



LITTLE ELK CREEK VILLAGE
HOME OWNERS' ASSOCIATION
Post Office Box 420
Snowmass, CO 81654-0420

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES

Resolved and Adopted September 8, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for adoption and amendment of policies, procedures and rules.

1. Adoption or amendment of any policy, procedure or rule shall be performed only at a meeting of the Board that is open to all Owners or their representatives.
2. The Board shall consider the following criteria when adopting or amending a policy, procedure or rule:
 - a. Reasonableness and necessity;
 - b. Impact does not create separate groups of Owners;
 - c. Consistent with other LECVHOA policies in effect at the time;
 - d. Reasonably relates to the preservation, protection and enhancement of property values; and
 - e. Consistent with:
 - (i) the Association's governing documents;
 - (ii) applicable federal and state statutes and case law; and
 - (iii) local laws and ordinances;
3. Adoption or amendment of any policy, procedure, or rule and regulation requires a quorum of the Board, and an affirmative vote of a majority of the Board members who are in attendance at the meeting.
4. Any policy, procedure, or rules and regulations and any amendment shall be effective fifteen days after delivery of notice to Owners (posting on the Association's web site, mailing of notice, or publication in an Association's newsletter is considered adequate notice) of its adoption.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on September 8, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

POLICY AND PROCEDURE

COLLECTIONS POLICY AND PROCEDURES

Resolved and Adopted December 8, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for collection of unpaid assessments, default assessments, fees and fines.

1. Due Date.

The total annual assessments are based upon advance estimates of cash requirements by the Association to provide for the payment of all estimated expenses. Annual assessments shall be made on a fiscal year basis. The Fiscal Year shall be from July 1 to June 30 of the following year. Such assessment shall be due and payable in full within ten (10) days of the date that the Association provides notice to the owner. However, the owner may choose to pay, without further notice required, such assessment in quarterly installments due July 1, October 1, January 1 and April 1 of each fiscal year.

2. Late Payment Service Fee (LPSF)

A Late Payment Service Fee calculated at 2% of the outstanding balance, or \$10.00, whichever is greater, will be posted monthly to all accounts still outstanding at the end of each month. (See Addendum)

3. Delinquent Account Penalty

Accounts more than 180 days old will be assessed a Delinquent Account Penalty of \$100. This is in addition to the Late Payment Service Fee (LPSF) and is posted quarterly

4. Return Check Charges.

In addition to any and all charges imposed under the Declaration, the Bylaws, the Rules and Regulations or the Articles of Incorporation (collectively, the "Governing Documents") or pursuant to Colorado statutes, or this Policy, a fifty dollar (\$50.00) fee or other amount deemed appropriate by the Board 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. 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 Lot 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 Governing Documents or this Policy.

5. Attorney Fees on Delinquent Accounts.

As an additional expense permitted (collectible as a Common Expense Assessment) under the Declaration and Colorado statutes, 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.

6. Application of Payments made to the Association.

Regardless of inscriptions or notations on the front of the check, all payments received on the account of any owner shall be applied in the following order:

- a) any and all attorney fees, legal fees and costs incurred for collection of assessments or for owner's failure to comply with provisions of the Association's Governing Documents, including lien fees;
- b) fines, late charges and interest;
- c) returned check charges, and other costs owing or incurred with respect to such owner pursuant to the Declaration, Colorado statutes, Rules and Regulations, or this Policy;
- d) Past-due Special Assessments (if any);
- e) Currently due Special Assessments (if any);
- f) Past-due Annual Assessments;
- g) Current Annual Assessments. Checks containing a restrictive endorsement on the back will be returned to the owner and the amount tendered shall be considered unpaid.

7. Collection Procedures.

- a) Finance charges will be assessed to delinquent owners' accounts. Delinquent owners will receive a statement indicating the assessed finance charges and all other assessments, fines, and fees, and notifying the owner that Notice of Default may be delivered if the full outstanding balance is not paid. Payments must be received within 30 days of billing to avoid further actions and fees, fines, etc. by the Association.
- b) All accounts with outstanding balances as per the current Collections Policy may be subject to placement of a lien upon the property.

