

**RESOLUTION OF THE BOARD OF DIRECTORS OF WATERVIEW I  
METROPOLITAN DISTRICT CONCERNING THE IMPOSITION  
OF CAPITAL, OPERATIONS AND MAINTENANCE FEE INCLUDING STORM  
WATER, DRAINAGE, COVENANT ENFORCEMENT, ARCHITECTURAL REVIEW  
AND DISTRICT MAINTENANCE FEES**

THIS RESOLUTION CONCERNING THE IMPOSITION OF CAPITAL, OPERATIONS AND ADMINISTRATION FEES INCLUDING COVENANT ENFORCEMENT, ARCHITECTURAL REVIEW AND DISTRICT MAINTENANCE FEES (the "Resolution") is made and entered into by the Waterview I Metropolitan District (the "District") to be effective as of the 10<sup>TH</sup> day of August, 2016.

WHEREAS, the District is authorized pursuant to §32-1-1001(1)(j)(I) of the Colorado Revised Statutes ("C.R.S."), to fix and impose fees, rates, tolls, charges and penalties for services, programs or facilities provided by the District which, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the Service Plan for Waterview I Metropolitan District (the "Service Plan") similarly empowers the District to impose fees, rates, tolls, charges and penalties for services and facilities provided by the District; and

WHEREAS, pursuant to §32-1-1004(8), C.R.S., the District is authorized and empowered to provide covenant enforcement and design review services within the District and to take over most or all of the functions of a Waterview Homeowners Association ("HOA") as law permits so long as the revenues used to provide such services are derived from the area in which the services are furnished; and

WHEREAS, the District has decided to authorize and implement the establishment of an annual fee that would encompass capital, operations and administration fees, including covenant enforcement, architectural review and District maintenance fees for provision of services and handling of all HOA costs, expenses and services as permitted by statute to be performed by the District, which would include use and service fees for facilities and amenities within the District and the HOA (collectively referred to hereinafter as the "Service Fees"). The Service Fees will be calculated on an annual basis during the District's annual budget process taking into consideration those funds traditionally and reasonably assessed by an HOA for operations and maintenance, working capital and HOA reserves. The Service Fees will replace the HOA Fees and eliminate the need to assess a separate HOA Fee. The Service Fees will be charged on an annual basis against all residential dwelling units and finished lots that have the necessary utilities in place to provide all required services to qualify for a building permit and are ready and able to be developed within the boundaries of the District as reflected in the attached **Exhibit A**, which may be amended from time to time; and

WHEREAS, the Service Fees will be used to pay for the District's costs and expenses related to services and facilities provided by the District, including, but not limited to the landscaping, parks, open space, greenbelts, and recreation facilities, improvements, and services



along with the assumption of most or all of the functions traditionally handled by a HOA; and

WHEREAS, the District has decided to apply the Service Fees to residential dwelling units and permit ready lots within the District as that revenue will be used to offset amenities, services, facilities and costs that benefit both residents and those finished lots that are ready to be developed and have all infrastructure and improvements in place. The Service Fee revenue will also serve to increase the District's revenue stream at an earlier point in time to the benefit to the District's future residents, property owners and taxpayers, by using the Service Fees rather than mill levies to help pay for these contemplated costs in the operations and administration of the District facilities and services; and

WHEREAS, the District, Waterview Investments, LLC ("Developer") and the HOA have determined that it is not economical or desirable to have the HOA and the District provide concurrent services. Rather, it would be advantageous to have the District provide HOA functions, including design review and covenant enforcement, and provide for recreation-related facilities, services and other amenities. The District will also adopt and ratify the current HOA Policies for Collection of Unpaid Assessments, Director and Officer Conduct, Conduct of Meetings, Enforcement, Records Inspection and Copying, Adopting and Amending Policies, Procedures and Rules, Alternate Dispute Resolution, Reserve Studies and Investment of Reserve Funds of the HOA and any updates to those policies and procedures will be implemented on a periodic basis through public meetings held to approve any changes to those policies and procedures by the District. A copy of those current policies adopted and implemented by the HOA are attached hereto as **Exhibit B** and incorporated, ratified and approved by reference; and

WHEREAS, the District believes that imposing the Service Fees on each of the permit ready lots and/or residential dwelling units within the District, the elimination of the need to have the HOA perform the same or similar services and impose any additional fees, as well as the benefits and efficiencies in having the District undertake and perform traditional HOA functions to the extent allowed by law, shall serve to increase the District's revenue stream, reduce the number and amount of fees assessed against property owners, and shall be a benefit to the District's residents, property owners and taxpayers, and

WHEREAS, the District desires to continue to impose the Service Fees against the residential dwelling units and permit ready lots that are able to apply for a building permit and able to be developed within the District on an annual basis.

