

**RESOLUTION OF THE  
MOUNTAIN VIEW ESTATES HOMEOWNERS' ASSOCIATION  
TO ENACT  
RESPONSIBLE GOVERNANCE POLICIES**

Mountain View Estates Homeowners' Association (the "Association"), for the purpose of complying with C.R.S §38-33.3-209.5, hereby adopts the following responsible governance policies. Unless otherwise defined in these governance policies, terms defined in the Declaration of Protective Covenants for Mountain View Estates, as amended ("Declaration") and the Association's Articles of Incorporation ("Articles"), Bylaws ("Bylaws") and Rules and Regulations, if any ("Rules and Regulations"), shall have the same meaning herein. The Declaration, Articles, Bylaws and Rules and Regulations shall hereafter be collectively referred to as the "Governing Documents."

**A. Procedures for the Adoption and Amendment of Policies, Procedures and Rules.**

Article Third, paragraph (a) of the Articles of Incorporation grants the Association the power to manage and control property subjected to the Declaration. Paragraph 23 of the Declaration grants the Association the power to enforce the provision of the Declaration and to promulgate reasonable Rules and Regulations. Article Sixth of the Association's Articles of Incorporation provides that the management of the Association's affairs shall be vested in the Association's board of directors (the "Board").

Pursuant to the above referenced authority, and for the purpose of adopting a standard procedure to be used when adopting policies, rules, regulations and guidelines (hereafter "Policies" or "Policy"), the Association hereby adopts the following procedures to be followed in adopting Policies of the Association:

1. The Board shall consider the following in drafting any Policy:
  - (a) whether the Governing Documents or Colorado law grants the Board the authority to adopt the proposed Policy;
  - (b) the need for the Policy based on the scope and importance of the issue and whether the Governing Documents currently address the issue adequately; and
  - (c) the immediate and long-term impact of the Policy.

2. Notice of any proposed Policy shall be sent via First Class Mail or email to each Owner. Owners shall be allowed thirty (30) days to provide comments to the Board regarding the proposed Policy. After the thirty (30) day period for Owner's comment has elapsed, the Board may adopt the proposed policy by way of a meeting of the directors.

3. The Board may forego the notice and opportunity to comment in the event the Board determines in its sole discretion that providing notice and opportunity to comment is not practical given the emergency nature of such Policy.
4. After adoption of any Policy, a copy of the Policy or notice of the Policy, including the effective date, shall be provided to all Owners by any reasonable method as determined in the sole discretion of the Board. A copy of the Policy shall also be placed in the binder containing the records and documents of the Association, which shall be available for inspection and copying pursuant to the Board's policy regarding inspection and copying of documents.

**B. Policy Regarding Board of Directors Conflicts of Interest**

1. As used in this policy, "conflicting interest transaction" means: A contract, transaction, or other financial relationship between the Association and a member of the Association's Board ("Director"), or between the Association and party related to a Director, or between the Association and an entity in which the Director is a director or officer or has a financial interest.
2. As used in this policy, "Officer" shall mean any person designated as an officer of the Association and any person to whom the Board delegates responsibilities under Article 38-33.3 of the Colorado Revised Statutes, including, without limitation, a managing agent, attorney or accountant employed by the Board.
3. As used in this policy, "party related to a Director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director, officer, or has a financial interest.
4. No loans shall be made by the Association to its Directors or Officers. Any Director or Officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.
5. No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an Owner or by or in the right of the Association, solely because the conflicting interest transaction involves a Director of the Association or a party related to a Director or Officer or an entity in which a Director is a director or officer or has a financial interest or solely because the Director is present at or participates in the meeting of the Association's Board or of the committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Directors vote is counted for such purpose if:
  - (a) the material facts as to the Director's relationship or interest as to the conflicting interest transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest

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

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

(c) the conflicting interest transaction is fair as to the Association.

6. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

### C. **Assessment Collection Policy**

The Owner of each Lot shall pay the Owner's share of the common expenses allocated to such Lot as general assessments and the full amount of any special assessments assessed specifically against such Owner's Lot.

The Association shall send notices of general (regular) and special assessments and other charges via invoices. All invoices are due and payable on the date or dates specified in the invoice, or if payment date(s) are not specified, within thirty (30) days after the date of the invoice. Assessments or other charges not paid within thirty (30) days after the due date shall be considered past due and delinquent and Association may assess interest on the past due amount from the date due until paid at a rate of one percent (1%) per month. All checks returned by the Owner's bank for any reason whatsoever, including but not limited to insufficient funds, shall incur a \$30.00 returned check charge. All late fees, interest, returned check charges and cost of collection, including court costs and attorney fees, shall be a special assessment against the delinquent Owner(s) and such Owner(s) Lot.

