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# RECORD OF PROCEEDINGS

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**Minutes of Action Taken  
By Consent of the Directors  
Without a Meeting  
Timber Springs Property Owner's Association  
August 6, 2007**

As permitted by law, the undersigned Directors, being all of the Directors of the Timber Springs Property Owner's Association, unanimously agree to waive the notice requirement for a meeting and to adopt the following action(s) without a meeting.

The Policies and Procedures enumerated below and a copy of which are attached hereto and incorporated herein are hereby unanimously adopted:

1. Conduct of Meetings
2. Inspection and Copying of Association Records
3. Conflicts of Interest
4. Collection of Unpaid Assessments
5. Enforcement of Covenants and Rules
6. Investment of Reserve Funds
7. Adoption and Amendment of Policies, Procedures and Rules
8. Disputes between the Association and its members

These minutes may be executed in counterparts.

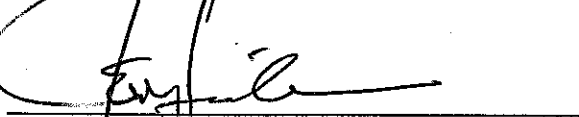
Dated this 6<sup>th</sup> day of August, 2007.



Michael Barry



Patrick Martin



Jerry Fjala

**Wear, Travers & Perkins**  
A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW  
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**MEMORANDUM**

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**TO:** Executive Board  
Timber Springs Property Owners Association, Inc.

**FROM:** Timothy N. Devlin  
Wear Travers & Perkins, P.C.

**DATE:** July 27, 2007

**RE:** Senate Bill 100/89 Compliance

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Colorado law relating to property owners' associations was significantly amended during the 2005 and 2006 sessions of the Colorado legislature, by acts commonly known as "Senate Bill 100" and "Senate Bill 89". This memorandum summarizes the significant changes and sets forth action items for the Board's consideration to ensure compliance with the new laws.

1. DESIGN REVIEW MATTERS

Under certain circumstances, the Association may regulate, but may not prohibit, (i) display of the American flags or military service flags, or the installation of flagpoles; or (ii) display of political signs; and (iii) the removal of trees, shrubs or other vegetation for fire mitigation purposes. In addition, the Association can not require the use of cedar shakes or other flammable roofing materials.

**Action Item:** Staff to review Design Guidelines to determine if revisions are necessary to comply. The Board should then consider whether it desires to adopt regulations regarding display of signs and flags, or vegetation removal.

2. MEETINGS; OWNER AND BOARD EDUCATION

Notice of owners' meetings must now be posted in a conspicuous place, and associations are encouraged to post notices and agendas on a website.

The association is required to adopt written policies regarding the conduct of meetings. A form of such policy is attached to this memorandum for the Board's review and approval.

Contested board elections must now be conducted by secret ballot, and, at the request of 20% of unit owners in attendance at the meeting in person or by proxy, any other vote must be taken by a secret ballot.

In addition, associations are required to offer to their owners, at least annually and free of charge, education as to the general operation of the association and the rights and responsibilities of owners, the association and the board under Colorado law. We recommend that this education be offered in connection with the annual meeting of owners, for a short time either before or after the meeting.

The Association may, but is not required to, reimburse Board members for expenses incurred in attending seminars on responsible governance of owners' associations.

**Action Items:** Board review and adopt Meeting Policy (attached).  
Schedule owner education in connection with annual meetings.

### 3. DISCLOSURES; ASSOCIATION RECORDS

If the association's address, designated agent, or management company changes, within 90 days after such change the association shall make updated information readily available at no cost to owners at their convenience, either by posting on an internet web page, maintenance of a literature table or binder at the association's principal place of business, or by mail or personal delivery: (i) the name of the association and its physical address and phone number; (ii) the name of the association's manager and its physical address and phone number; and (iii) the date and reception number for recording of the association's declaration.

In addition, within 90 days after the end of each fiscal year, the association must make the following information readily available at no cost to owners at their convenience, either by posting on an internet web page, maintenance of a literature table or binder at the association's principal place of business, or by mail or personal delivery: (i) the commencement date of the association's fiscal year; (ii) the association's operating budget for the current fiscal year; (iii) a list of current regular and special assessments by unit type; (iv) annual financial statements for the immediately preceding fiscal year; (v) the results of the most recent available financial audit or review; (vi) a list of all association insurance policies, including company names, policy limits and deductibles, additional named insureds and expiration dates of the policies; (vii) the association's

articles of incorporation, bylaws, and rules and regulations; (viii) the minutes of board of directors/ executive board and member meetings for the immediately preceding fiscal year; and (ix) the policies of the association adopted pursuant to CRS § 38-33.3-209.5 (see "POLICIES" section below).