NOW THEREFORE, the Board of Directors of the District hereby RESOLVES as follows:

1. The Service Fees shall be One Hundred-Fifty Dollars (\$150.00) per year and shall be due and payable EITHER in one (1) lump sum payment on March 1, OR billed in accordance with the current collection policy of the HOA, and shall be assessed against all permit ready lots that are permit ready and able to be developed within the District and against residential dwelling units on an annual basis. Service Fees will be due and owing from the owner of a permit ready residential lot at the time an initial acceptance letter has been written and shall be prorated for that

calendar year from the date of the acceptance letter, if needed. The Service Fees may be adjusted in the future based upon the District's annual budget.

2. The Service Fees on a permit ready commercial lot are due and payable by the owner when a building permit may be issued through the Pikes Peak Regional Building Department. The Service Fees will be assessed from the date of issuance of the building permit. The Service Fees on a commercial lot will be at a minimum the same rate as a residential lot, but may be adjusted due to added landscape or other conditions. Service Fees on commercial lots will be reviewed when the architectural design application is submitted with the site plans to the District and collected at the time of building permit. The Service Fees shall be due and payable in one (1) lump sum payment on March 1, or billed in accordance with the current collection policy of the HOA, and shall be prorated for the portion of the quarter in which Service Fee is in effect.

3. The Service Fees shall primarily be used for the assumption of the HOA functions, storm water and drainage expenses, covenant enforcement, district administrative expenses in conjunction with services for the users, etc. Those costs of the District include, but are not limited to, operations and maintenance of landscaping and common areas, operations and maintenance of the park and recreation facilities and improvements, and other District operations and maintenance costs associated with maintaining the amenities, public improvements and the costs associated with the District assuming the ownership and operation of all facilities, improvements and services traditionally provided by a HOA as permitted by Colorado law. The primary purpose of the fee is to defray the cost of services to those charged. The Service Fees shall be due and owing to Waterview I Metropolitan District.

4. The HOA has agreed to transfer its existing operations and maintenance funds to the District to continue the design review and covenant enforcement, HOA type management and administration services that would otherwise have been provided by the HOA at the HOA's expense through the Service Fees, which shall replace and eliminate the current HOA fees.

5. Any Service Fees contemplated herein that are not paid in full within fifteen (15) days after the scheduled due date shall be assessed a late fee of fifteen dollars (\$15.00), per §29-1-1102(3), C.R.S. Pursuant to §29-1-1102(7), C.R.S., interest will also accrue on any outstanding Service Fees, exclusive of assessed late fees, at the rate of eighteen percent (18%) per annum.

6. All Service Fees shall be due, owing and payable to the District, in cash or an equivalent form made payable to "Waterview I Metropolitan District." In the event that any Service Fees established hereunder remains unpaid forty-one (41) days after its respective due date, the District's General Counsel shall undertake collection efforts for any and all outstanding amounts. All collections efforts shall be made pursuant to, and in accordance with, applicable state and federal laws. The District's General Counsel shall be entitled to charge reasonable legal fees and any related costs and expenses to the owners of any such real property for said collection efforts.



7. Notwithstanding anything contained in this Resolution to the contrary, no Service Fees shall be due from, or with respect to, any real property within the District for: (a) any school site dedicated to a school district, provided that the acreage of said site does not exceed eleven (11) acres; (b) any property dedicated or conveyed to a homeowners association serving property within the Districts, which does not exceed ten (10) acres; and/or (c) any property required by the City of Colorado Springs to be dedicated to the City of Colorado Springs, the public, or any other governmental entity for public rights-of-way, or that is required to be conveyed to another special district for the operation of public facilities including, but not limited to, streets, trails, sidewalks, landscape areas and similar facilities.

8. In addition, pursuant to the Agreement between the Waterview I Metropolitan District and the Waterview Homeowners Association, Inc., the District shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with the design review and covenant enforcement services assumed by the District to ensure that such costs are the responsibility of the benefitted District residents. All such fees shall be based upon the District's determination that such fees do not exceed reasonable annual market fee for users of such facilities.

9. All Service Fees and all other fees, rates, tolls, charges and penalties contemplated herein shall, until paid, constitute a perpetual lien on and against the property served or to be served by any improvements provided by the District or to be provided by the District within a reasonable amount of time. All such liens shall be in a senior position as against all other liens of record affecting the property served or benefitted, or to be served or benefitted by improvements of the District and shall run with the Property as defined in the Covenants and Restrictions of Waterview and remain in effect as to any portion of such property on which the appropriate fee has not been paid. All liens contemplated herein may be foreclosed in any manner authorized by law at such time as the District may determine that fees hereunder have not been paid as required.

10. If any clause or provision of this Resolution is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable clause or provision shall not affect the validity of the Resolution as a whole but shall be severed here from, leaving the remaining clauses or provisions in full force and effect.