8. Filing of Liens.

If, after written Notice of Default, and allowing a reasonable period for collection the account remains delinquent, a Notice of Assessment Lien against the owner's unit shall be recorded. Such lien shall not be removed until the account has been paid in full.

9. Judicial Foreclosure.

The Board may choose to foreclose on the Association's lien in lieu of or in addition to suing an owner in county court 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 in obtaining payment, or in which other circumstances favor such action.

10. Ongoing Evaluation.

Nothing in this policy shall require the Board to take specific actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case by case basis.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on December 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

Addendum:

"At its regular meeting on July 12, 1995, the Board of Trustees unanimously passed a motion to revise the association's policy with respect to fees assigned to member accounts which are not current. Specifically, a Late Payment Service Fee calculated at 2% of the outstanding balance, or \$10.00, whichever is greater, will be posted monthly to all accounts still outstanding at the end of each month.

From time to time members have questioned whether they received notice of policy changes. With people moving in and out, and with the makeup of the management and Board positions changing over time, it is important that changes in policy be properly documented so as to alleviate any questions in the future. It is the purpose of this memo to summarize the methods which have been used to provide the members notice of this particular change. These consist of the following:

Summer 1995 newsletter, mailed August 1, 1995, to all members at their address of record.

Fall 1995 newsletter, mailed with the October 1, 1995, billing.

Beginning with the one for October 1, 1995, all regular quarterly assessment invoices carry an explanation of the Late Payment Service Fee policy.

Copies of the newsletters, as well as the minutes of the July 12, 1995, meeting, are attached and hereby made a part of this memo. So that there is no room for questions "down the road," it is my suggestion that this memo be read into the record and thereby incorporated into the minutes of the Board of Trustees meeting on November 8, 1995."

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

CONDUCT OF MEETINGS

Resolved and Adopted September 8, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for the conduct of meetings.

OWNERS MEETINGS

1. Meetings of the Owners shall be held at such times and locations as may be provided in the Association's Declaration, Bylaws, Articles of Incorporation or Rules and Regulations ("Governing Documents") or by applicable Colorado statutes, but at least once annually.
2. Only Owners in good standing are eligible to vote. For purposes of this policy, "good standing," shall mean all of the following:
 - (i) ownership of a Lot;
 - (ii) no assessment liens or fines relating to the Owner's property are due to the Association;
3. Notice of Owners meetings shall be distributed as may be provided in the Association's Governing Documents or by applicable Colorado statutes.
4. The Association's Board President shall, in consultation with the General Manager of the Association, determine the agendas for the meetings, subject to any requirements in the Association's Governing Documents, and distribute such agendas with notices of the meetings.
5. The President of the Association's Board or such other person as may be designated by the President shall preside over all meetings.
6. Any person not in compliance with these rules of conduct, may be ejected from the meeting:
 - a. No one may speak until called upon by the chairperson to do so;
 - b. Only one person may speak at a time;
 - c. Personal attacks or abusive language will not be tolerated; and
 - d. Only the individual presiding over the meeting may interrupt a speaker and then only for purposes of limiting the time of the discussion or due to personal attacks or abusive language.
7. Voting by Owners to fill positions on the Board shall be by secret ballot if the open position is contested. If there are only single nominees/volunteers for Board positions, Owners may be elected to the Board by acclamation. Any other matter put before the assembly for a vote may be by any means acceptable to the assembly or by ballot if requested by any member or by secret ballot if requested by twenty (20) percent of the owners present in person or by proxy.
8. Unless otherwise provided by the Governing Documents or by applicable Colorado statutes, the affirmative vote required for the election of Owners of the Board shall be the candidates receiving the largest number of votes.
9. Unless otherwise provided by the Governing Documents or by applicable Colorado statutes, the affirmative vote required for the passage of any other matter put before the assembly for a vote shall be a quorum of Owners (as defined by the Bylaws).

BOARD MEETINGS

1. Meetings of the Board shall be held at such times and locations as may be provided in the Governing Documents or by applicable Colorado statutes.
2. Notice of Board Meetings shall be distributed as may be provided in the Governing Documents or by applicable Colorado statutes.

