

RIDGEPOINT AT BEARCREEK HOMEOWNERS ASSOCIATION, INC.

7 GOVERNANCE POLICIES

In 2005 the Colorado Legislature passed new requirements for Common Interest Communities (SB05-100), which includes the following 7 disclosures for owner/members.

1. COLLECTION OF UNPAID ASSESSMENTS:

ARTICLE XI-ASSESSMENTS-Declaration of Covenants and Conditions and Easements

Section 11.1. Obligation. Declarant, for each Lot owned by Declarant, hereby covenants, and each owner, by accepting a deed for a Lot, is deemed by covenant to pay to the Association (1) the Annual Assessments imposed by the Board as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Area and to perform the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (3) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the owner under the Association Documents.

Section 11.2. Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of Ridgepoint at Bear Creek, and for the improvement and maintenance of the Common Area, as more fully set forth in this Article below.

Section 11.3. Budget. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

Section 11.4. Annual Assessments. Annual Assessments for common Expenses made shall be based upon the estimated cash requirements as the Board shall from time to time determine to be paid by all of the Owners, subject to Section 11.3 above.

Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance and operation of the Common Area; expenses of management; taxes and special governmental assessments pertaining to the Common Area and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping, care of grounds within the Common Area; routine repairs and renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs, and replacement of improvements within the Common Area on a periodic basis, as needed.

Annual Assessments shall be payable on a prorated basis each year in advance and shall be due on the first, day of each year. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

Section 11.5. Apportionment of Annual Assessments. Each owner shall be responsible for that Owner's share of the Common Expenses, which shall be divided equally among the Lots, subject to the following provisions. All expenses (including, but not limited to, costs of maintenance, repair, and replacement) relating to fewer than all of the Lots shall be borne by the Owners of those affected Lots only.

Section 11.6. Special Assessments. In addition to the Annual Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, if permitted by applicable law, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Area or for any other expense incurred or to be incurred as provided in this Declaration. This Section 11.6. shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Article XI, Section 11.4, subject to the requirements that any extraordinary maintenance, repair or restoration work on fewer than all of the Lots shall be borne by the Owners of those affected Lots only; and any extraordinary insurance costs incurred as a result of the value of a particular owner's residence or the actions of a particular Owner (or his agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than 30 days after such notice shall have been given.

Section 11.7. Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Lot which May be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least 30 days prior to the due date.

Section 11.8. Effect of Nonpayment; Assessment Lien. Any Assessment installment, whether pertaining to any Annual, Special, or Default Assessment, which is not paid within 30 days after it's due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

- A. Assess a late charge for each delinquency in such amount as the Association deems appropriate;
- B. Assess an interest charge from the date of delinquency at the yearly rate of two points above the prime rate charged by the Association's bank, or such other rate as the Board may establish, not to exceed twenty-one percent (21%) per annum;
- C. Suspend the voting rights of the Owner during any period of delinquency;
- D. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- E. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- F. File a statement of lien with respect to the Lot and proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Lot shall constitute a lien on such Lot, including any improvements on the Lot. To evidence the lien created under this Article XI, Section 11.7, the Association may, but shall not be required to, prepare a written notice setting forth (i) the address of the Association, (ii) the amount of such unpaid indebtedness, (iii) the amount of accrued penalty on the indebtedness, (iv) the name of the Owner of the Lot, and (v) a description of the Lot. The notice shall be signed and acknowledged by the President or a Vice-President of the Association or by the Manager, and the Association shall serve the notice upon the Owner by mail to the address of the Lot or to such other address as the Association may have in its files for such Owner. At least ten days after the Association mails the Owner such a notice, the Association may record the same in the office of the Clerk and Recorder of Jefferson County, Colorado. Such lien for Assessments shall attach from the due date of the Assessment. Thirty days following the date the Association mails the notice, the Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and

