alternative Dispute Resolution (ADR):

a. **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 mediation, non-binding arbitration, or binding arbitration.

b. **Exempt Claims.** The following claims shall be exempt from the provisions of this Policy.

i. Any action by the Association against an Owner to collect assessments or other sums due to the Association, including foreclosure proceeding; and

ii. Any action by the Association to enforce any provisions of the Association's Declaration, Bylaws, or rules and regulations; and

iii. 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

c. **Policy.** ADR, in the form of Mediation, Non-Binding Arbitration, or Binding Arbitration, may be pursued by the Association before any lawsuit is filed, except in the case of the Exempt Claims defined above, subject to the following:

i. ADR shall not be required if time constraints prevent

accomplishing ADR.

- ii. ADR will not be pursued by the Association if an Owner refuses to participate in the process.
- iii. At the time the parties agree to use ADR, the parties shall also agree on the form of ADR to be used. If the parties cannot agree on the form of ADR to be used, ADR shall be in the form of mediation.
- iv. Any ADR pursued must be done so using a trained mediator, arbitrator, or facilitator having some familiarity with the governance of community associations.
- v. Any ADR must be conducted in compliance with the Uniform Arbitration Act and/or the Dispute Resolution Act, as applicable.
- vi. If ADR is to be pursued, the Owner shall execute an agreement with the Association prior to the commencement of the ADR process, which tolls any applicable statute of limitations while the parties are attempting to resolve the dispute through ADR.

d. **Selection of Mediator/Arbitrator.** If the parties to the ADR cannot agree, within 30 days of the request for ADR, on the facilitator, mediator, arbitrator, or other qualified person to conduct the ADR, then, within 10 days,

- i. Each party shall choose a qualified person as defined in this Policy, and those so selected shall then appoint a third qualified person to be determined in their sole discretion.
- ii. In the event a party fails to select a qualified person as specified in subsection (a) above, the person selected by the other party shall be deemed acceptable to both parties and shall act as the facilitator, arbitrator, or mediator

e. **Costs.** The costs of ADR shall be split equally among the parties involved in the ADR. In the event an Owner fails to pay the Owner's share of the cost of the ADR, such amount shall be considered an Assessment against such Owner's Unit, and may be collected by the Association as an Assessment pursuant to the Declaration and Colorado Law.

f. **Definitions.** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have shall have the same meaning herein.

g. **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.

h. **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.

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

9. **Policies and Procedures for Employment, Payroll Processing and Distribution (Payroll Policies), and Business Expenses of Employees:**

a. **Employees of the association.** Employees of the association shall fit into one of two classes.

- i. Hourly employees.
- ii. Managerial employees.

b. **Terms of employment.**

- i. All employees must meet Federal, State and Local requirements for employment.
- ii. All employees are subject to all required Federal, State and Local taxes, as appropriate under the applicable law.
- iii. All employees paid on an hourly basis are paid strictly for hours worked with the exception of vacation allowed (see benefits section below).
- iv. Managerial employees may be paid hourly or salaried as the law allows, at the discretion of the board.

c. **Benefits.** No benefits are offered with employment by the Association with the exception of one weeks paid vacation per year after one (1) years employment. Employees shall be paid for the average hours during the previous fifty-two (52) weeks to a maximum of the regularly schedule hours per week.

- i. For example a person doing a specific part-time job that does not have a set scheduled number of hours per day or week shall be paid on the average hours worked during the prior fifty-two (52) weeks.
- ii. A person scheduled to work 20 hours per week shall be paid 20 hours vacation, even when this person worked more than 20 hours per week on the average for the prior fifty-two (52) weeks.

d. **Payroll Processing Procedures.**

- i. Hourly employees shall be paid twice a month. The pay periods are the 1st through the 15th, and the 16th through the last day of the month.

(1) The maintenance supervisor or other party as designated by the Board shall take the time cards for all hourly employees, to the management company's office on the first business day following the end of each pay period.

(2) The maintenance supervisor or other party as designated by the Board shall pick up the checks from the management companies office and return them to the President, Treasurer or other designated board member for signatures on the fourth business day following the end of the pay period

(3) Signed checks will be placed in window envelopes and left in the Clubhouse or other designated location for the employees to pickup not later than the seventh business day following the end of the pay period.