3. The Board President, in consultation with the General Manager, may create agendas for Board meetings, but are not required to do so.
4. Notwithstanding paragraph 3 above, Board Meetings may include a "Property Owners Forum" conducted as follows:
 - a. There will be a list at a sign-in table for persons to enter their names if they wish to speak at this meeting;
 - b. Only one person may speak at a time;
 - c. Personal attacks or abusive language will not be tolerated; and
 - d. Only the chairperson may interrupt a speaker and then only for purposes of limiting the time of the discussion or due to personal attacks or abusive language.
5. The President of the Board or such other person as may be designated by the President shall preside over Board meetings.
6. At the conclusion of discussion, but prior to vote on the Motion by the Board, any Owner may request to be heard on the matter discussed.
7. Board meetings shall be open to attendance by all Owners of the association or their representatives.
8. The Board may hold an executive session and restrict attendance to only Board Owners and such other persons requested by the Board during a regular or special meeting for discussion of the following:
 - a. Matters pertaining to employees of the Association or the Managing Agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
 - b. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 - c. Investigative proceedings concerning possible or actual criminal misconduct;
 - d. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and
 - e. Review of or discussion relating to any written or oral communication from legal counsel.
9. Prior to holding an executive session, the President or other person designated to preside over the meeting, shall announce the general matter of discussion as stated above.
10. No Rule or Regulation shall be adopted during an executive session. A Rule or Regulation may be validly adopted only during a regular or special meeting or after the Board returns from its executive session.
11. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on September 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

BOARD POLICY AND PROCEDURE

REGARDING CONFLICTS OF INTEREST

Resolved and Adopted September 8, 2010

Amended _____

The following resolution has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, at a meeting of the Board to establish a policy and procedure for handling conflicts of interest by Trustees.

RECITALS:

- (a) The Board wishes to avoid self-dealing, actual or apparent, in its administration of the Association.
- (b) The Board wishes to adopt requirements for members of the Board/Trustees ("Trustees") in order to assure sound management of the Association.

NOW, THEREFORE, BE IT RESOLVED that the following shall apply:

Requirements Upon All Members of the Board/Trustees.

- A. All Trustees shall exercise their power and duties in good faith and in the interest of, and with utmost loyalty to the Association and owners. All Trustees shall comply with all lawful provisions of the Association's Governing Documents.
- B. Any duality of interest or possible conflict of interest on the part of any Trustee shall be disclosed to the other Trustees at the first meeting of the Board at which the interested Trustee is present after the conflict of interest is or should be discovered. Such disclosure shall be made a matter of record in the minutes of the Board meeting at which the disclosure of the conflict or possible conflict of interest is made.
- C. The interested Trustee shall leave the meeting during any time when discussion of any topic related to the conflict or possible conflict of interest is conducted. The minutes of the meeting shall reflect that the interested Trustee did not participate in the discussion and left the meeting during the discussion.
- D. Any Trustee having a duality of interest or possible conflict of interest on any matter shall not vote or use his or her personal influence on the matter. The minutes of the meeting shall reflect the abstention from voting and the reason for the abstention.
- E. The foregoing requirements shall not be construed as preventing the interested Trustee from briefly stating his or her position in the matter nor from answering pertinent questions of other Trustees since his or her knowledge may be of great assistance.
- F. Any breach or suspected breach of this resolution by a Trustee shall be brought to the attention of the remaining Trustees for appropriate action.
- G. This Policy shall be effective commencing September 8, 2010.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on September 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

POLICY AND PROCEDURE

ALTERNATIVE RESOLUTION OF DISPUTES

Resolved and Adopted September 8, 2010, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for Alternative Resolution of Disputes

AUTHORITY: The Declaration, Articles and Bylaws of The Little Elk Creek Village Homeowners' Association, the Colorado Common Interest Ownership Act, and the Colorado Revised Nonprofit Corporation Act.

