

Fairway Villas Homeowners Association

Adoption and Amendment of Policies, Procedures and Rules Policy

BE IT RESOLVED, that the following policy shall govern the adoption and amendment of policies, procedures, and rules.

1. Scope:

To define procedures to be followed when policies, procedures and rules are adopted.

2. Specifics:

The Board of Directors will adopt policies, resolutions, procedures, rules, regulations or guidelines to further clarify the governing documents of the Association.

The Board of Directors will adopt rules and regulations to better the community. In many circumstances, these rules and regulations will be formulated based on the needs expressed by owners

Policies, resolutions, procedures, rules, regulations or guidelines will be discussed at Board of Directors meetings, which are open to owners to attend.

Discussion by owners in regards to policies, resolutions, procedures, rules, regulations or guidelines will be held in accordance with the Conduct of Meeting policy.

Once a new policy, resolution, procedure, rule, regulation or guideline is adopted it will be posted online at the managing agent's website at www.brayhoa.com and mailed to each owner via US Postal Service.

The management company will maintain a book containing the policies, resolutions, procedures, rules, regulations or guidelines at its physical office address and is subject to review as listed in the records retention and inspection policy.

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

4. Supplement to Law: The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

5. Deviations: The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

6. Amendment: The Board of Directors may amend this procedure from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

Fairway Villas Homeowners Association

President

Effective Date: _____

Fairway Villas Homeowners Association

Meeting Policy and Procedure

BE IT RESOLVED, that the involvement and participation of members in the leadership of the Association is valuable and meetings will be conducted in accordance with the following procedure.

1. Scope:

To adopt a procedure and policy to be followed when giving notice of meetings and conducting meetings for the good off the community.

2. Specifics:

Meetings

A. Board Meetings

Board meetings are always open to the public and shall be held on at least a quarterly basis. The agenda for the Board meetings will be posted on the managing agents website and, if possible, in a public place in the Association at least two days in advance.

These meeting dates/times may change to accommodate Board and Manager schedules and emergencies.

Board members will retire to Executive Session when discussing matters such as attorney/client privilege, employee issues, or matters concerning owner disputes. Separate minutes will be kept for Executive Sessions.

The general membership will have the opportunity to speak at the end of the Board meeting for a period of time not to exceed 30 minutes. At the discretion of the Board, the floor may be opened for comment prior to voting on the various agenda items.

B. Annual Meeting

Annual/budget ratification meetings will be held in December of each year.

Notification will be made in accordance with the "Meeting Notice" section of this policy

The mailing prior to the meeting will contain at a minimum:

- A meeting notice and general proxy;
- The proposed agenda for the meeting;
- The proposed budget for the coming fiscal year;
- A copy of the Association's income and expenses for the year to date; and
- A copy of the Association's balance sheet for the month ending immediately prior to the notice.

C. Special Meeting

Special meetings may be called at any time by the President or by a majority of the Board or upon written request of a member, having twenty percent (20%) of all of the votes the membership.

Notification will be made in accordance with the "Meeting Notice" section of this policy

The mailing prior to the meeting will contain at a minimum:

- A meeting notice and general proxy
- The proposed agenda for the meeting

Meeting Notices

Written notice of annual and special meetings shall be sent via regular U.S. Mail to members at least 10 days prior to the meeting date.

If possible, notices will be posted within the subdivision at least one week prior to annual and special meetings.

Notices of annual and special meetings will also be posted on the managing agent's website.

Voting and Proxies

Only the owner of record – or the owner's representative by proxy – may vote. One vote per lot is allowed.

At any meeting of the members, each member may vote by proxy if desired.

All proxies must be in writing and filed with the secretary or manager of record.

Every proxy must be revocable and terminates eleven months after its date, unless specified otherwise.

Voting rights will be suspended for any Owner who is or has been in violation of the CC&Rs in the previous thirty (30) days or who is delinquent in paying fines or assessment fees.

- 3. Definitions:** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning therein.
- 4. Supplement to Law:** The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.
- 5. Deviations:** The Board may deviate from the procedures set forth in this Resolution if, in its sole discretion, such deviation is reasonable under the circumstances.