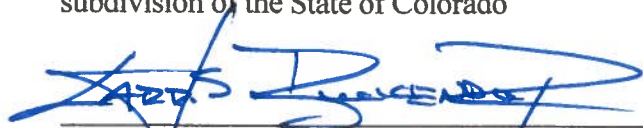
11. This Resolution supersedes any and all prior Resolutions approved and adopted by the District concerning Service Fees. All such prior Resolutions are hereby null and void, being superseded in their entirety by this Resolution.

Handwritten signature or initials, possibly "JB", in black ink.

ADOPTED AND APPROVED to be effective as of the 10<sup>th</sup> day of August, 2016.

**WATERVIEW I METROPOLITAN DISTRICT**  
a quasi-municipal corporation sand political  
subdivision of the State of Colorado

(SEAL)

  
\_\_\_\_\_  
Acting Interim President

ATTEST:

  
\_\_\_\_\_  
Secretary

**WATERVIEW INVESTMENTS, LLC**  
a Colorado limited liability company

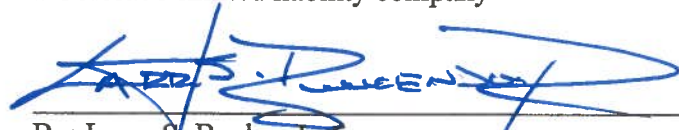
  
\_\_\_\_\_  
By: Larry S. Buckendorf  
Its: Authorized Agent



EXHIBIT "B"

RESOLUTION OF THE BOARD OF DIRECTORS OF WATERVIEW HOMEOWNERS ASSOCIATION, INC.

At a special meeting of the Board of Directors ("Board") held on January 1, 2013, by motion and vote, the Board adopted the following resolution concerning policies and compliance with SB 05-100:

WHEREAS, ARTICLE IV of the Declaration of Covenants, Conditions and Restrictions authorizes the Waterview Homeowners Association, Inc. ("Association") to govern the affairs of the Association and to adopt rules and regulations and;

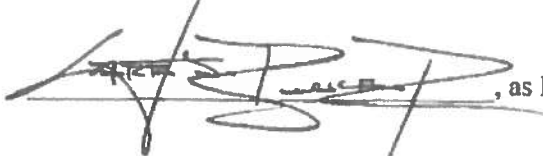
WHEREAS, the Colorado Common Interest Ownership Act requires Common Interest Communities to adopt certain policies; and

WHEREAS, the Board agrees that policies are beneficial in that they provide information to Members/Owners concerning management procedures implemented by the Board.

THEREFORE, it is hereby resolved:

Policies for Collection of Unpaid Assessments, Director and Officer Conduct, Conduct of Meetings, Enforcement, Records Inspection and Copying, Adopting and Amending Policies, Procedures and Rules, Alternate Dispute Resolution, Reserve Studies and Investment of Reserve Funds, as attached hereto, are adopted as policies of the Association on the effective date set forth below.

BY THE BOARD OF DIRECTORS OF  
WATERVIEW HOMEOWNERS ASSOCIATION, Inc.

 , as President

The undersigned hereby attests that the above resolution was properly adopted at the referenced meeting as reflected in the minutes of said meeting.

 , as Secretary

Effective date: 1/1/13



## COLLECTION OF UNPAID ASSESSMENTS

Pursuant to the Declaration of Covenants, Conditions and Restrictions for the Association, Assessments are due on the first day of January each year, or at a date specified by the Board of Directors ("Board").

If the full amount of any assessment due is not received by the Association within ten (10) days of when due, the assessment shall be considered delinquent. At such time, a late charge of \$25 shall be assessed to the delinquent account. If payment is not made within ten (10) days after the date of any notice of default, the delinquent assessments (including late fees) shall bear interest from the due date at a rate determined by the Board, not to exceed the lower of eighteen percent (18%) per annum, or the maximum rate permitted by law, from the due date until paid in full. In the event of a delinquent assessment, the Board may mail to the address of the property within the Association's community owned by the delinquent Owner, if any, a reminder letter, the format and contents of which shall be determined by the Board and may be amended by the Board from time to time, in accordance with Article VIII of the Declaration, Section 8.1. The Association, upon the written request of the Owner delivered to the Association personally or by certified mail, return receipt requested, postage prepaid, will mail the notice of delinquency to another address as set forth in the Owner's written request.

Late fees will be assessed every quarter (beginning in April) that the account remains in arrears. Payments received from an owner will be applied first to late fees, then to interest, then to expenses incurred by the Association including legal fees and last to the monthly assessments.

Any account that is delinquent for more than sixty (60) days will be subject to additional sanctions to include termination of trash service, suspension of voting rights or any other enforcement remedy deemed appropriate by the Board.