Further, the association must keep the following permanent records: (a) minutes of all meetings of unit owners and all actions taken by the owners by written action or ballot in lieu of a meeting; (b) minutes of all meetings of the board of directors/ executive board and all actions taken by the board by written action or ballot in lieu of a meeting; (c) records of all actions of committees of the board in place of the board on behalf of the association; (d) all waivers of notices of meetings of owners and of the board or any committee of the board; (e) a record of unit owners in a form that permits preparation of a list of the names and addresses of all owners, showing the number of votes each unit owner is entitled to vote; (f) the articles of incorporation, bylaws, declaration and/or covenants of the association; (g) resolutions adopted by the board; (h) all written communications within the past three (3) years to unit owners as unit owners; (i) a list of the names and addresses of the current directors and officers of the association; (j) the association's most recent annual report, if any; and (k) all financial audits or reviews during the preceding three (3) years. The records described in this paragraph must be kept in written form or in another form capable of conversion into written form within a reasonable time, and must be reasonably available for examination and copying by an owner or such owner's authorized agent. To be reasonably available, the records must be available during normal business hours upon five (5) business days' notice, to the extent that: (x) the request is made in good faith and for a proper purpose; (y) the request describes with reasonable particularity the records sought and the purpose of the request; and (z) the records are relevant to the purpose of the request.

**Action Items:** Adopt policy for inspection and copying of records  
Review records and retention policy with manager to confirm compliance

#### 4. AUDIT OR REVIEW

The books and records of the association must be audited (using generally accepted auditing standards) or reviewed (using statements on standards for accounting and review services) at the discretion of the board of directors/ executive board or as described below. An audit is required only if (i) the association has annual revenues or expenditures of at least \$250,000.00, AND (ii) an audit is requested by owners of at least one-third of all units within the association. A review is required only upon request by owners of at least one-third of all units within the association. A person conducting a review need not be a CPA, but shall have at least a basic understanding of the principles

of accounting as a result of prior business experience, education above the high school level, or bona fide home study. Copies of any audit or review must be made available upon request to owners no later than thirty (30) days after its completion.

5. CONFLICTS OF INTEREST; STANDARD OF CARE

CCIOA now makes clear that the provisions of the Colorado Revised Nonprofit Corporation Act apply to directors' conflicting interest transactions. A "conflicting interest transaction" is defined as "[a] contract, transaction or other financial relationship between a[n] [association] and a director of the [association], 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". In the event of a conflicting interest transaction, the director should clearly disclose the material facts of the conflicting interest transaction at the first board meeting at which the matter is to be discussed. Thereafter, however, the director may participate in discussion of the matter and may vote on the matter. In addition, even if the provisions of the conflicting interest transaction statute are not followed, the transaction is not void or voidable by the association if: (i) the conflicting interest transaction is disclosed to or known by the board, and the transaction is approved or ratified by the affirmative vote of a majority of the disinterested directors; or (ii) the conflicting interest transaction is disclosed to or known by the members of the association entitled to vote thereon, and the transaction is approved or ratified by the affirmative vote of such members; or (iii) the conflicting interest transaction is fair as to the association.

In all events, the directors should exercise due care in their actions taken as a director, but CCIOA makes clear that if a director is not appointed by the declarant, but rather elected by the owners (as all Timber Springs Executive Board members are, they are not liable for actions taken or omissions made in the performance of such director's duties except for wanton and willful acts or omissions. Notwithstanding the foregoing, with regard to investment of reserve funds of the association, officers and directors are to discharge such duties (a) in good faith; (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (c) in a manner the director or officer reasonably believes to be in the best interest of the association.

The Board must adopt a written policy relating to Board members' conflicts of interest. A form is attached for the Board's consideration.