expenses of filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

Section 11.9. Personal Obligation. The amount of any Assessment chargeable against any Lot shall be a personal and individual debt of the Owner of same. No Owner may exempt himself from liability for the Assessment by abandonment of his Lot or by waiver of the use or enjoyment of all or any part of the Common Area. Suit to recover a money judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 11.10. Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Lot, except as provided in Article XI, Section 11.11 below, shall be jointly and severally liable with the prior owner or owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Lot without prejudice to any such successor's right to recover from any prior Owner any amounts paid by such successor. This right of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Lot. In addition, such successor shall be entitled to rely on the statement of status of Assessments by or on behalf of the Association under Article XI, Section 11.12 below.

Section 11.11. Subordination of Lien. The lien of the Assessments provided for in this Declaration shall be subordinate to (a) the lien of real estate taxes and special governmental assessments, (b) liens and encumbrances recorded before the recordation of the Declaration, and (c) liens for all sums unpaid for a first mortgage of record, recorded before the date on which the Assessment sought to be enforced became delinquent. The lien of the Assessments shall be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Colorado. Seller transfer of any Unit shall not effect the Association's lien except that sale or transfer of any Unit pursuant to foreclosure of any first mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's liens as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the direction of the Board. No sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessment made after the sale or transfer.

Section 11.12. Notice to Mortgagee. The Association shall report to any Mortgagee any unpaid Assessments remaining unpaid for longer than 60 days after the same shall have become due, if such Mortgagee first shall have furnished to the Association written notice of the Mortgage and a request for notice of unpaid Assessments. Any Mortgagee holding a lien on a Lot may pay any unpaid Assessment payable with respect to such Lot, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Lot for the amounts paid with the same priority as the lien of the Mortgage.

Section 11.13. Statement of Status of Assessment Payment. Upon payment of a reasonable fee set from time to time by the Board and upon the written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Lot, the Board shall issue a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Lot. Unless such statement shall be issued within fourteen (14) business days after receipt of such written request by the Board, all unpaid Assessments which become due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquired its interest in the Lot subsequent to requesting such statement. If the request is made by a prospective purchaser, both the lien for the unpaid Assessment and the personal obligations of the Owner shall be released automatically if the statement is not furnished within the period provided for above, and if, after that period, an additional written request is made by such purchaser and is not complied with within 10 days after receipt, and the purchaser subsequently acquires the Lot.

ARTICLE XII ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the owner's true and lawful attorney-in-fact for the purposes of dealing with any improvements covered by insurance written in the name of the Association pursuant to Article IX upon their damage or destruction as provided in Article XIII, or a complete or partial taking as provided in Article XIV below. Acceptance by a grantee of a deed or other instrument of conveyance from Declarant or any other Owner conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

2. CONFLICT OF INTEREST POLICY:

I. If any contract, decision, or other action taken on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a Board member, or a parent or spouse of any of those persons, then, before entering into that contract, making the decision or taking the action, that interested Board member shall declare at an open meeting of the Board, that a conflict of interest exists and shall describe in detail all of the particular facts of the conflict of interest.

II. The interested Board member may deliver to the Board a letter setting forth a detailed summary of the conflict of interest, which letter shall be read out loud by a non-interested Board member at an open meeting of the Board.

III. After the interested Board member makes such a declaration, the interested Board member may participate in a discussion of the matter giving rise to the conflict of interest. The interested Board member may not vote on the issue giving rise to the conflict of interest. If there is compliance with the terms of this policy, a majority of the disinterested Board members may authorize, approve, or ratify the conflicting transaction.

IV. The interested Board member may be counted as present when determining whether a quorum of the Board exists.

V. Any contract entered into in violation of this policy is void and unenforceable.

3. NOTICE OF MEETING AND CONDUCT OF MEETINGS POLICY:

I. In addition to the mailing of the Notice for Annual and Special Member meetings notice of Member meetings shall also be posted at the mailbox bulletin board and on the Ridgepoint at Bear Creek website at least 15 days before such meeting if at all feasible and practicable. If Members provide email addresses to Manager, notice of Member meetings shall also be sent as soon as possible to Members via email but at least 24 hours prior to such meeting.