(4) Saturday, Sunday and legal holidays are not considered business days.

ii. Managerial employees are paid once a month.

(1) Time cards and all other related documents for hourly managerial employees shall be taken by the maintenance supervisor or other party as designated by the Board to the management company's office not later than the tenth day of the following month.

(2) Checks for these employees will be brought by the management company to the next board meeting for signatures, and distribution as appropriate.

e. **Expenses incurred by employees.** Any employee incurring necessary and reasonable expenses in the course of their employment, including actual miles driven for business purposes shall be reimbursed for these expenses.

i. Expense reports will be given to the maintenance supervisor or other party as designated by the board not later than the tenth day of the following month.

ii. The maintenance supervisor or other party as designated by the board will take these expense reports to the management company's office for review and issuance of checks.

iii. Expense reports will be done using a form as designated by the board.

iv. Checks for these expenses will be brought by the management company to the next board meeting for signatures, and distribution as appropriate.

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

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

10. **Policy and Procedures Concerning Architectural Guidelines and Review:**

a. **Authority.** Colorado Revised Statutes 38-33.3- 302(3)(b) and 38-35.7-102 allow a home owners association to set Architectural Guidelines and Review Procedures. Section 7.9 subparagraph 5 of the Condominium Declaration for Seven Springs sets broad guidelines for the board to use:

“No condition shall be permitted within any residence, balcony or stairway which is calculated to be visible from other residences or the Common Elements and which is inconsistent with or detracts from the good appearance of the property: such conditions include but are not limited to window treatments, draperies, shades and hangings and articles visible through a window or on balconies or stairways;”

Based on the above the board believes this also covers certain architectural features that are visible from the other residences and Common Elements.

b. **Review Procedure:** The following is a list of items the Board has specifically approved or disapproved. Items already approved may be installed without requesting approval. If you are unsure of something you want to do that is visible from the outside of the unit, please submit a request in writing with pictures and color samples if possible. The Board or Architectural Review Committee, if one should exist, will not unduly withhold approval unless they feel that the deviation in appearance that this request will cause would be so great as to “stick out like a sore thumb”. Please allow 30 days when submitting request.

c. **Front doors:**

i. Allowed:

(1) Doors are required to be solid core and fire resistant.

(2) Doors must be painted in the original color of the door or in light beige similar to the clubhouse door.

(3) Doors should be of a similar type to the original doors.

ii. Not Allowed:

(1) Doors with large glass windows. Safety concerns for residents and property.

d. **Light Fixtures next to Walk-in Units (Individually Switched Fixtures):**

Fixtures should be similar in design and style to the existing fixtures. Light fixtures in the stairways controlled by the master timers are the responsibility of the association. Please contact the management company if there is a problem with one of these units.

e. Screen Doors.

i. Approved Items.

(1) Bronze Crossbuck (dark brown).

(2) Beige similar in color to the clubhouse windows.

(3) White.

ii. Not Allowed:

(1) Silver aluminum screen doors.

f. Windows.

i. Approved Items.

(1) Dark brown, metal or vinyl framed, similar in color to the original windows.

(2) Beige, metal or vinyl framed, similar in color to the clubhouse windows.

(3) White metal or vinyl framed.

ii. Not Allowed:

(1) Wood windows.

(2) Windows that do not look like sliding windows, dissimilar style to other units.

(3) Divided pane windows. Any window that has or appears to have more than one pane of glass in each section.

g. Sliding Doors.

i. Approved Items.

(1) Dark brown, metal or vinyl framed, similar in color to the original doors.

(2) Beige, metal or vinyl framed, similar in color to the clubhouse windows.

(3) White, metal or vinyl framed.

ii. Not Allowed:

(1) Wood doors.

(2) Doors that do not look like sliding doors, dissimilar style to other units.

(3) Doors with divided pane windows. Any door that has or appears to have more than one pane of glass in each section.

h. Balconies.

i. Approved Items.

(1) Same style as existing balconies.

