

POLICIES, PROCEDURES AND GUIDELINES OF
THE SUN RIVER TOWNHOMES
HOMEOWNERS ASSOCIATION

These Policies, Procedures and Guidelines have been adopted and implemented to protect the investment of the Members and to enhance the values of the properties subject to regulation by the Association pursuant to C. R. S. 38-33.3-209.5, SB 06-89 and SB 05-100. These policies were ratified by the Board of Directors at a meeting on June 18, 2010.

1.COLLECTION PROCEDURES

The Association has adopted the following procedures and policies for the collection of assessments and other charges of the Association.

1. Due Dates: The monthly assessment or special assessment, as determined by the Association, is due and payable on the first day of the month. Assessments or other charges not paid to the Association by 30th date in the month in which they are due shall be considered past due and delinquent. Failure to make payment within sixty days of the due date shall cause the full amount of the Owner's total yearly assessment for the remainder of that fiscal year to become due and owing at once at the option of the Board.
2. Late charge and interest charges: The Association shall be entitled to impose a Five Dollar (\$5.00) late charge on each installment of any assessment that is not paid by the due date. Delinquent assessment, fines or other charges due the Association shall bear interest at the rate of fifteen percent (15%) per year. These charges will be applied on the first day of each calendar month as long as the assessment remains unpaid. All charges will be due and payable immediately, without notice, in the manner provided for payments of assessments.
3. Attorneys' Fees on Delinquent Accounts: As an additional expense permitted under the Declarations, Articles and Bylaws, the Association shall be entitled to recover its reasonable attorney's fees incurred in the collection of assessments or other charges due the Association from a delinquent Owner.
4. Collection Letters: After a monthly installment or other charge due the Association becomes sixty (60) days past due, the Association may, but is not required to send, a collection letter to the Owners who are delinquent in payment. Additionally, the Association may, but is not be required to, send a letter to the Owner advising that their account has been referred to the Association's attorneys for collection.
5. Use of Certified Mail/Regular Mail: In the event the Association shall cause a collection letter or notice to be sent to a delinquent Owner by regular mail, The Association may also, but is not required to send, an additional copy of that letter or notice by certified mail.
6. Liens: The Association may file a Notice of Lien against the property of any delinquent Owner in accordance with the terms and provisions of the Declarations, Articles and Bylaws.
7. Referral of Delinquent Accounts to Attorneys: The Association may, but is not required to, refer delinquent accounts to its attorneys for collection. Upon referral to

the attorneys, the attorneys shall take all appropriate action to collect the accounts referred.

8. Referral of Delinquent Accounts to Collection Agencies: The Association may, but is not be required to, refer delinquent accounts to one or more collection agencies for collection. Upon referral to a collection agency, the agency shall take all appropriate action to collect the accounts referred.
9. Ongoing Evaluation: Nothing in this procedure shall require the Association to take specific actions other than to notify the Owners of the adoption of these procedures. The Association has the option and right to continue to evaluate each delinquency on a case by case basis.
10. Return Check Charges: In addition to any and all charges imposed or allowed under the Declarations, Articles and Bylaws or these Rules and Regulations, a twenty-five dollar (\$25.00) fee shall be assessed against an owner in the event any check or other instrument attributable to or for the benefit of such Owner or Owner's property is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. Such return check charge is due and payable immediately, upon notice thereof, in the same manner as provided for payment of assessments under the Declarations. Notwithstanding this provision, the Association is entitled to all additional remedies as may be provided by applicable law.

2. CONFLICTS OF INTEREST

The Board has adopted the following policy to govern the handling of conflicts of interest among Board members:

1. 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.
2. Definition: A conflict of interest exists whenever any contract, decision, or other taken by or on behalf of the Board would financially benefit: (i) A Director; (ii) a parent, grandparent, spouse, child or sibling of the Director; (iii) a parent or spouse of any of the persons in subsection (ii); (iv) an entity in which a Director is a director or officer or has a financial interest.
3. Disclosure of Conflict: Any conflict of interest on the part of any 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 interested Board member may be counted as present when determining whether a quorum of the Board exists.