#### Collection Process:

1. After any assessment or other charge becomes more than thirty (30) days delinquent, the Association may send a written notice of non-payment to the Owner.
2. After any assessment or other charge becomes more than thirty (30) days delinquent, the Association may record a statement of lien in the Routt County real property records, against the Owner's Lot, for the delinquent amount, late payment fees, interest and cost of collection. The Association's failure to record any such state of lien or any error or omission in the content of such statement of lien shall not defeat such lien of the Association nor affect its priority.
3. After any assessment of other charge becomes more than forty-five (45) days delinquent, the Association may refer the matter to the Association's attorney who may file a lawsuit against the Owner or institute a foreclosure action against the Owner's Lot to collect all

amounts due to the Association. The cost of any lawsuit and/or foreclosure action shall include the costs of collection, including attorney fees.

**D. Policy Regarding the Inspection and Copying of Documents.**

The Association shall permanently retain the following records as required by Colorado law: (1) Minutes of all Board and Owner meetings, (2) all actions taken by the Board or Owners by written ballot in lieu of a meeting, (3) all actions taken by a committee on the behalf of the Board acting on behalf of the Association, (4) all waivers of the notice requirements for Owner meetings, Board member meetings or committee meetings and (5) a record of each Owner's name, address and number of votes each Owner is entitled to vote.

Within ninety (90) days after the end of each fiscal year, the Association shall make the following information available to Owners: (1) the date on which the Association's fiscal year commences, (2) the operating budget for the current fiscal year, (3) a list, by unit type, of the Association's current assessments, including both regular and special assessments, (4) the Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure, (5) the results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure, (6) a list of all Association insurance policies, including, but not limited to, property, general liability, association director and officer professional liability and fidelity policies (this list shall also include the company names, policy limits, policy deductibles, additional named insured and expiration dates of the policies), (7) the Association's Declaration, Articles, Bylaws and Rules and Regulations, (8) the Minutes of any Board meeting or meeting of the members for the fiscal year immediately preceding the current annual disclosure and (9) the responsible governance policies, adopted pursuant to C.R.S. §38-33.3-209.5.

Further, the Association shall keep a copy of each of the following records (1) resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations and obligations of Owners or any class or category of Owners, (2) the minutes of all Owners' meetings, and records of all action taken by Owners without a meeting, for the past three (3) years, (3) all written communications within the past three (3) years to Owners generally as Owners, a list of the names and business or home addresses of the Association's current directors and officers, (4) the Associations most recent annual report, if any, and (5) all financial audits or reviews conducted during the immediately preceding three years.

In order to provide the greatest latitude of disclosure to the Owners, the Association may maintain a website containing the documents/records listed above, available for download on the website. The website may consist of a public area, available to the public, and a private area, limited to Owners and requiring a password to enter. The Board shall use its discretion as to which documents/records are posted on the website and therefore many of the above listed documents/records may not be available on the website.

The Association (or its managing agent) shall also have available for inspection and copying, at the Association's office or managing agent's office, a binder containing all of the above listed

documents. The Board encourages Owners to access the documents via the website, but will allow copying and inspection at the Association's office, subject to the following conditions:

- (a) The inspection and/or copying of the records shall be at the owner's expense.
- (b) The inspection and/or copying shall be by appointment only during Association's office hours. The binder containing the Association's documents and records shall at all times remain at the Association's office and shall not be removed by any Owners, for any reason.
- (c) Owners shall complete, sign and submit a written request for inspection and/or copying ("Association Request Form") at least five (5) business days prior to inspection/copying. A copy of the Association Request Form will be provided to the Owners upon verbal or written request. Certain documents of the Association will not be available for inspection/copying: documents and records protected by the attorney-client privilege, those records that are deemed confidential or those protected by federal or state privacy laws.
- (d) Association documents/records, including membership lists, shall not be used by Owners for (1) any purpose unrelated to an Owner's interest as an Owner, (2) any commercial purpose, (3) the purpose of distributing or selling such records to any person, (4) used to solicit money or property unless such money or property will be used solely to solicit the votes of the owners in an election to be held by the Association (4) any other improper purpose, determined in the sole discretion of the Board.
- (e) The cost of copying any record is \$.10 per page. The cost of copying must be paid in full prior to the Association releasing the copies to an Owner.

**E. Policy Regarding Investment of Reserves of the Association:**

The Association may from time to time establish reserves for Association purposes, including reserves for repairs, upkeep, maintenance, replacement and acquisition of Association property and common areas. Reserves may be expended only for the purposes for which the reserve was established.

In order to preserve and protect any reserve funds established:

1. All reserves shall be deposited in a FDIC insured savings or checking account. When possible, reserves shall be deposited in interest-bearing accounts.
2. Reserves shall only be used for the purposes for which the reserve in question was established,
3. Withdrawal of funds from the reserves shall require the prior authorization and approval of the Board.

## F. **Policy Regarding Procedures for Conducting Owner and Board of Directors Meetings**

The purpose of this Policy is to establish a uniform and systematic protocol for conducting meetings of the Association, including Owners and Board meetings; to ensure notice of meetings is given pursuant to Colorado law; to ensure equitable participation by Owners while permitting the Board to conduct the business of the Association; and to memorialize the circumstances under which the Board may meet in executive or closed door sessions.