6. Amendment: The Board of Directors may amend this procedure from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

Fairway Villas Homeowners Association

President

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Fairway Villas Homeowners Association

Conflict of Interest Policy and Procedure

BE IT RESOLVED, the Association hereby adopts the following procedures to be followed the conflict of interest by a director.

1. Scope:

To adopt a procedures and policy outlining procedures to be followed for conflict of interest by a Director.

2. Specifics:

A conflict of interest shall be defined as:

- “Conflicting Interest Transaction” means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to the Director, or between the Association and an entity in which a Director of the Association is the Director or Officer or has a financial interest;
- “Director” means a member of the Association’s Board of Directors
- “Party Related to a Director” means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director or a party related to the Director has a beneficial interest, or an entity in which a party related to a Director is a director or has a financial interest.

A Director that falls under the category of a potential conflict of interest must disclose such conflict if possible prior to any discussion is begun on the subject that a potential conflict does or may exist. The facts about the conflicting interest transaction should be fully disclosed to the disinterested Board members. The director must rescue him or herself from the discussion in its entirety as a Director and may not vote on the subject.

A director who has recused him or herself may participate as a member of the meeting (not as a director) if they have moved away from the directors and are providing additional information as other members of the meeting have the right to provide.

Whenever possible, conflicts of interest should be avoided. This will allow the directors to provide fiduciary duty without the semblance of impropriety.

At times, Directors may receive gifts from contractors or vendors. Whenever possible, these gifts should be refused or shared with the community to remove any semblance of impropriety.

The Association should make no loans to its Directors or officers.

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Project.

5. **Deviations:** The Board may deviate from the procedures set forth in this Resolution if, in its sole discretion, such deviation is reasonable under the circumstances.

6. **Amendment:** The Board of Directors may amend this procedure from time to time.

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Fairway Villas Homeowners Association

President

Effective Date

Fairway Villas Homeowners Association

Dispute & Alternative Resolution Policy and Procedure

BE IT RESOLVED, the Association hereby adopts the following procedures to be followed for resolving disputes between Owners and the Association.

1. Scope:

To adopt a procedure and policy outlining procedures to be followed for resolving disputes between Owners and the Association.

2. Specifics:

An owner may request a hearing with the Board of Directors if the Owner wishes to dispute a fine or a decision the Board has made against the Owner. The request for a hearing must be in writing via email, fax, or US Postal Service. If the request is in response to a letter from the Board, the Owner must respond within fourteen days of the date of the letter from the Board.

A hearing date will be scheduled at the earliest convenience for the Board, but not later than 30 days from the date of the request.

At the hearing, the Owner will be provided time to present evidence to dispute the violation. After the evidence has been presented, the Board will hold an executive session to make their decision. The Owner will be notified of the decision in writing within 7 days of the hearing.

If the owner does not like the finding of the hearing, the Owner may elect mediation. The Mediation process must be initiated within 7 business days.

Mediation is a process in which the parties meet with an impartial person who helps to resolve the dispute informally and confidentially. The parties to the dispute must agree to any decision made in mediation before any settlement is binding. The following process will be followed:

- The parties will jointly decide upon an acceptable mediator and the Owner will be responsible for and bear the cost of such mediation.
- If the parties cannot agree upon a Mediator, each party will choose a Mediator and those Mediators will choose an independent third Mediator to hear the dispute. In this case, the Owner and the Association will each pay for the Mediator they choose. The Owner will be responsible for the cost of the third Mediator.

- The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved within 30 calendar days of the date written notice requesting mediation is sent by one party to the other at the party's last known address.
- If the Owner fails to appear for Mediation, the Association shall prevail in the dispute. If the Association fails to appear for Mediation, the Owner shall prevail in the dispute.
- The Mediator will issue a certificate stating the final dispensation of the dispute.

In the event of any arbitration or litigation relating to the Owner's dispute, the arbitrator or court shall award to the prevailing party all reasonable costs and expenses, including attorney and legal fees.

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Fairway Villas Homeowners Association

President

Effective Date: _____

Fairway Villas Homeowners Association

Dues Collection Policy and Procedure

BE IT RESOLVED, that the following policy shall govern the adoption and amendment of policies, procedures, and rules.

1. Scope:

To adopt a procedure and policy to be followed when owner accounts are not current.