Conflicting interest transactions: Any contract or conflicting interest transaction entered into in violation of this conflict of interest provision IS NOT voidable by a Member on behalf of the Association if one or more of the following conditions are met: (i) Disclosures are made to the Board and the Board authorizes, approves or ratifies the conflicting interest transaction; (ii) Disclosures are made to the Owners and the Owners

approve the conflicting interest transaction; or (iii) The conflicting interest transaction is fair to the Association.

3.CONDUCT OF MEETINGS

The Board has adopted the following policy to establish a uniform and systematic protocol for conducting meetings of the Association, including Members' meetings and Board meetings; to ensure equitable participation by Members while permitting the Board to conduct the business of the Association; and to document the circumstances under which the Board may convene into executive session.

1. Member meetings: Meetings of the Members of the Association shall be called pursuant to Article 3.2 of the Bylaws of the Association. All meetings of the Association are open to every Member or to any person properly designated by a Member in writing as the Member's representative pursuant to Paragraph 3.6 of the Bylaws, and Members so desiring shall be permitted to attend, listen and speak at an appropriate time during the deliberations and proceedings.
2. Notice of Member Meetings: In addition to any notice required by the Bylaws, notice of any meeting of the Members shall be conspicuously posted at the location of the meeting. The Association shall also post notice on its website (if any) of all meetings. If any member has requested that the Association provide notice via email and has provided the Association with an email address, the Association will send notice of all Members meetings to such Member at the email address provided as soon as possible after notice is provided pursuant to the Bylaws but in no case less than 24 hours prior to such meeting.
3. Board meetings: All regular and special meetings of the Board, or any committee thereof, will be open to attendance by all Members or to any person properly designated by a Member in conformity with Paragraph 3.6 of the Bylaws.
4. Members Right to Speak at Board Meetings: At Board meetings the Board will permit Members or their designated representatives to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak, and the Board will allow a reasonable number of persons to speak on each side of an issue. Each speaker will be limited to 5 minutes.
5. Agenda: Open Forum: The President of the Board of Directors, and in his absence, the Vice-President, will be chairman of all meetings. The agenda for all meetings will follow the order of business specified by the Association's bylaws, and if none, in accordance with the order of business determined by the Board. The agenda for Members' meetings will include a Member Open Forum during which any Member of Member's designated representative who wishes to speak will have the opportunity to do so, subject to the remaining provisions of this policy. The agenda for Board meetings will include a Member Open Forum, subject to the Board's right to dispense with or limit the Member Open Forum at the discretion of the Board. The Member's Open Forum shall be subject to the provisions of paragraphs 3 and 4 of this policy.
6. Limits on Right to Speak: The Board has the right to determine the length of time for the Open Forum. The chairman of the meeting may place reasonable limitations upon the time given to each member seeking to comment to allow sufficient time for as

many members as possible to comment during the allotted time. Unless otherwise determined by the Chairman, the time limit will be 3 minutes per Member. Each Member will only be allowed to speak more than once during Open Forum at the discretion of the Board. No Member may speak a second time until all members wishing to speak have had an opportunity to speak once.

7. Signup Sheets: A signup sheet will be available to members immediately prior to the meeting. Subject to the other provisions of this Policy, Members will be recognized for comment in the same order as their names appear on the signup sheet. All Members wishing to speak who have not put their names on the signup sheet will be permitted to speak, time permitting.
8. Attorney/Client Privileged Communications: Upon 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 in an open meeting.
9. Recording of Meetings: Note taking is permitted, however, video or audio recording of all or any portion of any meeting by Members is subject to the prior approval of the Board.
10. Member Conduct: No Member is entitled to speak until recognized by the Chairman. There can be no interruption of anyone recognized by the Chairman except by the Chairman. Specific time limits set for speakers shall be strictly observed. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the Chairman only and are to be restricted to the agenda item being discussed. Courteous behavior is mandatory.
11. Curtailment of Member Conduct: Should the Chairman determine that any Member has spoken for the allocated amount of time or longer, or determine that the member is in violation of the provisions of this policy, the Chairman shall have the authority to instruct the member to yield the floor, and that member will be obligated to comply.
12. Disruptive or Unruly Behavior: If a member refuses to stop talking after his/her allotted time, or otherwise disrupts the meeting or is in violation of the provisions of this policy, the following procedure will be followed:
 - The Chairman will give an oral warning that if the member continues to speak, disrupt the meeting or act in violation of this policy, either the meeting will be adjourned or law enforcement/security will be called to remove the individual.
 - If the member continues to speak, disrupt the meeting, or act in violation of this policy, the chairman will call a recess and speak directly to the member, reiterating that either the meeting will adjourned or law enforcement/security will be called to remove the individual.
 - If the member still refuses to cooperate, the Chairman may choose whether to adjourn the meeting or call law enforcement/security.
13. Executive Session: Notwithstanding the foregoing, the Board or a committee of the Board may hold an executive or closed door session and may restrict attendance to Board members and other persons specified by the Board; provided that any executive or closed door session may only be held in accordance with the provisions and requirements of the