**Action Item:** Adopt conflict of interest policy.

6. RESPONSIBLE GOVERNANCE POLICIES

The association is required to adopt certain written policies, procedures and rules and regulations relating to certain matters. Several of these have been discussed in previous sections, but are repeated here for completeness. A copy of a proposed policy, for consideration by the Board, is attached to this memorandum:

- Conduct of Meetings
- Inspection and copying of association records
- Handling of conflicts of interest relating to Board members
- Enforcement of covenants and rules, including notice and hearing procedures and a schedule of fines
- Investment of reserve funds
- Procedures for the adoption and amendment of policies, procedures and rules
- Procedures for addressing disputes between the association and unit owners

**Action Item:** Review drafts of the various policies, provide input to revise same for this association, and adopt all.

TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION  
EXECUTIVE BOARD  
RESOLUTION  
**CONDUCT OF MEETINGS**

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Conduct of Meetings is hereby adopted and ratified:

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

(a) *Notice*.

(1) In addition to any notice required in the Bylaws, notice of any meeting of the Owners shall be posted on the building bulletin board located in the entrance hall to the elevator on the parking garage level at least 10 days prior to each such meeting, or as may otherwise be required by Colorado law. **CONFIRM**

(2) The Association shall also post notice on its website of all Owner meetings. Such notice shall be posted 10 days prior to such meeting.

(3) If any Owner has requested that the Association provide notice via email and has provided the Association with an email address, the Association shall send notice of all Owner meetings to such Owner 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 any such meeting.

(b) *Conduct*.

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

(A) The President of the Association or designee shall chair all Owner meetings.

(B) All Owners and persons who attend a meeting of the Owners will sign in, present any proxies and receive ballots as appropriate. (See section below regarding voting).

(C) Anyone wishing to speak must first be recognized by the Chair.

(D) Only one person may speak at a time.

(E) Each person who speaks shall first state his or her name and Unit address.

(F) Any person who is represented at the meeting by another person, as indicated by a written instrument, will be permitted to have such person speak for him/her.

(G) Those addressing the meeting shall be permitted to speak without interruption from anyone as long as these rules are followed.

(H) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting.

(I) Each person shall be given up to a maximum of two minutes to make a statement or to ask questions. The Board may decide whether or not to answer questions during the meeting. Each person may only speak once. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair, in his or her sole discretion, but shall be uniform for all persons addressing the meeting.

(J) All actions and/or decisions will require a first and second motion.

(K) Once a vote has been taken, there will be no further discussion regarding that topic.

(L) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the meeting.

(M) The Chair may establish such additional rules of order as may be necessary from time to time.

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

(1) Election of Board members in a contested election shall be conducted by secret ballot. Each Owner entitled to vote pursuant to the Bylaws shall receive a ballot. The ballot shall contain identifying information concerning the ballot holder in order to verify voting accuracy, but such information shall be kept confidential by the Association and not part of the public record of the vote or the meeting. 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.

(2) All other votes taken at a meeting of the Owners shall be taken in such method as determined by the Executive Board including acclamation, by hand, by voice or by ballot, unless otherwise required by law. At the discretion of the Board or upon request of twenty percent (20%) of the Owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the Association on which all Owners are entitled to vote shall be by secret ballot.

(3) Written ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners who are 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. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates for such position.

(4) The individual(s) counting the ballots shall report the results of the vote to the Chair by indicating how many votes were cast for each individual or how many votes were cast in favor and against any issue, without reference to the names, addresses or other identifying information of Owners participating in such vote.

(d) *Proxies.* Proxies may be given by any Owner as allowed by C.R.S. 7-127-203. All proxies shall be reviewed by the Association's Secretary or designee as to the following:

- (1) Validity of the signature;
- (2) Signatory's authority to sign for the unit Owner;
- (3) Authority of the unit Owner to vote;
- (4) Conflicting proxies; and
- (5) Expiration of the proxy.

2. Board Meetings. Meetings of the Executive Board of the Association shall be called pursuant to the Bylaws of the Association.

(a) *Conduct.*

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

(A) The President of the Association, or designee, shall chair all Board meetings.

(B) All persons who attend a meeting of the Board shall be required to sign in, listing their name and unit address.

(C) All Owners will be given an opportunity to speak as to any matter or ask questions of the Board during the Owner forum at the end of the meeting, or at such other time as determined by the Chair. Any Owner wishing to speak during the Owner forum shall so indicate at the time of sign in.

(D) Anyone desiring to speak shall first be recognized by the Chair.

(E) Only one person may speak at a time.

(F) Each person speaking shall first state his or her name and Unit address.