EFFECTIVE DATE: September 8, 2010

RESOLUTION: The Association hereby adopts the following Policy:

1. General. It is the general policy of the Association to encourage the use of Alternative Dispute Resolution to resolve disputes involving the Association and an Owner. Alternative Dispute Resolution ("ADR") is defined as a procedure for settling a dispute by means other than litigation, such as mediation, non-binding arbitration, or binding arbitration.
2. Policy. ADR, in the form of Mediation, Non-Binding Arbitration, or Binding Arbitration, may be pursued by the Association before any lawsuit is filed, except in the case of the collection of assessments or the enforcement of the covenants, bylaws, or rules and regulations of the Association, subject to the following:
 - (a) ADR shall not be required if time constraints prevent accomplishing ADR.
 - (b) ADR will not be pursued by the Association if an Owner refuses to participate in the process.
 - (c) At the time the parties agree to use ADR, the parties shall also agree on the form of ADR to be used. If the parties cannot agree on the form of ADR to be used, ADR shall be in the form of mediation.
 - (d) Any ADR pursued must be done so using a trained mediator, arbitrator, or facilitator having some familiarity with the governance of community associations.
 - (e) Any ADR must be conducted in compliance with the Uniform Arbitration Act and/or the Dispute Resolution Act, as applicable.
 - (f) If ADR is to be pursued, the Owner shall execute an agreement with the Association prior to the commencement of the ADR process which tolls any applicable statute of limitations while the parties are attempting to resolve the dispute through ADR.
3. Selection of Mediator/Arbitrator. If the parties to the ADR cannot agree, within 30 days of the request for ADR, on the facilitator, mediator, arbitrator, or other qualified person to conduct the ADR, then, within 10 days,
 - (a) Each party shall choose a qualified person as defined in this Policy, and those so selected shall then appoint a third qualified person to be determined in their sole discretion.
 - (b) In the event a party fails to select a qualified person as specified in subsection (a) above, the person selected by the other party shall be deemed acceptable to both parties and shall act as the facilitator, arbitrator, or mediator.
4. Costs. The costs of ADR shall be split equally among the parties involved in the ADR. In the event an Owner fails to pay the Owner's share of the cost of the ADR, such amount shall be considered an Assessment against such Owner's Unit, and may be collected by the Association as an Assessment pursuant to the Declaration and Colorado Law.
5. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration 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 and the law of the State of Colorado governing the Community.
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.
8. Amendment. This policy may be amended from time to time by the Board of Trustees.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on September 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

INSPECTION AND COPYING OF ASSOCIATION RECORDS

Resolved and Adopted September 8, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for the inspection and copying of Association records.

1. Inspection of Association Books and Records by Owners. An Owner or his/her authorized agent is entitled to inspect and copy, at the Owner's expense and during regular business hours at a reasonable location specified by the Association, any of the records or papers of the Association (except as specifically limited or excluded by Section 3 below) if the Owner gives the Association written demand at least five (5) business days before the date on which the Owner wishes to inspect and copy such records and:
 - 1.1 The demand is made in good faith and for a proper purpose;
 - 1.2 The Owner describes with reasonable particularity the purpose and the records or papers the Owner desires to inspect; and
 - 1.3 The records or papers are directly connected with the described purpose. "Proper purpose" means a purpose reasonably related to the demanding Owner's interest as an Owner of the Association. It is within the reasonable discretion of the Board to determine whether an Owner's demand to inspect and copy is made in good faith and for a proper purpose.
2. Proper Purpose/Limitation. Without the consent of the Board, a Ownership list or any part thereof may not be obtained or used by any person for:
 - 2.1 Any purpose unrelated to a Owner's interest as a Owner; or
 - 2.2 To solicit 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; or
 - 2.3 Any commercial purpose; or
 - 2.4 To be sold to or purchased by any person.
3. Exclusions. The following records and documents may be kept confidential by the Association:
 - 3.1 Attorney-Client Confidential Documents. In order to protect the attorney/client privilege existent between the Association and its attorneys, all attorney created documents, including, but without limitation, memos, opinion letters, and draft documents prepared at the behest of the Board, are not available for the inspection or copying by any Owner or his/her authorized agent, without the consent and authority of the Board and upon advice of the legal counsel involved.
 - 3.2 Personnel Confidential Documents. Documents pertaining to employees of the Association or involving employment, promotion, discipline, or dismissal of an officer, agent or employee.
 - 3.3 Applicable Law. Any documents that are confidential under constitutional, statutory or judicially imposed requirements.
 - 3.4 Individual Privacy. Any documents the disclosure of which would constitute an unwarranted invasion of individual privacy are confidential.
4. Copy and other Document Fees. The Association or its Manager will impose a reasonable charge, covering the costs for copies of any documents the Association provides to an Owner. The charge may not exceed the actual cost for copies as incurred by the Association, said cost to be determined from time to time by the Association and its Manager.
5. If an Owner requests copies of Association documents which are not in the possession of the Association, the Owner is responsible for whatever fees and costs are imposed by the entity (CPA, attorney, etc.) holding such records for copy and related costs, including but not limited to labor, materials and postage.
6. If an Owner requests a copy of an Association document which must be retrieved from archives, compiled, generated, certified or authenticated in any way, the Owner is responsible for all fees and costs incurred in the retrieval,