If the delinquent assessment, late fee and interest are not paid within the time frame set forth in the reminder letter, the Board may send a second letter requesting payment within a time as determined by the Board, but shall also be entitled to refer the matter to its legal counsel for collection. Additionally, the Board shall be entitled to record a notice of assessment lien against the property of the delinquent Owner.

If an Owner's account becomes four month's delinquent, collection will be turned over to an Association attorney, or to whomever Association delegates, for the filing of a lien. A copy of the lien statement will be sent to the Owner to advise the Owner of that action being taken. All costs and fees associated with the filing of the lien will be assessed against the Owner and added to the Owners account.

When the Owner's account becomes six month delinquent, the Association's attorney may be instructed to initiate collection on the account. Collection may take the form of a personal suit against the Owner, foreclosure on the lien to have the property sold or the appointment of a receiver to take over the property to generate income. All costs and fees incurred by the Association in any collection action will be assessed against the Owner.

Any Owner experiencing financial difficulties are encouraged to contact the Association rather than let the account become more and more delinquent. If the Board considers that the Owner is making a good faith effort to pay any arrearage, referral to the Association's attorney may be delayed, in the Board's sole and absolute discretion.

## DIRECTOR AND OFFICER CONDUCT

The Colorado Revised Nonprofit Corporation Act imposes upon Directors and Officers obligations regarding their conduct and dealing with conflicts of interest. This policy incorporates those statutory provisions as well as imposing additional requirements.

### Standards of Conduct:

Directors and Officers shall discharge their duties in good faith, with the care that an ordinarily prudent person would exercise in a like position and under similar circumstances, and in a manner that he/she reasonably believes to be in the best interests of the Association.

The duty of care includes the following:

- Knowledge of the provisions in the Association's Articles of Incorporation, Bylaws, Declaration of Covenants and rules, regulations and policies.
- Directors act through the Board of Directors ("Board") as a governing body and have no authority to make decisions or authorize action without having been given express authority to do so by the Board.
- Directors should attend Board and membership meetings and diligently pursue any duties or tasks they are directed or volunteer to complete.
- Officers are designated certain duties by the Association bylaws and should fulfill those duties and other duties normally associated with that office. Where an Officer is uncertain as to authority to act in that capacity, he should seek guidance from the Board.

### Standards of Behavior:

Directors and Officers are acting in a professional capacity and must understand that they are managing a business. Their behavior should be professional. Professional behavior includes courtesy towards Association Members, Association managers and Association vendors. Professional behavior includes the avoidance of profanity or other inappropriate language or conduct, whether at meetings or in other places.

### Conflicts of Interest:

"Conflicting Interest Transaction" means any relationship, whether contractual, financial, familial, or ownership, between a Director/Officer and the Association, between a person related to a Director/Officer and the Association or between an entity in which the Director/Officer has an interest and the Association.

"Conflict of Interest" shall mean a Conflicting Interest Transaction or other interest in a matter that could result in a Director or Officer violating their Duty of Care as set forth in the Colorado Revised Nonprofit Corporation Act.

The Association shall not make any loans to any Director or Officer.

Where the Association is considering entering into a transaction that would constitute a Conflicting Interest Transaction or that involves a Conflict of Interest, any Director or Officer who has the relationship that creates the Conflicting Interest Transaction or who has a Conflict of Interest shall disclose to the Board the

material facts as to that relationship or conflict. Where a Director or Officer is uncertain as to whether they have a conflict, they should disclose material facts regarding the relationship.

The Association shall enter into Conflicting Interest Transactions only if the following are met:

1. The Conflicting Interest Transaction is fair to the Association
2. The material facts of the relationship giving rise to the Conflicting Interest Transaction have been made known to the Board
3. The Board, acting in good faith and by majority vote without the participation of the conflicted Director, approves the Conflicting Interest Transaction.

Where a Director or Officer has a Conflict of Interest, they shall abstain from any discussion, vote or decision related to the matter involving the Conflict of Interest.

## CONDUCT OF MEETINGS

### Meetings of Members:

1. Annual meetings of Members are held primarily for the purpose of the election of Members to the Board of Directors ("Board") but may include such other matters as may properly come before membership pursuant to the Declaration or Bylaws.
2. Special meetings of Members may be called pursuant to the Bylaws.

### Notice:

1. Notice of membership meetings shall be given pursuant to the Bylaws by first class prepaid postage in the U.S. mail, mailed to the Member's address of record with the Association. **It is critical that if Members change their address, they update the address of record by notifying the Association manager or secretary.**
2. Notice of membership meetings may also be posted on the web page.
3. If a Member desires to receive notice by electronic mail, the Member must request to receive notice by electronic mail and must provide the Association with their e-mail address. The request should be in writing and notice to cease e-mail notification should likewise be in writing.