(G) Any person who is represented by another person as indicated by a written instrument at the meeting shall be permitted to have such person speak for them.

(H) Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are followed.

(I) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.

(J) Each person shall be given up to a maximum of two minutes to speak or to ask questions, although questions may not be answered until a later date. Each person may only speak once during the Owner forum and once on any other issue prior to a vote by the Board on such issue. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair but shall be uniform for all persons addressing the meeting.

(K) No meeting of the Board may be audio, video or otherwise recorded except by the Board to aid in the preparation of minutes. Minutes of actions taken shall be kept by the Association.

(L) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order shall be requested to immediately leave the meeting.

(b) *Owner Input.* After a motion and second has been made on any matter to be discussed, but prior to a vote by the Directors, Owners present at such time shall be afforded an opportunity to speak on the motion as follows:

(1) The Chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor or against the motion. The Chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak. The Chair shall also announce the procedure for who shall be permitted to speak if not everyone desiring to speak will be permitted to speak.

(2) Following Owner input, the Chair will declare Owner input closed and there shall be no further Owner participation on the motion at hand unless a majority of the Executive Board votes to open the discussion to further Owner participation.

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

4. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Timber Springs.

5. 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.

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION  
EXECUTIVE BOARD  
RESOLUTION

**INSPECTION AND COPYING OF ASSOCIATION RECORDS**

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc. a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Inspection and Copying of Association Records is hereby adopted and ratified:

1. Record Retention. The Association shall permanently retain the following records as required by Colorado law:

- (a) Minutes of all Board and Owner meetings;
- (b) All actions taken by the Board or unit Owners by written ballot in lieu of a meeting;
- (c) All actions taken by a committee on the behalf of the Board instead of the Board acting on behalf of the Association; and
- (d) All waivers of the notice requirements for Owner meetings, Board meetings, or committee meetings.

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

- (a) The inspection and/or copying of the records of the Association shall be at the Owners expense;
- (b) The inspection and/or copying of the records of the Association shall be conducted during the regular business hours of 9:00 a.m. to 4:00 p.m. at the offices of the Association's manager, from time to time;
- (c) The Owner shall give the Association's manager a written demand, stating the purpose for which the inspection and/or copying is sought, at least five (5) business days before the date on which the Owner wishes to inspect and/or copy such records; and
- (d) The Owner shall complete and sign the Agreement Regarding Inspection of Association Records prior to the inspection and copying of any Association record. A copy of the Agreement is attached to this Policy. Failure to properly complete or sign the Agreement shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.

3. Proper Purpose/Limitation. Association records shall not be used by any Owner for:

- (a) Any purpose unrelated to an Owner's interest as an Owner;
- (b) The purpose of soliciting money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;
- (c) Any commercial purpose;
- (d) For the purpose of giving, selling, or distributing such Association records to any person; or
- (e) Any improper purpose as determined in the sole discretion of the Board.

4. Exclusions. The following records shall NOT be available for inspection and/or copying as they are deemed confidential:

- (a) Attorney-client privileged documents and records, unless the Board decides to disclose such communications at an open meeting;
- (b) Any documents that are confidential under constitutional, statutory or judicially imposed requirements;
- (c) The ballots forms from any secret ballot conducted by the Association, except that same may, at the sole discretion of the Board, be provided with redaction of information relating to the Owner(s) casting such ballots; and
- (d) Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy, including but not limited to social security numbers, dates of birth, personal bank account information, and driver's license numbers.

5. Fees/Costs. Any Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association. The Association may require prepayment of the actual cost of the requested records. Failure to pay such prepayment of costs shall be valid grounds for denying an Owner copies of such records. If after prepayment it is determined that the actual cost was more than the prepayment, Owner shall pay such amount prior to delivery of the copies. If after prepayment it is determined that the actual cost was less than the prepayment, the difference shall be returned to the Owner with the copies. There shall be no cost to any Owner accessing records which are required to be disclosed by Colorado law at no cost to Owners.

6. Inspection. The Association reserves the right to have a third party present to observe during any inspection of record by an Owner or the Owner's representative.

7. Original. No Owner shall remove any original book or record of the Association from the place of inspection nor shall any Owner alter, destroy or mark in any manner, any original book or record of the Association.

8. Creation of Records. Nothing contained in this Policy shall be construed to require the Association to create records that do not exist or compile records in a particular format or order.

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

10. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Timber Springs.