II. All meetings of the Association are open to every Member, or to any person designated by a Member in writing as the Member's representative, and Members or designated representatives shall be permitted to attend, listen, and speak at an appropriate time during the proceedings; except that, for regular and special meetings of the Board, Members who are not Board members may not participate in any discussion unless authorized by a vote of the majority of a quorum of the Board.

III. Election of Board Members will be by secret ballot and votes will be counted by a neutral third party or by a unit owner who is not a candidate, but whom is selected at random from a pool of two or more Members. Proxies are allowed and may be reviewed to confirm that the individual submitting the proxy is not delinquent. The Board President typically chairs meetings, but any one of the board members may chair the meeting. At the Annual meeting, the Board may provide an open forum following adjournment of the meeting.

IV. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or a Member's designated representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

V. 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.

VI. All regular and special meetings of the Board, or any committee, shall be open to attendance by all Members or to any person designated by a Member in writing. At regular and special meetings of the Board, Members who are not members of the Board may not participate in any discussion unless expressly so authorized by a vote of the majority of a quorum of the Board.

VII. The agenda for all meetings shall 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, which shall include a Member Open Forum during which any Member or Member's designated representative who wishes to speak will have the opportunity to do so, subject to the remaining provisions of this policy.

VIII. The Board shall have the right to determine the length of time of the Open Forum. The President or acting chair 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 within the time permitted. Unless otherwise determined by the President or acting chair, the time limit will be three minutes per member. Members 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.

IX. Sign-Up Sheets. A sign-up sheet will be made available to members immediately prior to the meeting. Any Member wishing to comment at the meeting may add their name to the sign-up sheet. Members will be recognized for comment at the meeting in the same order as their names appear on the sign-up sheet. All Members wishing to comment who have not placed their names on the sign-up sheet will be permitted to speak, time permitting. The President of the Board or acting chair shall, to the best of their ability, allocate time to each Member for comment so as to allow as many Members as possible to speak.

X. Recording of Meetings. Note taking is permitted, however, video or audio recording of all or any portion of any meeting by Members is prohibited.

XI. Member Conduct. No Member is entitled to speak until recognized by the chair. There shall be no interruption of anyone who has been recognized by the chair, except by the chair. 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 chair and not other individual participants. All comments are to be restricted to the agenda item being discussed. Behave courteously.

XII. Curtailment of Member Conduct. Should the President or acting chair 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 President or acting chair shall have the authority to instruct that member to yield the floor, and that member will be obligated to comply with the President's or acting chair's instruction.

XIII. Executive Session. The Board or a committee 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 such 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, promotion, 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 President or acting chair shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above. No rule or regulation of the Board shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the Board goes back into regular session following an executive session.

XIV. Disruptive or Unruly Behavior. If a member refuses to stop talking after their allotted time has ended, or otherwise disrupts the meeting, or is otherwise in violation of the provisions of this policy, the following procedure will be followed:

- a. The President or acting chair will issue an oral warning that if the member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, either the meeting will be adjourned or law enforcement/security will be called to remove the individual.
- b. If the member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, the President or acting chair will call a recess and speak directly to the member, repeating that either the meeting will be adjourned or law enforcement/security will be called to remove the individual.
- c. If the member still refuses to cooperate, the President or acting chair may choose whether to adjourn the meeting to another time or to call law enforcement/security.

4. ENFORCEMENT OF COVENANTS AND RULES POLICY:

Power. The Board shall have the power and duty to hear and make decisions regarding violations, and written Complaints filed with the Board, 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 Declarations of Covenants, Condition, Restrictions and Easements of Ridgpoint at Bear Creek ("Declaration"), the Association's Bylaws and 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 Rules and Regulations, Declaration, Bylaws, or Articles of Incorporation ("Documents"). The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control.