Act, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session are limited to:

- a) Matters pertaining to employees of the Association or the managing agent's contract or involving the employment, discipline or dismissal of an officer, agent, or employee of the Association;
- b) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- c) Investigative proceedings concerning possible or actual criminal misconduct;
- d) Matters subject to specific constitutional, statutory or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- e) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- f) Review of or discussion relating to any written or oral communication from legal counsel.

Prior to the time the members of the Board convene in executive session, the Chairman will announce the general matter of discussion as enumerated in paragraphs (a) to (f) above. No rule or regulation of the board will be adopted during an executive session. A rule or regulation may be adopted only during a regular or special meeting or after the Board goes back into regular session following an executive session.

4. ENFORCEMENT OF COVENANTS AND RULES

The Association adopts the following policies and procedures for the enforcement of the Association's restrictive covenants:

1. **Power:** The Board of Directors shall have the power and duty to hear and make decisions regarding violations and written Complaints filed with the Board and impose fines or other sanctions, pursuant to these Policies and Procedures. The Board may determine enforcement action on a case by case basis, and take other actions as it may deem necessary and appropriate to assure compliance with the Declaration of Covenants, Conditions and Restrictions of The Sun River Townhomes Subdivision ("Declaration"), the Association's Articles of Incorporation, Bylaws of The Sun River Townhomes Homeowners Association ("Bylaws") and the rules and regulations promulgated thereunder, and to create a safe and harmonious living environment. These enforcement provisions may be in addition to other specific provisions outlined in the Association's Declaration, Articles of Incorporation, Bylaws, or rules and regulations ("Documents") and the Association is not required to follow these enforcement provisions before seeking other remedies. The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, nuisance designation or animal control, as it deems appropriate.
2. **Complaint:** A proceeding to determine if the Documents have been violated and any enforcement measures and remedies that may apply will be initiated by the filing of a written complaint with or by the Association's Board. The complaint should state the

specific provision(s) of the Documents alleged to have been violated and as many specifics as are available as to time, date, location and persons involved.

3. Notice of Complaint and Right to Hearing: Upon receipt of a complaint, if the Board determines that the allegations in the complaint are sufficient to constitute a violation of the Documents and that action is warranted, the Association will send a notice to the person(s) (the "Respondent") alleged to have violated the Documents, by prepaid, first class United States mail or express mail with three-day delivery for Respondents residing outside of the United States addressed to the mailing address of the Respondent appearing on the records of the Association. A copy of this notice will also be given by prepaid, first class United States mail or express mail with three-day delivery for Owners residing outside of the United States to the record Owner(s) of the unit if the Respondent is not the Owner. The notice shall advise the Respondent of the following:
 - o The details of the Complaint, or a copy of the Complaint
 - o The action that may be taken
 - o His or her right to be heard, either orally or in writing, by the Board or by a tribunal or committee appointed by the Board at a meeting of the Board which is at least fifteen (15) days after the date of the notice
 - o The date on which the hearing is scheduled; and
 - o The Board's right to proceed with or without a hearing, at its discretion, to make its determination of the allegations contained in the Complaint based on all relevant facts and circumstances, if the Respondent fails to appear at the specified date and time or otherwise respond to the Complaint.

The Board may determine that the Respondent's failure to respond or appear at the hearing constitutes a no-contest plea to the Complaint, and enforce the provisions of the Documents and impose and enforce fines as provided herein.