### Procedures:

1. Colorado law requires that the election of the Board be by secret written ballot where their positions are contested. Any other matter may be conducted by secret ballot upon the request of twenty percent (20%) of Owners who are present in person or by proxy at the meeting.
2. Votes are to be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners, but not Board members or candidates for Board positions, who are selected in a fair manner by the presiding officer.
3. Members may vote at meetings without attending by appointing a proxy to vote for them. Proxy forms will be included with the notice of meeting. While other forms can be used, it is recommended that the Association form be used to avoid the possibility of the proxy being determined invalid.
4. The Association will use a simplified form of Robert's Rules of Order in the conduct of meetings. Members shall have the opportunity to speak on any topic during the discussion period prior to voting. The Board may place limitations on the length of time Members are allowed to speak.
5. Members shall conduct themselves appropriately. Speaking out when not recognized or interruption of proceedings shall not be permitted. Name-calling, use of foul language or any form of aggressive behavior shall not be permitted. If a Member cannot properly conduct themselves, law enforcement shall be contacted to remove the Member and/or the meeting may be postponed.

**Meetings of the Board of Directors:**

1. Meetings of the Board are open for attendance by Members or their properly designated representatives.

2. At the beginning of each meeting, Members in attendance will be given agendas for the meeting. After the meeting is called to order and after the routine matters such as Officer reports has been taken care of, Members shall have an opportunity during a "Members' Forum" period to make comments or voice concerns on any matter on the agenda or other matters of concern to them. The Board may limit the length of time any particular Member may speak on a topic. If the number of Members in attendance is large, The Board may limit the number of Members entitled to speak on any one topic.

3. Other than comments during the Members' Forum, Members may not participate in deliberation or discussion of matters before the Board unless expressly authorized to do so by a majority of the Board. If a matter not on the agenda comes up for formal action by the Board and was not previously addressed by Members in attendance, the Board will allow Members to comment on the topic before the Board takes any action.

4. Members in attendance at Board meetings shall conduct themselves appropriately. Speaking out when not recognized or interruption of the Board deliberations shall not be permitted. Name-calling, use of foul language or any form of aggressive behavior shall not be permitted. If a Member cannot properly conduct themselves, law enforcement will be contacted to remove the Member and/or the meeting may be postponed.

*JB*

## ENFORCEMENT

The following policy applies to routine covenant or rules enforcement. It does not apply to collection of assessments, emergency situations or in any other situation where the Board of Directors ("Board") determines that deviation from the policy is appropriate.

The Association manager and Board are not available on the property 24 hours a day and therefore must rely on Members to report incidents of covenant or rule violation. When any person (including Board members or management) observes a covenant violation and desires to report it, the report must be in writing and given to the Association manager. At a minimum, the report must contain the following information:

1. Name of violator if known or address if known.
2. Date and time incident was observed
3. Description of the incident; photographs are encouraged
4. Name of the person reporting the incident

If a Member is not willing to put the report in writing, the Board will take the position that the violation was not sufficiently severe to warrant enforcement. In taking enforcement action on any violation, the Board must be able to prove that the violation occurred. Whether it can prove the violation will in most cases depend on the person observing the incident and their willingness to report.

The Board will keep the name of the person reporting the violation confidential until and unless it becomes necessary as part of enforcement proceedings for that person to be identified.

When a violation is reported, the Association will take the following actions:

1. **First Notice of Violation-Courtesy Notice**  
Owner will receive a Courtesy Notice by regular mail, stating they are in violation of the covenants, rules and regulations or other governing documents of the Association.
2. **Second Notice of Violation**  
If the Owner has not complied by ceasing and correcting the violation within 30 days of mailing of the first notice of violation, the Owner shall be sent a second notice by regular mail, certified mail or personal delivery, again giving the nature of the violation. This notice shall inform the Owner that they must, within 30 days of mailing of the second notice, cease committing the violation and must take corrective action to remedy the violation.  
  
If the violation involves a failure to submit plans for approval by the Architectural Control Committee as required by the Residential Improvement Guidelines and Site Restrictions, Section 1.1 within said time, the Owner shall cease further violation and shall submit the required plans.
3. **Third Notice of Violation-sent 30 days after 2<sup>nd</sup> Notice of Violation**  
If the Owner has failed to cease the violation, take corrective action or submit plans within 30 days of the second notice, fines shall be imposed described as follows.

### **Fine Schedule**

Any fine imposed pursuant to the provisions set forth in this policy shall be imposed at the rate of \$50.00 for the first fine 30 days after the second violation notice, \$100.00 for the second fine 30 days after the first fine

notice, and \$150.00 for the third and subsequent fines beginning to accrue no earlier than ten (10) days following the Second Notice of Violation date. Beginning with the third fine the Owner may be advised that the Association may take whatever action it deems necessary, including alternate dispute resolution or legal action to reach compliance, and that the Owner shall be responsible for payment of any court costs, attorney fees, and other associated fees, any or all of which would be levied as an assessment. If the Owner is still not in compliance within 30 days subsequent to third notice additional fines will accrue at the rate of \$150.00/month until final resolution is reached.