Complaint. A hearing to determine if the Documents have been violated and enforcement measures and remedies shall be initiated by the filing of a written Complaint with or by the Association's Board or the Association's managing agent at the follow address: 1972 S. Vivian Street, Lakewood, CO 80228. The Complaint shall 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. If the Board determines that the Complaint is insufficient to provide grounds for holding a Hearing, it shall notify the complainant, who shall have seven (7) days to amend the Complaint to render it sufficient. If the complainant does not render the Complaint sufficient within said period of time, the Complaint shall be dismissed without a hearing.

Notice of Complaint. Upon receipt of Complaint, the Association shall send a Notice of Complaint to the person(s) (the "Respondent") alleged to have violated the Documents, by prepaid, first class United States mail addressed to the mailing address of the Respondent last appearing on the books of the Association or to any other mailing address designated in writing by the Respondent. The Notice of Complaint shall: (1) address the details of the Complaint, or include a copy of the Complaint; (2) advise of the action to be taken and the reasons therefore; (3) advise of the Respondent's right to be heard, either orally or in writing, by the Board or by a tribunal appointed by the Board, not less than five (5) days before the effective date of the action to be taken; and (4) advise of the effective date of the action to be taken. The Notice of Complaint shall be sent not less than fifteen (15) days before any scheduled hearing or other action to be taken. Service shall be deemed delivered and effective three days after mailing. The following Certificate of Mailing shall be sufficient:

Response to Complaint. A Request for Response in substantially the following form shall be served upon the Respondent at the time of service of the Notice of Complaint. Additional information may be included at the discretion of the Board or the Association's managing agent.

Request for Response

"You have the opportunity to be heard, orally or in writing, not less than five (5) days before any action to be taken by the Board of Directors or a tribunal appointed by the Board of Directors. To be heard, you must make a **written** request for a hearing or make a **written** response to the Complaint. *The request or the response must be filed with the Association's managing Agent not later than ten (10) days after your receipt of the enclosed Notice of Complaint. Your request or response must respond to the charges set forth in the Complaint. If you fail to file a request for hearing or a response within the ten (10) day time period, the Board may 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. **The Board may rule that your failure to request a hearing or respond constitutes a No-Contest Plea to the Complaint, and enforce the provisions of the Documents.***"

Any written response must be delivered to the Ridgepoint at Bear Creek Homeowners Association, Inc. c/o Know Howe Management, Inc., 1972 S. Vivian Street, Lakewood, CO 80228.

Hearing. If the Respondent files a written request for hearing or a response to the Complaint, the Board shall set the matter for hearing, which may be the next regularly scheduled meeting of the Board, but in no event sooner than fifteen (15) days after mailing a Notice of Hearing. Each Hearing shall be held at the scheduled time, place and date. The Board may grant continuance(s) for good cause. The Board may: (a) exercise its discretion as to the 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 reach a just decision. Neither the Complainant nor the Respondent must be in attendance at the Hearing, but both 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.

Notice of Hearing. If the Respondent files a written request for hearing or a response to the Complaint, a Notice of Hearing in substantially the following form shall be mailed to the Respondent at least fifteen (15) days prior to the hearing date. Additional information may be included in the Notice of Hearing at the discretion of the Board.

NOTICE OF HEARING

You are hereby notified that a hearing will be held before the Board at _____
_____(location) on _____(date) at _____am/pm upon the
charges made in the Complaint or letter previously sent to you on (date letter mailed).

Decision. If a request for hearing is not made, the Board shall render its decision based on the information contained in the Complaint and any written response, considering all of the relevant facts and

circumstances. If a request for hearing 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. The Board's decision shall have an effective date no sooner than five (5) days after the hearing. In the event a Default Assessment (including a fine) as provided in Section 11.7 of the Declaration is assessed, notice of the amount and due date of such Default Assessment shall be sent the Respondent at least thirty (30) days prior to the due date.