compilation, generation, certification or authentication and reproduction (copying) of the requested document(s), including but not limited to labor, materials and postage.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on September 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

INVESTMENT OF RESERVE FUNDS

Resolved and Adopted December 8, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for investment of the Association's reserve funds.

PURPOSE

The purpose of this policy is to institute proper guidelines for the ongoing management of the Association's investment of its reserve funds.

INVESTMENT OBJECTIVES

The principal represents the reserve funds for maintenance, repair, and replacement of those items for which the Association is responsible and that must be periodically maintained, repaired, or replaced. Reserve funds are to be invested in a manner that assures maximum safety and appropriate liquidity and, secondarily, maximizes yield within such constraints. The investment objectives are, in order of priority, as follows:

1. Preservation and safety of principal;
2. Liquidity to meet expected and unexpected expenditures; and
3. Maximization of yield.

INVESTMENT RESPONSIBILITIES

The Board has sole authority to approve and amend, alter or otherwise make changes to this Policy. Any modifications to this policy shall be in writing and approved by the Board.

The Board, in consultation with the Association Manager or other authorized person, shall have direct control with regard to opening appropriate bank accounts and establishing safekeeping accounts or other arrangements for the custody of securities and execute such documents as may be necessary. The Board may, in consultation with the Association Manager or other authorized staff person, employ the service of a qualified investment advisor to direct a portion or all of the investment activities of the Association consistent with guidelines set forth in this investment policy. The Board will monitor ongoing investment activities to ensure proper liquidity is being provided and that the investment strategy is consistent with the Association's objectives. The Board of Trustees shall review investment performance no less than annually.

INVESTMENT GUIDELINES

A. Eligible Investments

The portfolio will be limited to the following investments:

1. Certificates of deposit (CDs);
2. Money market deposit accounts;
3. U.S. treasuries and U.S. treasury zero coupons.

B. Credit Quality Restrictions

All investments shall be AAA-rated or U.S. Treasury securities

C. Maturity Limits

1. No individual investment may exceed 6 months in maturity; and
2. The weighted average maturity of the portfolio will not exceed 1 year. The company must structure its investment portfolio in order to meet anticipated cash requirements.

D. Strategy Investments shall be structured so they mature in successive years allowing the Association to minimize the interest rate risk.

E. Custodian Investments will be held in custodial accounts with approved banks or financial institutions federally insured either through FDIC or the US Government, with no more than \$250,000.00 held in any one bank.

PROCEDURES

1. Transfers of budgeted additions to reserves shall be made on an as needed basis;
2. Reports of earnings shall be prepared by management, financial advisor, or the treasurer and presented at a Board meeting;
3. Two members of the Board of Trustees must sign to withdraw funds from investment accounts.

4. In addition to any requirements provided by the Association's governing documents, the Association shall obtain coverage by fidelity insurance to protect the Association from loss due to theft for any person with access to its investments.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on December 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

PREPARATION OF RESERVE STUDY

Resolved and Adopted October 13, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for preparation of a reserve study.

The Board of Trustees shall conduct a reserve study at such times as in its sole discretion it determines it necessary, but at least every five years, to determine the necessity and amount of reserves required to maintain, repair, replace and restore the Association's commonly owned elements. The Board may cause the reserve study to be conducted by a third party reserve study professional with prior experience, sound credentials and appropriate insurance to address the Association's needs.