2. Specifics:

The Association shall levy and enforce regular and special assessments which are secured by a continuing lien upon the property against which the assessment is made. By accepting a deed to any lot, each owner agrees to pay to the Association all the assessments.

Fines assessed for non-compliance of CC&R's are due upon notification to the owner.

In the event an Owner does not occupy his/her residence, but chooses to lease said property, the Owner shall be liable for his/her Tenants actions. It shall be the Owner's personal obligation to pay to the Association all assessments, fines, fees or penalties that are levied against the property, whether the cause of the Owner or a Tenant.

The Board of Directors sets assessments quarterly. Assessments are due on the 1st day of January, April, July, and October. If an amount is owed on the account, statements will be mailed to each Owner prior to the due date.

If payment is returned due to insufficient funds or any other reason, there will be a \$35.00 NSF fee to cover bank charges and the payment will be considered delinquent.

Payments for assessments and fines not paid within thirty (30) days after the due date are considered delinquent and shall bear interest from the due date.

If an account is delinquent, interest will accrue at the rate of 21% per annum until payments are current.

The following list details fines and penalties:

- 30 days or more delinquent – 21% per annum penalty added **from the due date** to delinquent amount.
- 90 days delinquent – in addition to monetary penalty, lien will be filed for delinquent amount
- 120 days delinquent – in addition to above, the Association will begin foreclosure proceedings to collect delinquent accounts.

All cost associated with collection of a delinquent account by an outside agency other than the management company will be charged to and paid for by the delinquent account.

The Association may elect to accelerate and declare immediately due and payable the remaining balance of assessments and fines for such fiscal year.

All delinquent accounts shall be a lien on the Owner's Lot to which the provisions of section 38-333.3-316, C.R.S., shall apply.

All voting rights will be suspended during the period in which an Owner's account is delinquent.

The Board of Directors may, at their discretion, waive or modify these procedures based upon facts presented to them by the owner of the outstanding account.

- 3. Definitions:** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning therein.
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- 5. Deviations:** The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
- 6. Amendment:** The Board of Directors may amend this procedure from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

Fairway Villas Homeowners Association

President

Effective Date: _____

Fairway Villas Homeowners Association

Investment Policy and Procedure

BE IT RESOLVED, that Fairway Villas Homeowners Association (the “Association”) hereby adopts the following procedures to the following investment reserves.

1. **Scope.**

To adopt a policy outlining procedures to be followed for investing reserves.

2. **Specifics.**

No funds shall be deposited or invested except in authorized investments. “Authorized investments” are those that are in accordance with the Declaration of Covenants, Conditions and Restrictions (CC&Rs) recorded on March 13, 2008 in Book 4623 at Page 77 of the Mesa County Records (collectively, the “Declaration”) and other governing documents of the Association that are obligations of, or fully guaranteed by, the U.S. Government.

All accounts, instruments, and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the Board of Directors as appropriate, and they shall be reviewed at least annually.

Investments shall be guided by the following goals, listed in decreasing order of importance:

- **Safety of Principle:** The long-term goal is the safety of reserves.
- **Liquidity and Accessibility:** Funds should be readily available for projected or unexpected expenditures.
- **Minimal Costs:** Investment costs (redemption fees, commissions, and other transaction costs) should be minimized.
- **Professional Management:** Funds should be invested with professional managers who have good reputations and sound credentials.
- **Return:** Funds should be invested to seek the highest level of return that is consistent with preservation of the purchasing power of the principle and accumulated interest.

The Board of Directors of the Association has the fiduciary duty to prudently manage reserve assets. Accordingly, the Board of Directors has set forth an investment policy to pursue Association goals and objectives. The Board of Directors expects that, over time, the strategy will produce results consistent with history and meet the reserve fund’s goals.

3. **Goals and Objectives.**

The Association’s capital replacement reserve assets shall be invested to achieve the following objectives:

- Promote and ensure the preservation of the reserve fund’s principal.
- Structure maturities to ensure availability of assets.
- Mitigate the effects of interest rate volatility upon reserve assets.

4. **Review and Control.**

The Association's Treasurer will receive monthly reserve statements. These statements will provide detailed accounting of current values, income, and transactions. Reports will be available for members of the Association from the Treasurer upon written request.