When fines accrue against an owner to the amount of \$500.00, the Board shall take the position that the imposition of fines is ineffective in accomplishing compliance and shall then determine what further enforcement action is necessary.

Nothing in this policy requires the Board to assess fines before taking other forms of enforcement.

Any fines assessed shall be added to amounts due by the Owner and shall be a lien against the unit and enforceable as a lien pursuant to the Declaration and Colorado law.

Additional forms of enforcement include the Association taking corrective action at the expense of the Owner, the filing of a covenant enforcement action in court, and foreclosure on the Owner's unit. If legal action is necessary, the Owner shall be responsible for all attorneys' fees and costs.

## RECORDS INSPECTION AND COPYING

The following documents shall be maintained at the principal office of the Association and are available for inspection upon five (5) days written notice:

1. The Governing Documents (Articles of Incorporation, Bylaws, Declaration of Covenants and Rules and Regulations).
2. The Association's operating budget for the current fiscal year, including identification of the Association's fiscal year.
3. Annual financial statements for the year preceding the current fiscal year.
4. Results of any financial audit or review for the preceding fiscal year.
5. List of regular and special assessments.
6. List of all the Association's insurance policies to include company names, policy limits, policy deductibles, additional named insureds and expiration dates.
7. Minutes of the Board and Member meetings for the preceding year.
8. Association's policies.

If a Member desires copies of any of the above documents, copies will be made and mailed to the Member at the cost for such copying and mailing. The cost must be paid in advance.

If a Member desires to inspect or copy any Association records other than those listed above, the Member must put the request in writing providing for the following:

1. The notice must be received by the Association at least five (5) days prior to the requested inspection date.
2. If the requested inspection date is not available for the Association, the Member will be contacted to schedule a different date.
3. Inspection must occur during normal business hours.
4. The request must set forth the purpose for the inspection. If the Board determines that the purpose is not proper or the records are not relevant to the purpose, inspection and copying will not be allowed.
5. The request must specify the records to be inspected and copied.

The policy for copying any records inspected is the same as that above for records maintained by the Association.

Colorado law imposes disclosure requirements on an Owner when they sell their unit. The Association will cooperate in making those documents available to the Owner under the same copy cost requirements set forth above.

## **ADOPTING AND AMENDING POLICIES, PROCEDURES AND RULES**

The Board of Directors ("Board") believes that to involve the Members in the procedure for adoption of policies, procedures and rules would involve an inordinate amount of time that would either require additional volunteer time from Board members or additional billed time from the manager. The Board desires to avoid the expenditure of volunteer time or cost to the Association and therefore adopts the following policy

The Board shall promulgate policies, procedures and rules at its regular Board meetings, taking into account any comments from members at the meetings. The policies, procedures and rules shall then be published to Members with a designated effective date.

Any Member who believes a policy, procedure or rule to be unwise, unworkable or otherwise improper, may address the Board with their concerns at any regular Board meeting or may put their concerns in writing to the Board. The Board will then consider the concerns of the Member and if it deems the concerns valid will amend the policy, procedure or rule with publication to Member. The Board welcomes comment from Members.

## ALTERNATIVE DISPUTE RESOLUTION

One of the Board of Director's ("Board") goals in managing the Association is to foster a sense of community among its Members. Alternative dispute resolution, as opposed to strict covenant enforcement, is one of the means for accomplishing community. The Board has adopted policies on collections and covenant enforcement. Both policies give Owners adequate notice of problems and numerous opportunities to contact the Association's management company or the Board to work out a resolution. The Board encourages Owners to contact either the management company or the Board prior to enforcement action being taken to explain any circumstances that the Owner believes should mitigate enforcement action.

The Board further understands that other types of disputes arise between Members and the Association, primarily disagreements with Board decisions or challenges to procedures implemented by the Board. Again, the Board encourages Owners to contact either the management company or the Board to communicate the concerns. Time is allocated at Board meetings for such a purpose. The Board will strive to address the concerns raised.

The Board adopts no formal mediation or other alternative dispute resolution requirement.

## RESERVE STUDIES

The Association owns no common elements and has no maintenance obligation for improvements. Reserve funds and reserve studies are not required and no policies are adopted in that regard.

## INVESTMENT OF RESERVE FUNDS

The Association owns no common elements and has no maintenance obligation for improvements. Reserve funds and reserve studies are not required and no policies are adopted in that regard.