4. Hearing: Each hearing will be held at the scheduled time, place and date, unless the Respondent and/or Owner has failed to respond or appear at the hearing. The Board may grant continuance(s) for good cause. The Board may: (a) exercise its discretion as to specific manner in which a hearing shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit the Board to reach a just decision. Neither the Complainant, the Respondent nor the Owner must be in attendance at the hearing but all are encouraged to attend. Any party may elect not to present evidence at the hearing. Action taken by the Board shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. Each hearing shall be open to attendance by all Members of the Association.
5. Decision: If the Respondent does not appear but a written response is filed, the Board shall render its decision based on the information contained in the Complaint and the written response, considering all of the relevant facts and circumstances. If neither an appearance nor a written response is made, the Board need not conduct a hearing or make any further findings except that it may determine that the Respondent's and/or the Owner/s failure to appear or respond constitutes a waiver of their right to a hearing, and a no-contest plea to the Complaint, and impose the sanctions provided for herein or enforce the provisions of the Documents, or both. If an appearance is

made, after all testimony and other evidence has been presented to the Board at a hearing, the Board shall render its decision(s), taking into consideration all of the relevant facts and circumstances. Except as provided herein, the Board's decision shall have an effective date no sooner than five (5) days after the hearing. If the Board does not inform the Respondent of its decision at the time of the hearing, or if no hearing is held, the Board will provide a written notice to the Respondent's and/or Owner's address of record via regular U.S. mail within five (5) days after the decision is made.

6. Enforcement, Attorney's Fees and Fines/Sanctions: The provisions of these Policies and Procedures shall not limit, or be a condition precedent to, the Association's right to enforce the Documents by any means available to the Association, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages. The Association shall be entitled to reimbursement of all reasonable attorney's fees and costs incurred by the Association in connection with any enforcement action, including any proceeding under these Policies and Procedures. Without limiting the Association's remedies under the Documents, the Association may assess fines and suspend membership privileges in accordance with these Policies and Procedures. If the violation involves damage to Association property, the violator shall pay the costs of repair or replacement. The Board may revoke or suspend the violator's privileges for a period of time equal to the duration of the violation, except that any suspension of voting rights of a Member shall not exceed 60 days following any violation by such Member unless such violation is a continuing violation, in which case such suspension may continue for so long as such violation continues and for up to 60 days thereafter.

Fines may be levied for violations of the Documents as follows:

<u>Number of Violations in a 12 month period</u>	<u>Fine Amount</u>
First Violation	Written Warning
Second Violation	\$25
Third Violation	\$50
Fourth Violation	\$100

A Member, tenant or guest who accumulates more than 4 violations with a 12 month period will be deemed to be an habitual offender. Without limiting the Board's ability to fine or suspend membership privileges in accordance with these Policies and Procedures, habitual offenders, continuing violations, or violations which have an indefinite commencement or termination date, shall be subject to a fine of \$100 per month until the violation is corrected, and suspension of membership privileges as determined by the Board. Further, in the event of a determination by the Board of a willful, wanton, or flagrant disregard for the provisions of the Documents, or based on the severity of the violation, the Board may impose such additional fines as are deemed reasonable by the Board without regard to the schedule set forth above.

In the event that any tenant or guest violates the Documents and a fine is imposed, the fine shall be first assessed against the violator; provided, that if the fine is not paid by the Violator within the time established by the Board, the Owner shall pay the fine upon notice from the Board. Fines imposed by these enforcement policies and procedures shall

become an Assessment imposed against the record Owner's real estate and enforceable as provided in the Declaration.

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, Declarations, Bylaws or Rules.

7. Violations or Offenses that Constitute a Present Danger: If, in its sole discretion, the Board deems that any violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, The Board may impose any appropriate sanction as necessary to abate the threat to health, safety or welfare of the community or individual without prior compliance with Sections above.

8. Miscellaneous

- Failure by the Association to enforce any provisions of these Policies and Procedures shall in no event be deemed to be a waiver of the right to do so thereafter.
- The provisions of these Policies and Procedures shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.
- As used herein, the term "Board: shall include any tribunal or committee appointed by the Board consistent with the Documents or consistent with the Colorado Revised Nonprofit Corporation Act.