The reserve study shall be based on a physical analysis and a financial analysis, include projected sources of funding for the reserve, and be reviewed by the Board annually prior to budget preparation to determine if reserves are sufficient. The Board shall have the authority to and shall make any adjustments deemed necessary to maintain reserves.

Reserve funds for the Association commonly owned elements shall be maintained in a Reserve Fund and shall be used for major capital repairs, replacements, maintenance, restoration and improvements.

The Reserve Fund may be funded from common or special assessments, interest or investment income from the association's accounts, grants, loans, or such other sources as may be or become available, and in accordance with such funding plans as are established by the Board. All such reserve funds collected or generated will be invested in accordance with the Association's Policy for Investment of Reserve Funds.

The provisions of this Policy shall be in addition to and shall supplement the terms and provisions of the Declaration, Bylaws, and the laws of the State of Colorado governing the Association.

The Board may amend this Policy from time to time.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on October 13, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

ENFORCEMENT OF THE DECLARATION, BYLAWS, RULES AND REGULATIONS AND SCHEDULE OF FINES

Resolved and Adopted December 8, 2010

Amended _____

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for (i) the enforcement of the Association's Declaration, Bylaws, Rules and Regulations (including any design guidelines or architectural controls), collectively referred to as the "Governing Documents;" and (ii) a Schedule of Violations and Fines.

1. **Notice of Alleged Violation.** Written Notice of Alleged Violation of any provision of the Governing Documents shall be provided to the applicable Owner as soon as is reasonably practicable after the Board's receipt of such violation. The Board /Architectural Control Authority may also, at its option, provide a copy of such Notice to any non-owner violator ("Related User"). The Notice shall describe the nature of the violation and shall further state that the Board may seek to protect its rights as they are specified in the Governing Documents.
2. **Service of Notices.** Service of all notices required or permitted to be given hereunder shall be made as follows: If to a Owner and/or Related User: By personal delivery to the Owner and/or Related User; or by U.S. Mail, postage prepaid, addressed to the last registered address of the Owner and/or Related User as contained in the Association's records. If to the Association: By personal delivery or U.S. Mail, postage prepaid, addressed to the Association in care of its registered agent and office, as maintained with the Colorado Secretary of State or such other address as the parties may be advised of in writing in the Notice. Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed shall be deemed received on the fifth day following the date of mailing.
3. **Request for Hearing.** If an Owner desires a hearing to challenge or contest any alleged violation and possible fine, the Owner must request such hearing, in writing, within fifteen (15) days from receipt of the Notice of Alleged Violation. The request for hearing shall describe the grounds and basis for challenging the alleged violation. If a hearing is not requested within the 15 day period, the Board /Architectural Control Authority shall determine if there was a violation, and if so, may assess a reasonable fine within the guidelines contained in this Policy and Procedure within thirty (30) days of the expiration of the 15 day period. The Association's managing agent shall give notice of said assessment fine to the applicable Owner as provided in the Association's governing documents or this Policy and Procedure. Unless otherwise provided in the Association's governing documents, the assessment fine is due and payable upon receipt of notice of the fine assessment and is considered late 15 days after the date of mailing.
4. **Board or Board-appointed Architectural Control Authority to Conduct Hearing.** The Board /Architectural Control Authority shall hear and decide cases set for hearing pursuant to this Policy and Procedure. Board /Architectural Control Authority may appoint an officer or other Owner to act as the Presiding Officer at any of the hearings.
5. **Conflicts.** Any Board or Board-appointed committee member who is incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the President of the Board or Chairperson of Board /Architectural Control Authority prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and the Board /Architectural Control Authority member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board /Architectural Control Authority member(s) results in an even number of remaining Board /Architectural Control Authority members eligible to hear a case, the Board /Architectural Control Authority may, by majority vote, appoint an Association member, in good standing, to serve as a voting member of the hearing board.
6. **Hearing.** The Board /Architectural Control Authority shall inform the Owner of the scheduled time, place and date of the hearing, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board /Architectural Control Authority by reading the Notice of Alleged Violation. Each party may make opening statements, may present evidence and testimony, may present witnesses, and may make closing statements. Neither the complaining parties nor the Owner (or owner's designee) must be in attendance at the hearing. However, the decision of the Board /Architectural Control Authority at each hearing shall be based on the matters set forth in the Notice of Alleged Violation, Request for Hearing, and such evidence as may be presented at the hearing. Unless otherwise determined by the Board /Architectural Control Authority, all hearings shall be open to

attendance by all members of the Association. All such hearings may be recorded by audio device for purposes of preservation and clarity.