## **WATERVIEW HOMEOWNERS ASSOCIATION ENFORCEMENT POLICY**

The following policy applies to routine covenant or rules enforcement. It does not apply to collection of assessments, emergency situations or in any other situation where the Board of Directors ("Board") determines that deviation from the policy is appropriate.

The Association manager and Board are not available on the property 24 hours a day and therefore must rely on Members to report incidents of covenant or rule violation. When any person (including Board members) observes a covenant violation and desires to report it, the report must be in writing and given to the Association manager. At a minimum, the report must contain the following information:

1. Name of violator if known or address if known.
2. Date and time incident was observed
3. Description of the incident; photographs are encouraged
4. Name of the person reporting the incident

If a Member is not willing to put the report in writing, the Board will take the position that the violation was not sufficiently severe to warrant enforcement. In taking enforcement action on any violation, the Board must be able to prove that the violation occurred. Whether it can prove the violation will in most cases depend on the person observing the incident and their willingness to report.

The Board will keep the name of the person reporting the violation confidential until and unless it becomes necessary as part of enforcement proceedings for that person to be identified.

When a violation is reported, the Association will take the following actions:

### **1. First Notice of Violation-Courtesy Notice**

Owner will receive a Courtesy Notice by regular mail, stating they are in violation of the covenants, rules and regulations or other governing documents of the Association.

### **2. Second Notice of Violation**

If the Owner has not complied by ceasing and correcting the violation within 30 days of mailing of the first notice of violation, the Owner shall be sent a second notice by regular mail, certified mail or personal delivery, again giving the nature of the violation. This notice shall inform the Owner that they must, within 30 days of mailing of the second notice, cease committing the violation and must take corrective action to remedy the violation.

If the violation involves a parking violation as outlined in the Residential Improvement Guidelines and Site Restrictions, Section 2.61, then the timeframe between the first and second violation notices and also any fine notice shall be 7 days.

If the violation involves a failure to submit plans for approval by the Architectural Control Committee as required by the Residential Improvement Guidelines and Site Restrictions, Section 1.1 within said time, the Owner shall stop the improvement and shall submit the required plans within 14 days.

*B*

**3. Third Notice of Violation-sent 30 days after 2nd Notice of Violation**

If the Owner has failed to cease the violation, take corrective action or submit plans within 30 days of the second notice, fines shall be imposed described as follows.

**Fine Schedule**

Any fine imposed pursuant to the provisions set forth in this policy shall be imposed at the rate of \$50.00 for the first fine 30 days after the second violation notice, \$100.00 for the second fine 30 days after the first fine notice, and \$150.00 for the third and subsequent fines. Beginning with the third fine the Owner may be advised that the Association may take whatever action it deems necessary, including alternate dispute resolution or legal action to reach compliance, and that the Owner shall be responsible for payment of any court costs, attorney fees, and other associated fees, any or all of which would be levied as an assessment. If the Owner is still not in compliance within 30 days subsequent to third notice additional fines will accrue at the rate of \$150.00/month until final resolution is reached.

When fines accrue against an owner to the amount of \$500.00, the Board shall take the position that the imposition of fines is ineffective in accomplishing compliance and shall then determine what further enforcement action is necessary.

Nothing in this policy requires the Board to assess fines before taking other forms of enforcement.

Any fines assessed shall be added to amounts due by the Owner and shall be a lien against the unit and enforceable as a lien pursuant to the Declaration and Colorado law.

Additional forms of enforcement include the Association taking corrective action at the expense of the Owner, the filing of a covenant enforcement action in court, and foreclosure on the Owner's unit. If legal action is necessary, the Owner shall be responsible for all attorneys' fees and costs.

**Date of adoption:**

A handwritten signature in black ink, appearing to be "A. R. ...", is written over the text "Date of adoption:". The signature is somewhat stylized and overlaps the text below it.

**Approved By  
President**

**WATERVIEW HOMEOWNERS ASSOCIATION  
POLICY AND PROCEDURE FOR INSPECTION AND PHOTOCOPYING OF  
ASSOCIATION RECORDS**

**A. Information that must be disclosed to members:**

The following information is available either on the Association's web page: <http://www.waterviewhoa.net> or in a binder at the management office of the Association. The information is available for inspection upon reasonable notice:

1. The name of the Association, name of the Association's designated agent or management company and valid physical address and telephone number for both the Association and the designated agent or management company.
2. The name of the common interest community.
3. The initial date of recording of the Declaration and reception number or book and page for the main document that constitutes the declaration.
4. The date on which the Association's fiscal year commences.
5. The Association's operating budget for the current fiscal year.
6. A list of the Association's current assessments, including both regular and special assessments.
7. The Association's annual financial statements, including any amounts held in reserve for the year immediately preceding the current annual disclosure (the year preceding a new fiscal year).
8. Results of the most recent financial audit or review.
9. List of all the Association's insurance policies, including but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies. The list will include company names, policy limits, policy deductibles, additional named insureds and expiration dates for the policies listed.
10. The Association's bylaws, articles, rules and regulations and responsible governance policies.
11. Minutes of the Executive Board and member meetings for the fiscal year immediately preceding the current annual disclosure (the year preceding a new fiscal year).