5. Records Inspection and Copying

The Association adopts the following policy governing the inspection and copying of Association records:

1. Permanent Records: The Association shall keep as permanent records the following documents:

- Minutes of all meetings of Members and the Board
- A record of all actions taken by the Members or the Board by written ballot or written consent in lieu of a meeting.
- A record of all actions taken by a committee of the Board in place of the Board on behalf of the Association.
- A record of all waivers of notices of meetings of Members and of the Board or any committee of the Board.
- A record of Members in a form that permits preparation of a list of the names and addresses of all Members, showing the number of votes each Member is entitled to vote. Membership lists may not be obtained for reasons unrelated to the owner's interest as an owner without consent of the Board.
- All tax returns filed on behalf of the Association.

The Association shall keep a copy of each of the following records at its principal office:

- Articles of Incorporation, Declaration, Covenants and Bylaws

- Resolutions adopted by the Board
- The minutes of all Owners meetings and records of all actions taken by Owners without a meeting for the past three (3) years.
- All written communications within the past three (3) years to Owners generally as Owners.
- A list of the names and business or home addresses of the Association's current directors and officers.
- The Association's most recent annual report.
- All financial audits or reviews conducted pursuant to Section 38-33.3-303 (4) (b) during the immediately preceding three years.

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

- So the Association can have the desired records and personnel available, a written notice of intent to inspect must be submitted to the Association's Manager or to the Board of Directors at least five (5) business days prior to the inspection. The notice must describe which records are to be inspected and the purpose of the inspection.
- The records shall be inspected at the principal office of the Management Company during regularly scheduled business hours.
- At the discretion of the Association's Board, certain records may only be inspected in the presence of a Board member or employee of the Manager. No records may be removed from the office without the express written consent of the Board of Directors. The Association may photocopy and provide the requested records to the Member in lieu of the Member's inspection of the records if agreed to by the Member.
- Any Member requesting copies of Association records shall be responsible for actual costs incurred by the Association including the cost to search, retrieve and copy the records requested. The Association may require a deposit equal to the anticipated cost of the requested records. Failure to pay such deposit shall be valid grounds for denying the Member copies of such records. If after payment of the deposit it is determined that the actual cost was more than the deposit, Member 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 Member with the copies.
- Consistent with a Member's right to privacy, attorney-client confidentiality and other considerations, the following records will not be made available without the express written consent of the Board of Directors:
 - Confidential personnel records
 - Confidential litigation files and matters covering consultation with legal counsel concerning disputes that are subject of pending or imminent court proceedings or are privileged or confidential between attorney and client.
 - Files dealing with investigative proceedings concerning possible or actual criminal misconduct.

- Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.
- Inter-office memo, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board of Directors.
- Members' personal contact information including, but not limited to, telephone numbers or e-mail addresses, except the Association will, upon request, provide Members' names and addresses.
- Account records of Members other than the Member making the inspection request.
- Records of covenant or rules violations of Members other than the Member making the inspection request.
- In determining whether records may be inspected, the Association shall consider, among other things:
 - Whether the request is made in good faith and for a proper purpose
 - Whether the records requested are relevant to the purpose of the request
 - Whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy; and
 - Whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information above.
- The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorney's fees, for abuse of these rights, including, but not limited to, use of any records for a purpose other than what is stated in the notice of intent to inspect.

6. INVESTMENTS OF RESERVES

The purpose of this policy is to protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process and to further provide guidance to those who offer services to the Association including management companies, brokers/dealers, banks, consultants, savings institutions and custodians. This investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal investment management of the Association's reserve funds. This policy does not set forth the minimum reserve fund balance required of the Association, any mandate for an annual reserve fund study or the tax consequences of the investment options.

The Board of Directors of the Association shall direct the investment of funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balances pursuant to the following goals, criteria and policies as follows:

- Safety of principal is the foremost objective of the investment program.
- Liquidity and Accessibility-maturities shall be structured to ensure availability of assets for projected or unexpected expenditures.
- Minimal costs-Investment costs including redemption fees, commissions and other transaction costs shall be minimized.
- Diversification - Mitigate the effects of interest rate volatility upon reserve assets.

- Return - Funds should be invested to seek the highest level of return while meeting the above referenced goals.
- Banks and savings institutions shall be approved by written resolution of the Board of Directors to provide depository and other banking services for the Association. To be eligible for authorization, a bank must be domiciled in the United States, be a member of the FDIC and must meet the minimum credit criteria of credit analysis provided by commercially available bank rating services. Banks failing to meet the minimum criteria, or, in the judgment of the Treasurer or Board of Directors, no longer offering adequate safety of the Association funds, shall be unauthorized to provide depository and other banking services for the Association.
- The Board of Directors shall review this reserve fund investment policy periodically and may amend the policy as conditions warrant. The Treasurer may recommend amendments to this policy as necessary.