Enforcement, Attorney's Fees and Fines. The Association may enforce the Documents by any means available to the Association, including the levy of fines, suspension of rights or a lawsuit to force compliance and may seek injunctive relief or damages, may use any self-help remedies authorized by the Documents, and may seek from any violator reimbursement of all attorney's fees and costs incurred by the Association. If the violation involves damage to Association property, the violator shall pay the costs of repair or replacement. In the event the Board determines the violator habitually violates the Association's Documents, the Board may revoke the violators privileges for a period commensurate with the offenses, except that any suspension of voting rights of a Member shall not exceed 60 days following any violation by such Member unless such breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues and for up to 60 days thereafter.

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

A. The Board shall apply the follow penalty schedule relating to specific violations of the Documents:

<u>Offenses</u>	<u>Fine</u>
First Offense	Visit
Second Offense or after 30 days of non-compliance	\$ 50.00
Third Offense or after 60 days of non-compliance	\$100.00
Fourth Offense or after 90 days of non-compliance	\$200.00

A member or guest who accumulates more than 4 violations within a 12 month period will be deemed to be a habitual offender and subject to suspension of membership privileges as determined by the Board of Directors. Continuing violations, or violations which have an indefinite commencement or termination date, shall be subject to the maximum fine specified above, at the discretion of the Board.

B. The record Owner of real estate subject to the Association's Declaration of Covenants, Conditions and Restrictions shall have the primary obligation to pay fines imposed for action of their tenants, family members, and guests.

C. Fines imposed pursuant to these enforcement policies and procedures shall become a Default Assessment imposed against the record Owner's real estate as provided by Section 11.7 of the Declaration.

Modification. The Board reserves the right, from time to time, to amend or repeal these Policies and Procedures, subject to any limitations placed on the Board in the Documents of by law.

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, or that a habitual offender has not previously responded to violation Notices, the Board may seek any remedy available at law or in equity in a Court of competent jurisdiction, without prior compliance with Sections 1 through 7 above.

Miscellaneous.

- A. Failure by the Association to enforce any provision of these Policies and Procedures shall in no event be deemed to be a waiver of the right to do so thereafter.
- B. The provisions of these Policies and Procedures shall be independent and severable. The invalidity of any one or more of the provision 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.
- C. The use of singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders. The captions are inserted only as a matter of convenience and are in no way to be construed to define, limit or otherwise describe the scope of these Policies and Procedures.
- D. As used herein, the term "Board" shall include any tribunal appointed by the Board consistent with the CC&Rs and the Association By-Laws.

5. POLICY REGARDING INSPECTION AND COPYING OF ASSOCIATION RECORDS:

- I. The Association shall keep as permanent records the following documents:
- a. Minutes of all meetings of Owners and the Board.
 - b. A record of all actions taken by the Owners or the Board by written ballot or written consent in lieu of a meeting.
 - c. A record of all actions taken by a committee of the Board in place of the Board on behalf of the Association.
 - d. A record of all waivers of notices of meetings of Owners and of the Board or any committee of the Board.
 - e. A record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each Owner is entitled to vote.

In addition to the above, the Association shall keep a copy of each of the following records at its principal office:

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

II. So the Association can have the desired books, 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 planned inspection. The Notice must describe with reasonable particularity which records are to be inspected and the purpose of the inspection.

III. All records shall be inspected at the principal office of the Association located at 1972 S. Vivian Street, Lakewood, CO 80228 between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday.

IV. At the discretion of the Association's Manager, 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. Further, if a Member requests to inspect records, the Association may photocopy and provide the requested records to the Member in lieu of the Member's inspection of the records if consented to by the Member.

V. The Association may charge a fee, not to exceed the Association's actual cost per page for copies of the Association records.