5. **Definitions.**

Unless otherwise defined in this Resolution, capitalized terms or terms defined in the Declaration shall have the meaning given therein.

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 HOA.

7. **Deviations.**

The Board of Directors may deviate from the procedures set forth in this Resolution if, in its sole discretion, such deviation is reasonable under the circumstances.

8. **Amendment.**

The Board of Directors may amend this procedure from time to time.

Officer's Certification:

President

Effective Date

Fairway Villas Homeowners Association

Records Retention and Inspection Policy and Procedure

BE IT RESOLVED, that the record of the Association are public documents and members of the Association are welcomed to review them in accordance with the following procedure:

1. **Scope:**

To adopt a procedure and policy to be followed when retaining records and when records are requested to be reviewed.

2. **Specifics:**

All records for the Association will be kept permanently either in paper or electronic form from 2015 forward. The Board of Directors and/or the management company will keep all records prior to 2015 as to what is currently available. All records will be kept in writing or in a form that can easily be converted into written form.

The following items will be kept as permanent records:

- Minutes of all Board and Owner meetings;
- All actions taken by the Board or Owners by written ballot instead of holding a meeting;
- All actions taken by a committee on behalf of the Board instead of the Board acting on behalf of the Association; and
- All waivers of the notice requirements for Owner meetings, Board member meetings, or committee meetings.

In addition to the above that must be kept as permanent records, the Association will keep a copy of the following records in its principal office:

- Articles of Incorporation;
- Bylaws;
- CC&Rs;
- Board resolutions affecting Association members;
- Minutes of all Owner meetings and records of any actions taken by members without a meeting in the past three years;
- All written communication within the last three years to Association members as a whole;
- A list of the names and businesses or home addresses of the current Board members and its Officers;
- Most recent annual report, if any, of the Board;
- All financial audits or reviews conducted in the last three years;
- A record of all Association members that allows the preparation of a list of the names and addresses of all unit owners as well as the number of votes each has.

Owners or their agents may request to inspect records or copies of records; request must be made in writing to the management company. The records can only be physically inspected within the management company during normal business hours, or during the regularly scheduled Owner or Board meeting occurring within 30 days of the Owner's request, as the discretion of the Board. If physical copies of records are requested to be mailed, faxed, or electronically mailed, a per page charge of \$0.10 plus office staff time to copy the records will be billed and become due. Additional mailing charges may apply. These charges shall be at the Owner's expense and may be collected by the Association in advance.

The written request must include who is making the request, proof of authorization to make the request, unit address within the community, what records are being requested to be reviewed, a description of the document being requested, and the reason for review. The review of records may only be for proper purposes and must be Association related. A signed acknowledgement from the unit owner, not the agent, must be on record stating that the records will not be used for improper purposes.

Association records, including membership lists, shall not be used by any Owner for:

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

These items that are between the Board of Directors and an attorney are not open for review. Items that are a personal nature shared with the Board by a specific Association member will not be open for review.

The Association shall make the records available within five (5) business days of the Owner's request or during the next regularly scheduled Owner or Board meeting occurring within 30 days of the Owner's request, at the discretion of the Board. The Board shall advise the Owner of the time and place of such inspection in writing within five (5) business days of the Owner's request.

3. **Definitions:** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning therein.
4. **Supplement to Law:** The provisions of this Resolution shall be in addition to and supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.
5. **Deviations:** The Board may deviate from the procedures set forth in this Resolution if, in its sole discretion, such deviation is reasonable under the circumstances.

6. **Amendment:** The Board of Directors may amend this procedure from time to time.

President's Certification: The undersigned, being the President of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

Fairway Villas Homeowners Association

President

Effective Date

Fairway Villas Homeowners Association

RESERVE STUDY POLICY

Adopted: _____

Pursuant to Section 38-33.3-209.5 of the Colorado Common Interest Ownership Act (“CCIOA”), Fairway Villas Homeowners Association (hereinafter the “Association” is required to adopt policies, procedures and rules and regulations concerning the preparation of reserve studies. This Reserve Study Policy (“Policy”), together with the terms of the Sub association Declaration for Fairway Villas Homeowners Association (“Declaration”) and the Bylaws of the Association, is intended to comply with the such requirement.

- 1. Reserve Study.** The Board of Directors (“Board”) shall conduct a reserve study at such times as in its sole discretion it determines is necessary but at least every three years to determine the necessity but at least every three years to determine the necessity and amount of reserves required maintain, repair, replace and restore the Association Maintenance Areas. The Board shall cause the reserve study to be conducted by a third party reserve study professional, who has a good reputation, sound credentials and appropriate level of insurance, for the services that are provided to the Association. The reserve study shall be based on physical analysis and financial analysis. The reserve study shall be reviewed at least annually to determine if reserves are sufficient. The Board shall, in its discretion, have the authority to and shall make any adjustments deemed necessary to maintain reserves.
- 2. Fund Designation.** Reserve funds for the Association Maintenance Areas shall be maintained in a Reserve Fund and shall be used for major capital repairs, replacements, maintenance, restoration, and improvements.
- 3. Funding Plan and Sources.** The Reserve Fun shall be funded primarily from Common Assessments and the generation of investment income from the Reserve Fund in accordance with such funding plans as established by the board.
- 4. Reserve Fund Investment.** The Reserve Fund assets will be invested in accordance with the Association’s Policy for Investment of Reserve Funds.
- 5. Definitions.** Unless otherwise defined in the Policy, capitalized terms or terms defined in the Declaration shall have the same meaning herein as set forth in the Declaration.
- 6. Supplement.** The provisions of this Policy shall be in addition to and shall supplement the terms and provisions of the Declaration, the Bylaws, and the laws for the State of Colorado governing Association.

7. **Deviations.** The Board may deviate from the procedures set forth in this Policy in, in its sole discretion, such deviation is necessary under the circumstances.

8. **Amendment.** The Board may amend this Policy from time to time.

Adopted by the Board of Directors of Fairway Villas Homeowners Association, Inc.
this ____ day of _____, 20__.

Fairway Villas Homeowners Association

By: _____
President

ATTEST:

By: _____
Secretary

Fairway Villas Homeowners Association

Covenant Enforcement Policy and Procedure Pursuant to C.R.S. §38-33.3-209.5(1)(b)(IV)

BE IT RESOLVED, the Association hereby adopts the following procedures to be followed for enforcing policies rules and regulations and other governing document of the Association.

1. Scope:

To adopt a procedure and policy outlining procedures to be followed for enforcing policies rules and regulations and other governing document of the Association.

2. Specifics:

Violations may be observed by the Board of Directors, the management company, a committee member or reported via written correspondence through e-mail, fax, or mail service. The complaint must state specifically the violation observed and include who the violating party was, what was observed, the date, place and time of the violation and any other pertinent information such as license plate numbers etc.

If full details are not provided with a complaint, further action beyond additional observation cannot be made. The Board will investigate the complaint further and will make additional observations if required.

If a complaint is found to be in violation of a municipal code, the complaint will be forwarded to the appropriate authorities.

If a violation is found and documented the following actions will be taken:

- A letter will be sent to the owner (and tenant if it is known that the unit is being used as a rental) stating that a violation has occurred while referring them to the governing documents which appear to be in violation. This letter will allow the unit owner to forward documentation if they believe the violation did not occur. The unit owner will have 10 days to respond to the letter or to correct the violation.
- If the violation is still observed after 14 days, a second letter will be sent to the Owner (and tenant if it is known that the unit is being used as a rental) stating that a fine of \$75.00 has been added to the Owners account. The unit owner will have 7 days to correct the violation or request a hearing with the Board (see Dispute Resolution Policy for specifics)
- If at the hearing it is found that the violation did (does) occur, the Owner will be charged fine from the 7th day after the date of the second letter. The Association will charge \$100.00 per occurrence for all CCR non-compliance issues.
- If a hearing is not requested by the owner within 7 days of the second violation letter, fines of \$100/day per occurrence will continue until the documented violation is corrected.

- It is the responsibility of the Owner to notify the Board that a violation has been rectified.

Owners are responsible for any fines that may be levied against their property due to non-compliance of their tenants.

Non-payment of fines will fall under the Dues Collection Policy.

Voting rights will be suspended for any Owner who is or has been in violation of the CC&R's in the previous thirty (30) days.

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President

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