7. ADOPTION OF POLICIES

The purpose of this policy is to set forth procedures for the adoption and amendment of policies, procedures and rules:

- Pursuant to the Association's governing documents and Colorado law, the authority to create, adopt, enforce, amend and repeal policies, procedures, rules and regulations lies with the Board of Directors of the Association. The Board may adopt certain Rules as may be necessary to facilitate the efficient operation of the Association, including clarification of ambiguous provisions in other documents. The Board has the right, but not the obligation, prior to adopting any new Rule, to conduct an informational meeting of the owners and solicit their input regarding any new or existing Rule.
- Drafting procedure: The Board shall consider the following in drafting any new Rule:
 - Whether the governing documents or Colorado law grants the Board the authority to adopt such a Rule
 - The need for such Rule based upon the importance of the issue and whether the governing documents adequately address the issue; and
 - The immediate and long-term impact and implications of the Rule
- Adoption procedure: After the period determined by the Board for owner comment expires, the Board may adopt any Rule. Upon adoption of the Rule, the Rule or notice of such Rule, including the effective date shall be provided to Members by any reasonable method as determined at the sole discretion of the Board, including but not limited to posting on the Association's website.
- Any owner's failure to receive the Rule shall not be a defense to any attempt by the Association to enforce the Rule or to levy fines, expenses, or attorney's fees as a result of a violation of the Rule.
- 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.

8.DISPUTE RESOLUTION POLICY

The following policy addresses disputes arising between the Association and Members:

In the event of any dispute involving the Association and a Member (or designated agent of a Member), the Member and/or Agent is invited and encouraged to meet with the Board. The Member or his Agent must submit the alternative dispute resolution (ADR) request in writing to the Board President by certified mail. Within 7 days from the receipt of the letter, the President of the Board will call an "informal meeting" between the Board and the Member/Agent. This initial contact may be done by conference call to expedite the process. The purpose of the informal meeting is to rationally discuss and resolve the dispute without the need for litigation. If the dispute is not resolved after the meeting with the Board, it is the policy of the Association to utilize ADR in the form of mediation prior to filing a suit in any court or before any administrative tribunal. A Member/Agent and the Board shall comply with the terms of the following ADR policy.

Alternative Dispute Resolution (ADR) in the form of mediation shall be pursued by the Association before any lawsuit is filed, except in the case of the collection of assessments or the enforcement of the Covenants, Bylaws or Rules and Regulations of the Association, subject to the following:

- Any ADR pursued must be done using a trained mediator or arbitrator having some knowledge with the governance of Community Associations
- Any ADR must be conducted in compliance with the Uniform Arbitration Act and/or the Dispute Resolution Act, as applicable.
- If the parties to the ADR cannot agree, within 60 days of the request for ADR on the mediator, arbitrator, or other qualified person to conduct the ADR, then within 7 working days all parties are subject to the following: (a) each party shall choose a qualified person as defined in this Policy, and those selected shall then appoint a third qualified person to be determined in their sole discretion. All three qualified persons will be involved in the mediation; (b) In the event a party fails to select a qualified person as specified in (a) above, the person selected by the other party shall be deemed acceptable to both parties and shall act as the mediator, arbitrator or facilitator.
- The costs of the ADR shall be split equally among the parties involved in the ADR. In the event an Owner fails to pay his share of the cost of the ADR, such amount shall be considered an "Assessment" against the Owner's Unit, and may be collected by the Association as an Assessment pursuant to this Policy and Colorado Law.
- 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.
- This policy may be amended from time to time by the Board of Directors.

The Sun River Townhomes Homeowners
Association

By: *Steven Douber*

Title- PRISIDENT

Attest

Dennis North
Secretary

These policies and procedures were adopted by the Board of Directors at a meeting held on the 18th day of June, 2010, effective the 1st day of July, 2010, and are attested to by the Secretary of The Sun River Townhomes Homeowners Association.

Dennis North
Secretary