(2) Floors on balconies must be made of separate boards to facilitate drainage. No solid sheeting will be allowed.

(3) Flashing must be installed between the building and the first to deck boards. Please contact the management company if unclear on this requirement.

(4) Railings must be reconstructed to match the existing railings.

ii. Not Allowed:

(1) Solid plywood floors.

(2) Metal or other railings not matching or looking similar to the other balconies.

i. Screens. Screens are required on all windows and sliding doors. These must be kept in good repair. Replacements must match the color of the window. Allowances for fading of the window frames, due to sunlight, will be made when reviewing these.

j. Window Coverings: Window coverings should appear to be white or light colored from the outside. If you are using an unlined curtain or drape please hang a white liner behind it. Blinds should be white or light beige. Flags, signs, blankets and other items are not intended to be window coverings. They should not be used as such.

k. Landscaping (First floor units): Owners or residents of first floor units are allowed to plant flowers and small, less than one foot tall at maturity, plants and shrubs in the bedding areas next to their units, to enhance the appearance and increase their privacy. Existing shrubs and bushes may not be removed without approval of the Association Board. The only requirements that the board places on new plantings is that the owner must insure that there are no utility lines in the area before planting. The owner or resident is responsible for any damage done to the buildings, grounds, or public utilities when planting in these areas. The owner or resident is solely responsible for watering and maintaining their plants.

l. Deviations: The Board may deviate from the procedures set forth in this

Policy if in its sole discretion such deviation is reasonable under the circumstances.

m. Automatic Addition of Approved or Disapproved Items: All items, upon action by the Board or the Architectural Review Committee, if one should exist, and recording of this approval or disapproval in the minutes of the Board or Committee meeting will be considered as having been added to the lists above with out written amendment.

n. Violations as of Date of Adoption: Any existing situation which constitutes a violation of any of the above Policies will not be considered a violation. Future repair or replacement of must be done in accordance with the above policies.

o. Violations: Enforcement of the above policies and procedures shall be governed by the Policies and Procedures of the Enforcement of Covenants and Rules, and any or all remedies list there may be used to enforce compliance with the policies herein.

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

4/1/2008 Added section 8 Policies and Procedures Regarding Alternative Dispute Resolution (ADR)

9/1/08 Added section 9 Policies and Procedures Employment, Payroll Processing and Distribution (Payroll Policies), and Business Expenses of Employees.

10/1/08 Added section 10 Policy and Procedures Concerning Architectural Guidelines and Review.

10/1/08 Amended section 2 a Conflict of Interest Transactions, modified for changes allowed by SB06-89, wording supplied by HindmanSanchez free of charge.

10/1/08 Amended section 2 b iii Disclosure and Board Approval of Conflict of Interest Transactions, modified for changes allowed by SB06-89, wording supplied by HindmanSanchez free of charge.

10/1/08 Amended section 3 a ii Special Meetings, clarify eligibility for recall petition requires the owner be eligible to vote.

10/1/08 Amended section 3 ii (2), clarify that email is an allowed form of delivery of notice.

10/1/08 Amended section 3 v (1) Voting by Secret Ballot, modified for changes allowed by SB06-89, wording supplied by HindmanSanchez free of charge.

10/1/08 Amended section 3 v (3) Neutral Party to Count Ballots, modified for changes allowed by SB06-89, wording supplied by HindmanSanchez free of charge.

10/1/08 Amended section 4 c, Records Made Available for Inspection and Copying, technical change to correct address.

10/1/08 Amended section 5 a remove, conflict statement, conflicts were previously removed.

10/1/08 Amended section 5 b Notice of Non-Compliance, reduce minimum time prior to hearing to expedite process.

10/1/08 Amended section 5 b iii, clarify option a as requiring proof that the violation was cured.

10/1/08 Amended section 6 b Investment of Reserve Funds Policy, modified for changes allowed by SB06-89, wording supplied by HindmanSanchez free of charge.

10/1/08 Amended section 6 c i, Investment Policies, liberalize the "no penalty for early withdrawal" statement so as not to preclude the investment in certificate of deposits, which the current wording seemed to.