11. 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.

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

**EXHIBIT TO**  
**TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION**  
**EXECUTIVE BOARD**  
**RESOLUTION**  
**INSPECTION AND COPYING OF ASSOCIATION RECORDS**

**AGREEMENT REGARDING INSPECTION AND COPYING OF RECORDS  
OF THE TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION**

I have requested to inspect and/or obtain copies of the following records of the Timber Springs Property Owners Association (be as specific as possible): \_\_\_\_\_  
The records shall be used for the following purpose(s) only: \_\_\_\_\_  
I understand that under the terms of the Colorado Revised Nonprofit Corporation Act, Association records may not be obtained or used for any purpose unrelated to my interest(s) as an Owner. I further understand and agree that without limiting the generality of the foregoing, Association records may not be:

- (A) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election held by the Association;
- (B) used for any commercial purpose;
- (C) sold to, otherwise distributed to, or purchased by any person;
- (D) any other purpose prohibited by law; or
- (E) any purpose not related to the reason specified in this Agreement.

In the event any document requested is used for an improper purpose or purpose other than that stated above, I will be responsible for any and all damages, penalties and costs incurred by the Association, including attorney fees resulting from such improper use. I will additionally be subject to any and all enforcement procedures available to the Association through its governing documents and Colorado law.

Understood and agreed to by:

\_\_\_\_\_  
Owner

Date: \_\_\_\_\_

Address: \_\_\_\_\_

TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION

EXECUTIVE BOARD

RESOLUTION

**DIRECTOR CONFLICTS OF INTEREST**

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Director Conflicts of Interest is hereby adopted and ratified:

1. **General Duty.** The Executive Board 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 the Association. All Directors shall comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and Rules and Regulations. As of the date of adoption of this Policy, conflicting interest transactions of directors and officers of the Association are governed by C.R.S. §7-128-501, pursuant to C.R.S. §38-33.3-310.5, and the provisions of this Policy are intended to comply with such statutes.

2. **Definition.** A "conflicting interest transaction" is defined as a contract, transaction or other financial relationship between the Association and a director of the Association, 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.

3. **Disclosure of Conflicting Interest Transaction.** Any conflicting interest transaction on the part of any Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Executive Board at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the interested Director may participate in the discussion of the matter, and may vote on the matter, in compliance with the Director's duties to the Association. The minutes of the meeting shall reflect the disclosure made, the composition of the quorum and record who voted for and against.

4. **Failure to Disclose Conflicting Interest Transaction.** No conflicting interest transaction entered into in violation of this policy shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a member or by or in the right of the Association, solely because the conflicting interest transaction involves a Director or a party related to a Director or an entity in which a Director is a director or officer or has a financial interest or solely because the Director is present at or participates in the meeting of the Association's Executive Board that authorizes, approves or ratifies the conflicting interest transaction or solely because the Director's vote is counted for such purpose if:

a. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Executive Board and the Executive Board in good faith authorized, approves, or ratifies the conflicting interest transaction



by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

b. The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the members of the Association entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or

c. The conflicting interest transaction is fair as to the Association.

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

6. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Timber Springs.

7. 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.

### CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION  
EXECUTIVE BOARD  
RESOLUTION  
**COLLECTION OF UNPAID ASSESSMENTS**

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Collection of Unpaid Assessments is hereby adopted and ratified:

1. **Due Dates.** The annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable in full thirty (30) days after invoice to the Owners by the Association. Assessments or other charges not paid in full to the Association on or before the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association when due shall incur interest as provided below.

2. **Receipt Date.** The Association shall post payments on the day that the payment is received by the Association.

3. **Late Charges on Delinquent Installments.** The Association shall impose interest from the date due at the rate of 18% per annum on the amount owed for each Owner who fails to timely pay their installment of the annual assessment within 30 days of the due date.

4. **Personal Obligation for Late Charges.** The interest charged on a delinquent assessment shall be the personal obligation of the Owner(s) of the unit for which such assessment or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of assessments.

5. **Return Check Charges.** In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association or this Resolution, a reasonable fee, not to exceed \$20.00, shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. This returned check charge shall be a default assessment for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such return check charge shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner(s) of the unit for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, Rules and Regulations or this Resolution after the effective date of this Resolution. This return check charge shall be in addition to any late fees or interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the installment of the annual assessment is not timely made within 30 days of the due date.

6. Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

7. Application of Payments. All payments received on account of any Owner, shall be applied to payment of any and all legal fees and costs (including attorney fees), expenses of enforcement and collection, late charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Articles, Bylaws, Rules and Regulations, or this Resolution, prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.

8. Collection Process.

(a) After an installment of an annual assessment or other charges due to the Association becomes more than 60 days delinquent, the manager shall send a written notice ("First Notice") of non-payment, amount past due, notice that interest has accrued and request for immediate payment.

(b) After an installment of an annual assessment or other charges due to the Association becomes more than 90 days delinquent, the manager shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that interest has accrued, notice of intent to file a lien statement and request for immediate payment.

(c) After an installment of an annual assessment or other charges due to the Association becomes more than 120 days delinquent, the manager shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorney shall file a lien and send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due. Upon further review, the Association's attorney may file a lawsuit. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney's fees together with the cost of the action and any applicable interest and late fees.

(d) In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

9. Certificate of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee upon written request, first class postage prepaid, return receipt, to the Association's agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property for a \$50.00 fee.

10. Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any unit within the Association, the manager shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

11. Judicial Foreclosure. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or other circumstances favor such action.

12. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Executive Board shall determine appropriate under the circumstances.

13. Defenses. Failure of the Association to comply with any provision in this Policy shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Policy.

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

15. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Timber Springs.

16. 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.

### CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION  
EXECUTIVE BOARD  
RESOLUTION  
**ENFORCEMENT OF COVENANTS AND RULES**

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Enforcement of Covenants and Rules is hereby adopted and ratified:

1. **Reporting Violations.** Complaints regarding alleged violations may be reported by an Owner or resident within Timber Springs, a group of Owners or residents, the Association's management company, Board member(s) or committee member(s) by submission of a written complaint.

2. **Complaints.**

(a) Complaints by Owners or residents shall be in writing and submitted to the Executive Board through the Association's manager. The complaining Owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Violator"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. Non-written complaints or written complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the Association.

(b) Complaints by a member of the Executive Board, a committee member, or the manager, if any, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Director or Manager.

3. **Investigation.** Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by the Association's manager or a member of public safety staff.

4. **Initial Warning Letter.** If a violation is found to exist, a warning letter shall be sent to the Violator explaining the nature of the violation. The Violator will have fifteen (15) days from the date of the letter to come into compliance. With respect to matters which are an immediate nuisance or capable of immediate cure, the Violator may be given such shorter period of time to come into compliance and the Association's manager or public safety staff may reasonably determine.

5. **Continued Violation After Initial Warning Letter.** If the alleged Violator does not come into compliance within the period of time stated in the first warning letter, this will be considered a second violation for which a fine may be imposed following notice and opportunity for a hearing. A

second letter shall then be sent to the alleged Violator, providing notice and an opportunity for a hearing, and explaining if a violation is found to exist, a fine may be imposed pursuant to this Policy. The letter shall further state that the alleged Violator is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within ten (10) days of the date on the second violation letter. If the alleged Violator does not timely request a hearing, he or she shall be deemed to have waived any and all rights to a hearing with respect to the matter.

6. Continued Violation After Second Letter. If the alleged Violator does not come into compliance within the later of thirty (30) days of the second letter, or, in the event the alleged Violator has requested a hearing after receipt of the second letter, thirty (30) days after that hearing if the merits of the matter are determined against the alleged Violator at the hearing, this will be considered a third violation for which a fine may be imposed. A third letter shall then be sent to the alleged Violator, explaining that a violation has been found to exist, and that a fine is imposed pursuant to this Policy. The alleged Violator shall not be entitled to advance notice of the fine or an opportunity for a hearing because, in connection with delivery of the second letter to the Violator, Violator shall have either not requested a hearing and therefore waived any right thereto, or shall have had a hearing at which the merits of the matter were determined against the alleged Violator.

7. Continued Violation After Third Letter. If the alleged Violator does not come into compliance within thirty (30) days of the third letter, this will be considered a fourth violation for which a fine may be imposed. A fourth letter shall then be sent to the alleged Violator, explaining that a violation has been found to exist, and that a fine is imposed pursuant to this Policy. Again, The alleged Violator shall not be entitled to advance notice of the fine or an opportunity for a hearing because, in connection with delivery of the second letter to the Violator, Violator shall have either not requested a hearing and therefore waived any right thereto, or shall have had a hearing at which the merits of the matter were determined against the alleged Violator.

8. Notice of Hearing. If a hearing is requested by the alleged Violator, the Board, committee or other person conducting such hearing as may be determined in the sole discretion of the Board (the "Hearing Panel"), may serve a written notice of the hearing to all parties involved at least ten (10) days prior to the hearing date.

9. Hearing. At the beginning of each hearing, the presiding officer, shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative, may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. Neither the Complainant nor the alleged Violator are required to be in attendance at the hearing. The Hearing Panel shall base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Hearing Panel, all hearings shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Hearing Panel shall, within a reasonable time, not to exceed ten (10) days, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner, shall be by a majority of the Hearing Panel members present at the hearing. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

10. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within ten (10) days of any letter, or fails to appear at any hearing, the Hearing Panel may make a

decision with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be assessed a fine pursuant to these policies and procedures.

11. Notification of Decision. The decision of the Hearing Panel, shall be in writing and provided to the Violator and Complainant within ten (10) days of the hearing, or if no hearing is requested, within ten (10) days of the final decision.

12. Fine Schedule. The following fine schedule has been adopted for all recurring covenant violations:

- (a) First violation: Warning letter
- (b) Second violation (of same covenant or rule): \$100.00
- (c) Third violation (of same covenant or rule): \$500.00
- (d) Fourth and subsequent violations (of same covenant or rule): \$1,000.00

Third and subsequent covenant violations may be turned over to the Association's attorney to take appropriate legal action.

13. Waiver of Fines. The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the Violator coming into and staying in compliance with the Articles, Declaration, Bylaws or Rules.

14. Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

15. DRB Violations. Notwithstanding any provisions contained in this Resolution, in the event of any specific violations of applicable DRB rules, regulations or design guidelines, then enforcement provisions of the design guidelines or DRB rules and regulations shall apply if they are inconsistent with the provisions of this Resolution.

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

17. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws and the law of the State of Colorado governing Timber Springs.

18. 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.

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary



TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION  
EXECUTIVE BOARD  
RESOLUTION  
INVESTMENT OF RESERVE FUNDS

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Investment of Reserve Funds is hereby adopted and ratified:

1. Scope. In order to properly maintain areas in Timber Springs that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' units and livability in Timber Springs, the Executive Board determines that it is necessary to have policies and procedures for the investment of reserve funds.

2. Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions of Timber Springs that the Association is responsible for and for such other funding as the Executive Board may determine. Certain of the portions of Timber Springs that the Association is responsible for typically have limited but reasonably predictable useful lives.

3. Investment of Reserves. The Executive Board of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies:

(a) *Safety of Principal*. Promote and ensure the preservation of the Reserve Fund's principal.

(b) *Liquidity and Accessibility*. Structure maturities to ensure availability of assets for projected or unexpected expenditures.

(c) *Minimal Costs*. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.

(d) *Diversify*. Mitigate the effects of interest rate volatility upon reserve assets.

(e) *Return*. Funds should be invested to seek a reasonable rate of return.

4. Limitation on Investments. Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.

5. Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.

6. Independent Professional Investment Assistance. The Executive Board of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.

7. Review and Control. The Board shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.

8. Reserve Study. In order to determine funding of the Reserve Fund, the Executive Board may determine, with the assistance and advice of professionals, the life expectancy of those portions of Timber Springs to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a "Reserve Study").

9. Review of Reserve Study. The Executive Board shall cause the Reserve Study, if any, and reserve funding to be reviewed and updated periodically, to adjust and make changes in costs, inflation and interest yield on invested funds, plus modification, addition or deletion of components.

10. Standard of Conduct. With regard to the investment of the Reserve Fund, the officers and Directors of the Association shall discharge such persons' duties as a Director or officer:

- a. In good faith;
- b. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- c. In a manner the Director or officer reasonably believes to be in the best interests of the Association.

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

12. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Timber Springs.

13. 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.

### CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION  
EXECUTIVE BOARD  
RESOLUTION

**ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES**

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Adoption and Amendment of Policies, Procedures and Rules is hereby adopted and ratified:

1. **Scope** The Executive Board of the Association may, from time to time, adopt certain Policies as may be necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law. In order to encourage Owner participation in the development of such Policies and to insure that such Policies are necessary and properly organized, the Board shall follow the following procedures when adopting any Policy.

2. **Drafting Procedure.** The Board shall consider the following in drafting the Policy: (a) whether the governing documents or Colorado law grants the Board the authority to adopt such a Policy; (b) the need for such Policy based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and (c) the immediate and long-term impact and implications of the Policy.

3. **Notice and Comment.** A copy of the proposed Policy shall be provided to all Owners or posted on the Association's website and Owners shall be allowed a minimum of thirty (30) days to provide comment and/or feedback on the proposed Policy. The adoption of every Policy shall also be listed on the agenda for the Board meeting prior to adoption by the Board and any Owner who wishes to comment on the proposed Policy shall be afforded such opportunity in compliance with Colorado law.

4. **Emergency.** The Board may forego the notice and opportunity to comment in the event the Board determines in its sole discretion that providing notice and opportunity to comment is not practical given the emergency nature of such Policy.

5. **Adoption Procedure.** After the period for Owner comment expires, the Board may adopt any Policy. Upon adoption of a Policy, the Policy or notice of such Policy (including the effective date) shall be provided to all Owners by any reasonable method as determined by the sole discretion of the Board, including but not limited to posting on the Association's website.

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

7. **Supplement to Law.** The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Timber Springs.

8. 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.

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

TIMBER SPRINGS PROPERTY OWNERS ASSOCIATION  
EXECUTIVE BOARD  
RESOLUTION  
**DISPUTE RESOLUTION**

\_\_\_\_\_, 2007

The Executive Board of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

**RESOLVED**, that the following Policy of the Association related to Dispute Resolution is hereby adopted and ratified:

1. **Intent to Avoid Litigation.** The Association, its officers, directors and committee members, all persons subject to the Declaration including Owners, and any person not otherwise subject to the Declaration who agrees to submit to this Policy (collectively, "**Bound Parties**") agree to encourage the amicable resolution of disputes involving Timber Springs Property Owners Association, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein ("**Claims**") shall be resolved using the procedures set forth below in lieu of filing suit in any court.

2. **Claims.** Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Association Documents, or the rights, obligations and duties of any Bound Party under the Association Documents shall be subject to the provisions of this Section. Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of this Section:

a. Any suit by the Association against any Bound Party to enforce the provisions of the Declaration relating to Assessments and the collection of Assessments.

b. Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the architectural standards and use restrictions and rules;

c. Any suit between Owners, which does not include the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;

d. Any suit in which any indispensable party is not a Bound Party; and

e. Any suit as to which any applicable statute of limitations would expire within 180 days of giving the notice required below.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth below.

3. Mandatory Procedures.

a. Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

i. The nature of the Claim, including the Persons involved and Respondent's role in the Claim;

ii. The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

iii. Claimant's proposed remedy; and

iv. That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

b. Negotiation and Mediation.

i. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Executive Board may appoint a representative to assist the Parties in resolving the dispute by negotiation.

ii. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Eagle County, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Eagle County, Colorado, area.

iii. If Claimant does not submit a claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

iv. Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that the mediation was to be mediated.

v. Within five (5) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement

Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

c. Final and Binding Arbitration.

i. If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration as may be required by the agency providing the arbitrator. The arbitrator shall be a single arbitrator to be appointed by the Parties. If the Parties are unable to agree upon an arbitrator within thirty (30) days of the Claim being submitted to arbitration, the presiding judge of Eagle County, Colorado shall appoint a qualified arbitrator upon application of a Party. No person shall serve as the arbitrator where that person has any financial or personal interest in the result of the arbitration. Any person designated as an arbitrator shall immediately disclose in writing to all Parties any circumstance likely to affect the appearance of impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Arbitrator Disclosure"). If any Party objects to the service of any arbitrator within fourteen (14) days after receipt of that Arbitrator's Disclosure, such arbitrator shall be replaced in the same manner in which that arbitrator was selected. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

ii. This subsection is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Colorado. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

d. Enforcement of Resolution. After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award including, without limitation, attorneys' fees and court costs.

3. Claim for Damages. Damages alleged or awarded in connection with a Claim shall be limited to actual damages. No punitive, incidental, consequential or other damages shall be claimed or awarded.

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

5. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing Timber Springs Property Owners Association.

6. 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.

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Timber Springs Property Owners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on \_\_\_\_\_, 2007, at which a quorum was present.

Dated: \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_, Secretary