VI. Consistent with individual 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:

- a. Confidential personnel records.
- b. 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.
- c. Files dealing with investigative proceedings concerning possible or actual criminal misconduct.
- d. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.
- e. Inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board of Directors.

VII. In determining whether records may be inspected, the Association shall consider among other things:

- a. Whether the request is made, in good faith and for a proper purpose;
- b. Whether the records requested are relevant to the purpose of the request;
- c. Whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy; and
- d. Whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information as set forth above.

VIII. The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorneys 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. RESERVE FUND INVESTMENT POLICY:

I. The purpose of the reserve fund is to fund long-term replacements. The Board may hire a qualified investment counselor to assist it in formulating investment strategies.

II. The Board shall consider the following in deciding where to invest:

- a. Safety of the principal
- b. Liquidity and accessibilities of monies
- c. Investment costs
- d. Diversification of investment vehicles
- e. Rates of return

III. All investments must be FDIC or government insured.

IV. The Association shall not invest in the following asset classes:

- a. Individual stocks
- b. Equity mutual funds, domestic or foreign
- c. Mutual funds consisting of bonds, mortgages and/or derivatives
- d. Options on equity, debt or commodities
- e. Floating rate securities or floating rate certificates of deposit
- f. Investment in a single institution in excess of FDIC limits

The Board may use a reserve study or other expert in which the Board selects. The reserve study may be updated periodically.

V. The Board of Directors shall review this reserve fund investment policy periodically and may amend the policy as conditions warrant. The Treasurer may recommend changes to this policy as necessary.

7. POLICY REGARDING THE ADOPTION AND AMENDMENT OF POLICIES:

I. According to the Association's governing documents and C.R.S. 38-33.3-217, the authority to create, adopt, amend and repeal Amendments to the Declaration of Covenants, Conditions, Restrictions and Easements of Ridgepoint at Bear Creek and the By-Laws of Ridgepoint at Bear Creek Homeowners Association lies with the member/owners of the Association.

II. The Declarations or By-laws may be amended at any time by an instrument signed by Owners holding not less than 67% of the votes possible to be cast under the Declaration and at least 51% of the Mortgagees holding First Mortgages against any portion of the Property (based on one vote for each Mortgage held. The Association shall: 1) send a dated, written notice with a copy of the proposed amendment by certified mail to each mortgagee at its most recent address as shown on the recorded deed of trust or its recorded assignment; and 2) have the dated notice printed with information on how to obtain a copy of the proposed amendment-on separate occasions at least one week apart-in a newspaper of general circulation in the county in which the association is located. (This is already in the current Declarations)

III. State law shall supersede the Declarations, Bylaws and the Rules and Regulations of Ridgepoint at Bear Creek.

IV. When the Board, in the exercise of its discretion, determines that a Rule and/or Regulation should be adopted, amended or repealed, it shall do so either at a meeting of the Board or by written consent in lieu of a meeting, or by any other method authorized by the Association's governing documents or according to Colorado law.

V. The Board shall give notice of the adoption, amendment or repeal of the Declarations, By-laws or Rules and Regulations in writing by first class mail, postage prepaid, to each Member of the Association at the address for notices to Members as provided for in the Association's Declaration. Further, the Board shall publish the adoption or amendment by any reasonable means available, including but not limited to posting in the community or on its website, if any, by e-mail, mail, newsletter, or personal delivery.

The Declaration of Covenants, Conditions, Restrictions and Easements of Ridgepoint at Bear Creek, the By-laws, along with all other Rules and Regulations of the Association, shall be available for inspection and copying in accordance with the Association's policy regarding inspection and copying of Association records. The Board has the right, but not the obligation, prior to adopting any new Rule or Regulation, to conduct an informational meeting of the owners and solicit their input regarding any new or existing Rule or Regulation.

VI. Any owner's failure to receive the Association documents shall not be a defense to any attempt by the Association to enforce the Association documents or to levy fines, expenses, or attorneys' fees as a result of a violation of the Association's documents.