**B. Documents that are maintained by the Association:**

The following documents are retained by the Association and are available for production to members:

1. Detailed records of receipts and expenditures affecting the operation and administration of the Association.
2. Records of claims for construction defects and amounts received pursuant to settlement of those claims.
3. Minutes of all meetings of the Association's member and Executive Board. A record of all actions taken by the members or the Executive Board without a meeting, and a record of all actions taken by any committee of the Executive Board.
4. Written communications among and the votes cast by, Executive Board members that are:
  - a. Directly related to an action taken by the Executive Board without a meeting pursuant to section C.R.S. 70128-202 (sets forth the procedure for taking action without a meeting).

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- b. Directly related to an action taken by the Executive Board without a meeting pursuant to the Association's bylaws.
5. The names of members in a form that permits preparation of a list of the names of all members and the physical mailing addresses at which the Association communicates with them, showing the number of votes each member is entitled to vote.
6. The Association's current Declaration, Covenants, Bylaws, Articles of Incorporation, rules and regulations, responsible governance policies and other policies adopted by the Executive Board.
7. Financial statements showing the Association's assets and liabilities and results of its operations for the past three years and tax returns of the Association for the past seven years.
8. A list of the names, electronic mail addresses, and physical mailing addresses of the Association's current Executive Board members and officers.
9. The Association's most recent annual report delivered to the secretary of state.
10. Financial records sufficiently detailed to permit the Association to comply with requests for a statement setting forth the amount of unpaid assessments levied against a member's unit.
11. The Association's most recent reserve study.
12. Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years.
13. Records of Executive Board or committee actions to approve or deny any requests for design or architectural approval from members.
14. Ballots, proxies and other records related to voting by members for one year after the election, action or vote to which they relate.
15. Resolutions adopted by the Association's Executive Board relating to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members.
16. All general written communications within the past three years to all members.

**C. Examination and copying of records by members:**

1. Procedure for examination and copying:
  - a. Subject to the limitations set forth below, all records maintained by the Association are available for examination and copying by a member or the member's authorized agent. In order to examine or copy records, a member must submit to the management company, if there is one, or to the Board a written request, describing the records sought. The request must be submitted ten (10) days prior to the date of inspection. Examination and copying must be done during normal business hours or at the next regularly scheduled board meeting if one is held within thirty (30) days after the request.
  - b. A member requesting examination and copying of records will be charged a reasonable amount, to be paid in advance to cover the costs of labor and material for the copies. The cost will be based on an estimate of the cost to produce and copy the records.
  - c. Copies requested by a member may be produced by photocopying or other means, including copies sent electronically.
  - d. The Association is not obligated to compile or synthesize information for the member.

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2. Use of membership lists:

- a. Membership lists or any part of a membership list may not be obtained or used by any person for any purpose unrelated to a member's interest as a member without the consent of the Board.
- b. Membership lists or any part of a membership list may not be used to solicit money or property unless the money or property will be used solely to solicit the votes of the members in an election to be held by the Association.
- c. Membership lists or any part of a membership list may not be used for any commercial purpose.
- d. Membership lists or any part of a membership list may not be sold or purchased by any person.

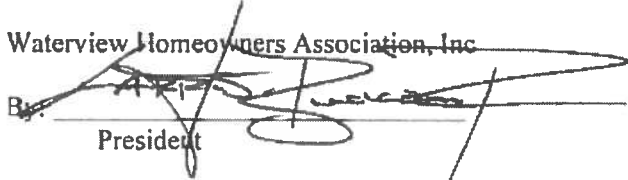
D. Limitations on examination and copying of records

1. The following records will not be made available for inspection or copying:

- a. Architectural drawings, plans and designs, unless the legal owner of the drawings, plans and designs consents.
- b. Contracts, leases, bids or records related to transactions to purchase or provide goods or services that are currently in or under negotiation.
- c. Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine.
- d. If disclosure would be in violation of law.
- e. Records of an executive session of the Executive Board.
- f. Records concerning units other than those of the requesting members.
- g. Personnel, salary, or medical records relating to specific individuals.
- h. Personal identification and account information of members, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers and social security numbers.

The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorney fees, for violation of this policy.

Waterview Homeowners Association, Inc

By:   
President

This Policy and Procedure for Inspection and Photocopying of Association Records was adopted by the Executive Board at a regular meeting held on the 30 day of November, 2012, effective immediately thereafter, and is attested to by the Secretary of the Waterview Homeowners Association, Inc

By:   
Secretary