7. Decision. After all testimony and other evidence has been presented to the Board /Architectural Control Authority at a hearing, the Board /Architectural Control Authority shall render its written findings and decision, and impose a reasonable fine, if applicable, within ten (10) days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority of the members of the hearing board present at the hearing.
8. The Board /Architectural Control Authority may also issue and present for recording with the County Clerk and Recorder, a Notice of Finding of Violation. Upon satisfactory compliance with the Association's governing documents, the Notice of Finding of Violation may be released by the Association issuing and recording a Release of Notice of Finding of Violation.
9. Fine Schedule. Unless otherwise provided in any Rules or Regulations, any violation of the Governing Documents will subject the Owner to a reasonable fine assessment imposed by the Association as follows: (i) Notice of Violation: Written warning letter or posting of notice. (ii) Fines shall be determined by the current "Schedule of Fines and Fees" as legally adopted by Board motion. Such schedule may periodically be reviewed and/or revised as necessary. (iii) Fines may not exceed \$1,000.00 for any one finding of a violation. (iv) In the event of a continuing violation, a daily fine may be levied until such time as the Owner or Related User shall provide notice to the Association's managing agent, hand-delivered, or by electronic mail, read receipt requested, in person or by telephone, or by U.S. Mail that the non-compliance/violation has been resolved. Any such continuing violation shall be physically verified as resolved by Board or Management immediately upon receipt of such notice. Notwithstanding any provision of this fine schedule or Policies and Procedures, the Association may use any legal means available at any time to enforce the terms of the Governing Documents.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on December 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

SCHEDULE OF FINES AND FEES

Resolved and Adopted December 8, 2010

Amended _____

- Late Payment Service Fee (LPSF)
A Late Payment Service Fee calculated at 2% of the outstanding balance, or \$10.00, whichever is greater, will be posted monthly to all accounts still outstanding at the end of each month. (See Addendum)
- Delinquent Account Penalty
Accounts more than 180 days old will be assessed a Delinquent Account Penalty of \$100. This is in addition to the Late Payment Service Fee (LPSF) and is posted quarterly

- \$50.00 Returned Check Fee

Note: The following fees are passed through at cost and do not include legal fee or management fees that will be billed separately at cost

- Lien Fee (File and/or Release) Charged to homeowners when assessments become an additional 180 days past due. Per Association actual expense
- Summons & Complaint, per Association actual expense
- As per Invoice: Service of Process Fee
- As per Invoice: Applicable Court Filing, Jury and Other Court Fees
- As per Invoice: Recording Fees
- \$150.00 Ownership and Encumbrance Report
- As per Invoice: Additional Legal Fees, Management Fees and Costs
- **Non-Compliance fines are as follows:**
 - Single instance violation- \$100.00 First offense, \$200.00 Second recurring offense, \$300.00 Third recurring offense and so on at Board/ACA direction for further offenses.
 - Non-Compliance matters - following the 15 day correction period given with written Notice per the Enforcement Policy, the Single Instance - First, Second or Third offense fine will be implemented and thereafter a \$10.00/day fine. Fines may be applied to Owner or Related User, as defined in the adopted LECVHOA Enforcement Policy and Procedure."
- **Architectural Non-Compliance Fines are as follows:**

- Initial \$100.00 fine with \$10.00/day Non-Compliance Fine, written Notice as per Enforcement Policy with 15 day correction period as above.
- \$300.00 for improvements proceeding without Architectural Control Authority Review and/or approval.
- ACA may impose fines for differing violations concurrently to a lot Owner or Related User, as defined in the adopted LECVHOA Enforcement Policy and Procedure.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on December 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation