

WILDHORSE AT PROSPECT ASSOCIATION, INC.
A Colorado nonprofit corporation

POLICIES AND PROCEDURES FOR COLLECTING DELINQUENT ASSESSMENTS

The Wildhorse at Prospect Association, Inc. (the "Association") is a residential common interest association of owners that was organized under the provisions of the Colorado Revised Nonprofit Corporation Act. The Association is also subject to many of the terms and provisions of the Colorado Common Interest Ownership Act ("CCIOA"). Under Section 209.5 of CCIOA, the Association is required to adopt written policies and procedures for collecting delinquent assessments.

Under the Association's Declaration, the Executive Board has the delegated power to adopt and amend budgets for revenues, expenditures and reserves of the Association as well as to collect assessments. This power includes the right to impose interest and late payment charges and to recover attorney fees and other legal costs of collecting and enforcing payment of delinquent assessments.

Past due assessments create a statutory lien under CCIOA which automatically attaches to the affected unit and which may be evidenced by recordation of a statement of lien. This statutory lien may be foreclosed in the same manner as any other lien or charge against real property, and the unit may be sold at a foreclosure sale in order to satisfy the delinquent assessments. The Declaration also establishes that the assessment obligation is a personal obligation of the owner of the unit. Therefore, the Association's collection remedies include the right to institute a personal civil suit against the owner of the unit in order to obtain a judgment for damages against the owner for the amount of the delinquent assessments along with late charges, interest, attorney fees and costs.

Underlying Philosophy

The Association must operate in a fiscally responsible manner. Without insisting on the prompt payment of all assessment obligations levied by the Association, the ability of the Association to provide services under the Declaration could be impaired. Consequently, the Executive Board has determined that it will vigorously enforce all of the Association's available remedies to collect delinquent assessments. These remedies will be applied in a nondiscriminatory manner.

Standard Billing and Payment Procedures

All periodic statements for assessment obligations are mailed to or delivered to owners on a quarterly basis in advance. For example, a statement for the fiscal year quarter of November through January would be sent in November and posted in the Association's ledger as being due on November 1.

Periodic statements for personal or "house" charges are sent in arrears for the previous three months. These charges include restaurant charges, massages, utilities, telephone and other services for which the Association has made payment in advance as a convenience for owners.

Each statement is due and payable in full at the time it is sent or delivered. A payment is considered to be delinquent if it has not been paid in full within 90 days. However, if there is a general manager, then the general manager's staff, if there is a general manager, will contact owners as a matter of courtesy when a payment is not received within 60 days from the date it is due.

When any payment becomes delinquent by more than 90 days, if there is a general manager, the general manager will attempt to expedite payment. In addition, the Association's rules and regulations provide for interest to be imposed on delinquent accounts. Such interest will be established by the Executive Board at a rate not to exceed twenty-one percent per year.

After a payment is delinquent for a period of 90 days, a notice of delinquency shall be mailed to the delinquent owner. The notice of delinquency shall include those items identified in C.R.S. § 38-33.3-209.5(5)(a)(V), as amended, which are incorporated herein by this reference.

After a payment is delinquent for a period of 120 days and all preconditions of CCIOA and the Declaration are satisfied, the general manager is authorized to commence collection proceedings if there is a general manager. If there is not a general manager, the Association shall directly authorize legal counsel to commence collection proceedings.

Collection Procedures

The first step in the collection procedure involves the preparation, execution and recording of an assessment lien statement. The Association has a very clear statutory lien power under the provisions of CCIOA and the Association's Declaration for unpaid assessments, which lien may be evidenced by the Association's lien statement. The lien statement shall set forth the amount of such unpaid indebtedness, the amount of the accrued interest and late charges, the name of the owner of the unit, and a description of the unit.

Under the terms of the Association's Declaration, the Association is entitled to impose late fees as well as interest on all delinquent assessments. In addition, the Association may add amounts to the assessment indebtedness for expenses incurred by the Association for attorney fees and costs which relate to the collection process. Late fees will be reasonably determined by the Executive Board from time to time. Interest is imposed on all past due assessment obligations at a rate not to exceed twenty-one percent per year and is currently set at twenty-one percent per year.

Lien Foreclosure

After a lien statement has been recorded and any portion of the assessment obligation described in such statement remains unpaid for a period of 60 days after the date on which the lien statement was recorded, the Association may authorize and commence foreclosure in compliance with CCIOA.

Suit for Money Judgment

Under the terms of the Association's Declaration, the Association also has the right to institute a civil action against the owner of the affected unit seeking a personal judgment against the owner for money damages in the amount of the delinquency along with all late fees, interest, costs and attorney fees. In some instances, the Association may choose to commence the suit for a personal judgment as part of its judicial foreclosure proceedings. In this instance, the complaint in the judicial foreclosure proceeding will also contain a separate claim against the owner for a personal judgment. In other instances, the Association may determine that it is more effective to file a civil action for a personal judgment against the owner and temporarily forego any judicial foreclosure remedy. This election of remedies is a matter which is within the sole discretion of the Executive Board, and decisions of this nature will be made on a case by case basis.

Suspension of Voting Rights

Under both CCIOA and the Association's rules and regulations, the Association has the authority to suspend the voting rights of an owner of a unit who has failed to pay a delinquent assessment. Voting rights may be suspended only after referral of the issue by the Executive Board to the owners at a duly called meeting and the subsequent approval of the suspension by a two-thirds vote of the owners present at such meeting. When suspension of voting rights has been approved in this manner, the owner of the affected unit will not be permitted to vote on any matters which come before the Association at any regular or special meeting of the owners.

Mediation

Under the provisions of CCIOA, the Association and an owner have the right to jointly agree to submit any dispute to mediation proceedings. However, it is the decision of the Executive Board that mediation is not an effective remedy for collecting delinquent assessments. Consequently, the Association will not consent to mediating any dispute arising out of a controversy involving delinquent assessments.

Attorney Fees and Costs

The terms of CCIOA provide that the Association is entitled to attorneys fees, costs, and related collection expenses incurred in collecting unpaid assessments.

Payment Plans

Pursuant to CCIOA, some owners may be entitled to a payment plan for unpaid assessments. Any payment plan must comply with the minimum requirements of CCIOA. In its discretion, the Executive Board of the Association may authorize payment plans that allow for a longer duration than the minimums required by CCIOA.

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on December 12th, 2016, and in witness thereof, the undersigned has subscribed his or her name.

Wildhorse at Prospect Association, Inc., a
Colorado nonprofit corporation

By: Chris Cappy, President

WILDHORSE AT PROSPECT ASSOCIATION, INC.
A Colorado nonprofit corporation

CODE OF CONDUCT AND CONFLICTS OF INTEREST POLICY
EXECUTIVE BOARD

The Wildhorse at Prospect Association (the “Association”) is a common interest association of owners that was organized under the provisions of the Colorado Revised Nonprofit Corporation Act (the “Act”) and is subject to the terms and provisions of the Colorado Common Interest Ownership Act (“CCIOA”). Under Section 209.5 of CCIOA, every association is required to adopt responsible governance policies. One of these written policy statements must include a description of the method by which members of the Executive Board (“Board”) handle conflicts of interest. Section 310.5 of CCIOA applies the conflict of interest standards and requirements of the Act to members of the Board.

This policy statement concerning conflicts of interest has been adopted by the Board of the Association in order to ensure that the Board members, and all individuals appointed to committees of the Board, maintain a high standard of ethical conduct in the performance of the Association's operations and adhere to the conflict of interest standards and requirements in the Act. In this fashion, the owners will be able to have confidence in and respect for the Association's leadership.

A. **Definitions.** In this policy statement, the words and phrases below will have the following meanings.

1. “Person” shall mean any director or member of a committee with Board delegated powers and shall also include, without limitation, any officer of the Association or any manager, attorney or accountant employed by the Board.
2. “Owner” shall mean a member of the Association who owns a dwelling unit.
3. “Interested person” shall mean any director, principal officer, or member of a committee with Board delegated powers who has a financial interest in any relevant transaction.
4. “Member” means an owner or a member of a committee with Board delegated powers.
5. “Conflicting interest transaction” shall mean a contract, transaction, or other financial relationship between the Association and an interested person or between the Association and an entity, trust or estate in which the interested person or a member of the interested person's family is a director or officer or has a financial or beneficial interest.
6. “Compensation” shall mean and include direct and indirect remuneration as well as gifts or favors that are substantial in nature.

B. **General Rules.**

1. No person shall accept a gift or favor made with the intent of influencing a decision or action on any Board or Association matter.
2. No person shall intentionally misrepresent facts to any owners or Board members for the purpose of advancing a personal cause or influencing owners to place pressure on the Board to advance such person's personal cause.

3. No person shall interfere with the system of management established by the Board and the management company.

4. No person shall interfere with the duties of any staff member of the Association or the management company.

5. No person shall accept or participate in the making of any loan by the Association to any of its directors or officers or any manager, attorney or accountant employed by the Board.

C. **Procedures.**

1. Duty to Disclose. In connection with any actual or possible conflicting interest transaction, an interested person must disclose the existence and material facts relating to his or her financial interest to the directors and committee members with Board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest, the Board or committee members shall decide if a conflict of interest exists. The interested person shall abstain from voting upon this question.

3. Procedures for Approving Conflicting Interest Transactions.

3.1 The chairperson of the Board or committee shall make an initial determination as to whether it is appropriate to investigate alternatives to the proposed transaction or arrangement in order to ascertain whether the Association can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflicting interest transaction.

3.2 If it is determined by the chairperson of the Board or committee that it is appropriate to vote on the proposed transaction, the question shall be put to a vote of the directors or members entitled to vote thereon.

3.3 In conducting the voting, a director *or* member who is an interested person shall not be prohibited from voting.

3.4 The approval of the conflicting interest transaction shall only take place under one of the following scenarios:

3.4.1 The material facts as to the interested person's relationship and the conflicting interest transaction are disclosed or are known to the directors entitled to vote thereon, and the directors in good faith authorize, approve or ratify the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

3.4.2 The material facts as to the interested person's relationship and the conflicting interest transaction are disclosed or are known to the directors entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the directors entitled to vote thereon; or

3.4.3 The directors make an independent determination that under all prevailing circumstances the conflicting interest transaction is fair to the Association.

4. Violations of the Conflicts of Interest Policy.

4.1 If the Board or any committee with Board delegated powers has reasonable cause to believe that a director or member has failed to disclose actual or possible conflicts of interest, it shall inform the director or member of the basis for such belief and afford him or her the opportunity to explain the alleged failure to disclose.

4.2 If, after hearing the response of the director or member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the director or member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

D. **Records of Proceedings.** The minutes of the Board and all committees with Board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflicting interest transaction, the nature of the financial interest, any action taken as a result, and the Board's or committee's decision.

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

E. **Annual Statements.** Each director, principal officer and member of a committee with Board delegated powers shall annually receive a copy of the current conflicts of interest policy statement.

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on December 12th, 2016, and in witness thereof, the undersigned has subscribed his or her name.

Wildhorse at Prospect Association, Inc., a
Colorado nonprofit corporation

By: Chris Cappy, President

WILDHORSE AT PROSPECT ASSOCIATION, INC.
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POLICY STATEMENT CONDUCT OF MEETINGS

Executive Board Meetings

The Executive Board (the “Board”) for the Wildhorse at Prospect Association, Inc. (the “Association”) conducts at least one regular meeting each year, and special meetings are scheduled from time to time during each year. Notice of each regular and special meeting is provided on the Association's website. Meetings are normally held at the Association's offices, and attendance by teleconference is permitted. Directors are expected to attend all scheduled Board and committee meetings, as well as the annual meeting of the owners. Directors are also expected to review the materials provided to them in advance of each meeting.

The Board is responsible for its own agenda. The president and a representative of the management company prepare an agenda of items to be discussed during the course of each meeting. Each member of the Board may also suggest issues to be discussed. The president determines the nature and extent of information to be provided regularly to the directors before each Board or committee meeting.

Any owner may attend a scheduled Board or committee meeting. However, owners and third parties may be excluded from any Board meeting that is being conducted by the president in executive session where the Association counsel is present. Each Board meeting shall be conducted in accordance with the procedural requirements of the Colorado Revised Nonprofit Corporation Act.

Meetings of the Owners

There is one scheduled meeting of the owners each year. This annual meeting normally takes place during the month of December. During this meeting, the owners will elect directors and transact any other business that may be appropriate. The president and a representative of the management company, if any, will prepare an agenda for the meeting.

Under the Association Bylaws, special meetings of the owners may be called by the president, the Board, or upon the written request of 20% of the owners. Each meeting of the owners is held at the Association offices or at such other location as the Board may determine. Notice of the annual meeting or any special meeting will be provided in accordance with the Association Bylaws and will also be posted on the Association's website. In voting on any matter, cumulative voting is not permitted. Each meeting will proceed in accordance with the applicable requirements of the Colorado Revised Nonprofit Corporation Act.

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meeting of the Board of Directors on December 12th, 2016, and in witness thereof, the undersigned has subscribed his or her name.

Wildhorse at Prospect Association, Inc., a
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By: Chris Cappy, President

WILDHORSE AT PROSPECT ASSOCIATION, INC.
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POLICY STATEMENT
PROCEDURES FOR ENFORCEMENT OF COVENANTS AND RULES
AND SCHEDULE OF FINES

The Wildhorse at Prospect Association, Inc. (the "Association") is governed by its recorded Declaration and all supplements thereto. Article 7 A. and Article 8 C. of the Declaration require each owner to comply with the provisions of the Declaration and all covenants and rules adopted by the Association. Article 7 A. states as follows:

Compliance with Association Documents. Each Owner shall comply with every provision, covenant condition, restriction and easement contained in the Association Documents as well as in the Master Declarations. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Dwelling unit for the benefit of all other Dwelling Units and for the benefit of Declarant's adjacent properties, if any.

Article 8 C. of the Declaration states as follows:

Compliance with Rules. Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, the Bylaws of the Association, the Rules and Regulations adopted by the Association and the decisions and resolutions of the Association adopted pursuant thereto as the same may be amended from time to time. Failure of any Owner or occupant to comply with any of the governing documents shall be grounds for an action to recover sums due for damages or injunctive relief or both, and for reimbursement of all costs and attorneys fees incurred in connection therewith, which action shall be maintainable by the Management Company or the Executive Board in the name of the Association on behalf of the Owners or, in a proper case by an aggrieved Owner or the Declarant.

The Association, at its election, may impose fines for any violation of any provision of the Declaration or any other rule or regulation of the Association. In the absence of contrary procedures and provisions in the Declaration and any other governing documents and the law, the procedures for the enforcement of the Covenants and rules and regulations of the Association shall be as follows:

- A. Prior to the imposition of any fines for any violation of any provision of the Declaration or any rule or regulation of the Association, it shall be the policy of the Association to attempt in good faith to contact in person the Owner allegedly in violation. This good faith obligation is not intended to be a bar to any subsequent enforcement actions if in person contact is not made. Failure to make an in person

contact shall not, in any way, prevent the Association from enforcement of the Declaration and rules and regulations.

- B. If the matter is not resolved to the satisfaction of the Association through an initial in person contact, such Owner shall be provided with a written notice describing the alleged violation in sufficient detail to allow the Owner to determine the nature of the violation alleged. The notice is considered received by the Owner on the third day after the same is mailed by the Association to the most recent address for the Owner in the Association's records. Such notice shall (1) set a deadline for compliance, (2) inform the Owner that the Owner may dispute that a violation exists and demand a hearing, and (3) set a deadline to demand a hearing. These deadlines shall be set by the Board of Directors in accordance with what the Board of Directors believes to be reasonable under the circumstances taking into consideration the nature of the alleged violation. In no event shall these deadlines be less than 3 business days except that the deadline for compliance may be immediate.

- C. Any Owner who requests a hearing as provided above shall be afforded a fair and impartial hearing before a hearing board comprised of individuals that are impartial decision makers. The Owner must be given an opportunity to be heard at the hearing. An individual is an impartial decision maker if the individual has the authority to make a decision on a claimed violation and does not have a direct personal or financial interest in the outcome of the hearing. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. The hearing board shall decide whether a violation exists, whether the Owner is the one who should be held responsible, and impose the applicable fine if a violation does exist. The hearing board may rule orally at the hearing or through a written document provided to the Owner within 30 days of the hearing.

The schedule of fines for violations shall be as follows:

First violation:	\$100.
Second violation:	\$200.
Third violation and all violations thereafter:	\$300.

All fines are immediately due and payable when incurred. A fine becomes late if not paid within 30 days of being imposed and such late fines will bear interest at the same rate as other delinquent assessments. Such fines, when unpaid within 30 days, become delinquent assessments. A violation that is continuing in nature will incur a new fine each day that it persists beginning on the 5th calendar day after the Owner receives the written notice described in B. above as if the violation were a new violation each day that it persists, but the violation shall be considered a single, continuing violation for purposes of notice and a hearing.

The Association may at any time, pursue all other legal remedies available as provided by the Declaration, its other governing documents, and applicable law. The failure to enforce any provision of the Declaration, the Association's other governing documents, the Association's other rules and regulations, other applicable law, shall not be deemed a waiver of the right to do so for any subsequent violations or if a violation continues. Any non-compliance with the Declaration,

rules, regulations or other governing document of the Association by any Owner, tenant of an Owner, guest of an Owner, family member of an Owner, or invitee or licensee of an Owner, will be the responsibility of the Owner.

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on December 12th, 2016, and in witness thereof, the undersigned has subscribed his or her name.

Wildhorse at Prospect Association, Inc., a
Colorado nonprofit corporation

By: Chris Cappy, President

WILDHORSE AT PROSPECT ASSOCIATION, INC.
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POLICY STATEMENT
AVAILABILITY OF ASSOCIATION RECORDS
FOR COPYING AND INSPECTION BY OWNERS

The Wildhorse at Prospect Association, Inc. (the “Association”) is governed under the provisions of the Colorado Common Interest Ownership Act (“CCIOA”). Section 317 of CCIOA requires common interest community associations to keep certain records, including without limitation:

- (a) Detailed records of receipts and expenditures affecting the operation and administration of the association;
- (b) Minutes of all meetings of its unit owners and executive board, a record of all actions taken by the unit owners or executive board without a meeting, and a record of all actions taken by any committee of the executive board;
- (c) The names of unit owners in a form that permits preparation of a list of the names of all unit owners and the physical mailing addresses at which the association communicates with them, showing the number of votes each unit owner is entitled to vote;
- (d) Its current declaration, covenants, bylaws, articles of incorporation, if it is a corporation, rules and regulations, responsible governance policies adopted pursuant to section 38-33.3-209.5, and other policies adopted by the executive board;
- (e) Financial statements as described in section 7-136-106, C.R.S., for the past three years and tax returns of the association for the past seven years, to the extent available;
- (f) A list of the names, electronic mail addresses, and physical mailing addresses of its current executive board members and officers;
- (g) Its most recent annual report delivered to the secretary of state, if any;
- (h) Financial records sufficiently detailed to enable the association to comply with section 38-33.3-316 (8) concerning statements of unpaid assessments;
- (i) The association's most recent reserve study, if any;
- (j) Current written contracts to which the association is a party and contracts for work performed for the association within the immediately preceding two years;
- (k) Records of executive board or committee actions to approve or deny any requests for design or architectural approval from unit owners;
- (l) Ballots, proxies, and other records related to voting by unit owners for one year after the election, action, or vote to which they relate;

(m) Resolutions adopted by its board of directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and

(n) All written communications within the past three years to all unit owners generally as unit owners.

All of the records are maintained in the Association's offices in a form that makes them reasonably available for examination and copying by any owner or authorized agent of an owner. The Association is entitled to charge a fee for making copies of any of these records. The Association shall have no obligation to provide inspection or copying of any document the Association is not required to keep by CCIOA, the Declaration, the Bylaws or its Articles.

A membership list of owners may not be obtained or used by any person for any purpose unrelated to a unit owner's interest as a unit owner without the prior written consent of the Executive Board. Unless the prior written consent of an owner is provided, his or her telephone number and electronic mail address may not be provided to other members of the Association. In addition, a membership list of owners may not be used under any circumstances for a commercial purpose or for the solicitation of money or property unrelated to an Association election. A membership list of owners may not be sold or purchased under any circumstances.

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Wildhorse at Prospect Association, Inc., a
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By: Chris Cappy, President

WILDHORSE AT PROSPECT ASSOCIATION, INC.

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**INVESTMENT
POLICY**

This policy statement of the Wildhorse at Prospect Association, Inc. (the "Association") is one of several governance policy statements relating to the governance by the Association of the Wildhorse at Prospect condominium complex in Mt. Crested Butte, Colorado. This governance policy statement describes the investment policies and procedures which are intended to govern the investment activities and practices for all capital reserve funds of the Association. This investment policy has been approved and adopted by the Executive Board of the Association.

The primary objective to be accomplished under this investment policy is to preserve capital and minimize any potential for capital losses. The Executive Board is charged with the responsibility of overseeing both the implementation and administration of the investment policy. In discharging this duty, the Executive Board will delegate to the Association manager all necessary authority to administer the Association's investment policy and manage all investments of the Association's funds. In this capacity, the manager shall make investment decisions in a manner that is consistent with the directions of the Executive Board and with this investment policy.

The manager shall also be responsible for monitoring the status of all invested funds and reporting to the Executive Board on a quarterly basis. Each report shall provide a summary of the performance of all investments and shall also include copies of the most recent brokerage and deposit account statements for investment and other accounts held in the name of the Association.

The manager shall make investment decisions and discharge his or her duties in good faith and with the care of an ordinarily prudent person under similar circumstances. In carrying out any decision or activity, the manager shall act in a manner which he or she reasonably believes to be in the best interests of the Association. The manager may rely on information, opinions and reports (including financial statements and other financial data) that have been prepared by accountants and other professionals, as well as other information which may be relevant.

In making specific investment decisions, the manager shall be guided by the current and anticipated cash flow needs of the Association as determined from time to time. This process shall include an analysis of the Association's current budgetary requirements and any approved capital repair or replacement projects.

The manager may, in turn, delegate certain investment and management functions to an established investor representative such as a brokerage company or bank. The manager shall take all appropriate steps to assure that time and brokerage deposits of the Association are insured to the maximum extent under existing deposit and investor insurance coverage. Securities may be held in street name or custody by the brokerage firm or bank. All investment accounts shall be maintained in the name of the Association. Disbursements from any such account shall be made only upon

authorization by the Executive Board. A copy of this policy statement shall be delivered to any investor representative utilized by the Association.

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on December 12th, 2016, and in witness thereof, the undersigned has subscribed his or her name.

Wildhorse at Prospect Association, Inc., a
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By: Chris Cappy, President

WILDHORSE AT PROSPECT ASSOCIATION. INC.
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POLICY STATEMENT
PROCEDURES FOR ADOPTION AND AMENDMENT
OF
POLICIES, PROCEDURES AND RULES

The Wildhorse at Prospect Association, Inc. (the "Association") is governed by its recorded Declaration and all supplements to the Declaration as well as the Association's bylaws. The Association is also governed by the provisions of the Colorado Common Interest Ownership Act ("CCIOA"). The Association is empowered under its Declaration and under its bylaws to adopt and amend policies, procedures and rules at any meeting of the owners or by action of the Executive Board (the "Board") at any regular or special meeting or by Board action taken without a meeting.

Under the provisions of CCIOA, the Board may adopt policies, procedures and rules only during a regular or special meeting. Members of the Association and their representatives are entitled to attend and speak at any regular or special meeting of the Board. However, the Board may impose reasonable restrictions on this process. The Board may also restrict attendance and hold a closed door session under the circumstances enumerated in CCIOA.

The Association, which has been organized as a nonprofit corporation, is also governed by the Colorado Revised Nonprofit Corporation Act (the "Act"). Under the provisions of the Act, any action to be taken at a meeting of the Board may be taken without a meeting as long as each and every member of the Board votes for such action and a notice of the action taken is reduced to writing and signed by all of the members of the Board. An action taken in this manner will have the same effect as if the action had been taken at a regular or special meeting of the Board.

It is the philosophy of the Board that policies, procedures and rules of the Association should only be adopted and amended at a regular or special meeting of the Board. However, the Board reserves the right to take action without a meeting in circumstances which present a clear emergency. The Board has directed the general manager of the Association to take all appropriate steps as required by CCIOA to provide owners with advance notice of any regular or special meeting of the Board.

At any meeting of the Board where a policy, procedure or rule is proposed to be adopted or amended, the presence (either in person or by other means of electronic communication) of a majority of the directors who are acting and qualified will constitute a quorum for the transaction of business. The votes of a majority of the directors who are present at the meeting shall be necessary to adopt or amend any policy, procedure or rule. The directors, in taking any such action, will be guided by their obligations and duties as described in the governing documents for the Association and under CCIOA and the Act. Any policy, procedure or rule which is adopted or amended by the Board shall be published and disseminated to the Association's members. The Association's Declaration requires members and their guests to comply with such policies, procedures and rules. The Declaration and Bylaws for the Association also provide for enforcement remedies on the part of the Association in order to ensure compliance.

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WILDHORSE AT PROSPECT ASSOCIATION, INC.
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EXECUTIVE BOARD POLICY GOVERNANCE STATEMENT

**PROCEDURES FOR ADDRESSING DISPUTES ARISING BETWEEN THE
ASSOCIATION AND UNIT OWNERS**

The Wildhorse at Prospect Association, Inc. (the "Association") is a common interest association of owners that was organized under the provisions of the Colorado Revised Nonprofit Corporation Act (the "Act") and is subject to the terms and provisions of the Colorado Common Interest Ownership Act ("CCIOA"). Under Section 209.5 of CCIOA, the Executive Board (the "Board") is required to adopt responsible governance policies for administration of the Association. One of these written policy statements must include a description of the procedures for addressing disputes arising between the Association and unit owners. Capitalized words and phrases in this policy statement shall have the same meanings ascribed to them in the Association's Declaration.

Disputes with an association can arise within a planned community environment in two different contexts. The first context would occur in any situation in which an association is required to enforce the terms of its governing documents against a non-complying unit owner. Examples of this would be a collection proceeding by an association to enforce the payment of delinquent assessments or a lawsuit filed by an association to enjoin or prohibit a unit owner from making impermissible structural changes or improvements. The second context would occur in situations where a unit owner has a claim or complaint against an association. An example of this would be an alleged negligent act of an association employee which resulted in damage to a unit owner's personal property or home.

It is the considered judgment of the Board that the use of alternative dispute resolution procedures such as mediation will often be useful and efficient tools within the second context described above, and that such procedures will result in less cost and complexity. Accordingly, the Board has determined that the use of alternative dispute resolution procedures in the form of mediation will be a mandatory condition prior to the filing of any civil action by a unit owner against the Association in any matter that falls within the second context described above. The Board has investigated the mediation and settlement assistance services offered by the Judicial Arbiter Group, Inc. in Denver, Colorado. This firm provides the assistance of an experienced judicial officer who facilitates claim and settlement proceedings in an informal setting. The Board recommends the use of all of the alternative resolution dispute procedures and services offered by the Judicial Arbiter Group, Inc. for matters which fall within the second context described above.

The Board has also concluded that the use of alternative dispute resolution procedures within the first context described above is not warranted, and that the Association should at all times have direct and clear access to the court system for the enforcement of covenants and

provisions contained in its governing documents. As a result, the Board has determined that alternative dispute resolution procedures shall not be permitted in any situation where the Association is entitled to pursue a civil action or other proceeding in the court system to enforce compliance with the terms of the governing documents or in the any situation where the Association is attempting to collect delinquent assessments or other obligations from a unit owner or is pursuing it remedies under CCIOA to perfect a statutory lien against a unit for delinquent assessments and foreclose the lien through the court system. Similarly, alternative dispute resolutions do not apply where the Association seeks to impose a fine against an Owner. Rather, in the event that the Association seeks to enforce its covenants, rules, or regulations through the imposition of fines, the procedural requirements for the imposition of fines as set forth in the Association's policies and procedures must be followed instead of any other form of alternative dispute resolution.

All unit owners and members of the Association and their guests and tenants shall be bound by this policy governance statement. In the event a civil action is threatened or filed against the Association by any unit owner or any guest or tenant of a unit owner arising out of any claim or complaint involving the Association, this policy governance statement may be used by the Association as grounds to compel the unit owner to submit the matter to alternative dispute resolution procedures prior to taking any further action with regard to any threatened or pending civil action.

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on December 12th, 2016, and in witness thereof, the undersigned has subscribed his or her name.

Wildhorse at Prospect Association, Inc., a
Colorado nonprofit corporation

By: Chris Cappy, President