1. Meetings. Meetings of the Owners, as the members of the Association, shall be held at least once a year. Special meetings of the Owners may be called by the President, by a majority of the Board, or by Owners having at least twenty percent of the votes in the Association.
2. Notice. Notice of Owner meetings shall be hand delivered or sent prepaid by US Mail at least ten days prior to but not more than fifty days in advance of any meeting of the Owners or as required by C.R.S. §38-33.3-308 as amended.

All notices shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendments to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board.

3. Voting. All votes taken at Owner meeting shall be taken as follows:

(a) Votes for contested positions on the Board shall be taken by secret ballot. Also, at the discretion of the Board or upon the request of twenty percent (20%) of owners present at a meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the common interest community on which all Owners are entitled to vote shall be by secret ballot. The secret ballot shall contain no identifying information concerning the ballot holder. In the event an Owner holds a proxy for another Owner, upon presentation of such proxy to the Secretary of the Association, the Owner shall receive a secret ballot to cast the vote of the Owner who has provided the proxy. The proxy shall be kept and retained by the Association.

(b) All votes, other than those taken by secret ballot, shall be taken in such method as determined by the Board and pursuant to the Bylaws, including by hand, voice or by ballot, unless otherwise required by law.

(c) Written ballots, including secret ballots, shall be counted either by (1) a neutral third party or (2) a committee of volunteers. Such volunteers shall be Owners who are selected or appointed at an open meeting, in a fair manner, by the chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board members, and, in the case of a contested election for a Board position, shall not be candidates. The results of any vote by secret ballot shall be reported without reference to names, addresses or other identifying information.

4. Proxies. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. A proxy shall not be valid if obtained through fraud or misrepresentation. Unless otherwise provided in the Declaration, Bylaws, Articles or Rules and Regulations of the Association, appointment of proxies may be made substantially as provided in C.R.S. § 7-127-203. All proxies shall be reviewed by the Association's secretary as to the validity of the signature, signatory's authority to sign for the Owner, authority of the Owner to vote, conflicting proxies and expiration of the proxy.
5. Open Meetings. All regular and special meetings of the Association and Board, or any committee thereof, shall be open to attendance to all Owners of the Association or to any person designated by an owner in writing as the owner's representative. All Owners or designated representative shall be permitted to attend, listen and speak at an appropriate time during the deliberations and proceedings. Owners who desire to speak are requested to notify the Association office in advance of the meeting, or on the meeting sign-in sheet, so the Board can plan the agenda accordingly. Owners will be recognized to speak at the appropriate point on the agenda; either during discussion of an agenda item or, for items not on the agenda, during open forum. Owners who have not signed up to address an item will be allowed to speak at the end of the meeting, time permitting. The President or acting chair shall, to the best of his/her ability, allocate time to each Owner for comment so as to allow as many Owners as possible to speak.
6. Meeting Sign-in. In order to manage the meeting effectively, Owners are asked to list any item(s) they wish to address when they sign-in at the meeting. The Owners' sign-in sheet will be available at the meeting and include: name, address, Lot number and any items they wish to address.
7. Open Forum. The agenda for all meeting shall follow the order of business determined by the Board, which shall include an Owner open forum during which any Owner who wishes to speak will have the opportunity to do so, subject to the provisions of this policy. The Board shall have the right to determine the length of time of the open forum. The open forum should be used by Owners to speak about items that are not on the agenda.
8. Agenda Items. During the discussion of an agenda item, the President or acting chair will recognize Owners who have signed-up to address that item. The Board may place reasonable time restrictions on those persons speaking during the discussion and shall provide for a reasonable number of persons to speak on each side of an issue.
9. Owner's Right to Speak before Board Action. The Board shall permit Owners to speak before the Board takes formal action on any item under discussion, in addition to any other opportunities to speak. The Board may place reasonable time restrictions on those persons speaking during the meeting and shall provide for a reasonable number of persons to speak on each side of an issue. If more than one person desires to address an issue and there are opposing views, the board shall provide for a reasonable number of persons to speak on each side of the issue.

10. Additional Owner Input. At the end of the meeting, at the Board's discretion, Owners who did not sign up to speak may be given the opportunity to address items that were discussed at the meeting.
11. Time Limit to Speak; Protocol. The President or acting chair of the meeting may place reasonable limitation upon the time given to each Owner seeking to comment, to allow sufficient time for as many Owners as possible to comment within the time permitted. Unless otherwise determined by the President or acting chair, the time limit will be three minutes per Owner. Owners should refrain from repeating other Owner's comments. Owners may be limited to speaking one time per agenda item.
12. Extended Discussion. If it becomes evident that discussion of a particular issue will exceed the time allocated on the agenda, the Board may schedule a special session to further address the issue. Time will not be taken during the meeting to repeat information previously discussed. If an Owner requires history or other background information on a complex topic that has been previously discussed, an Association representative will contact the Owner after the meeting. Owners requesting additional information on a topic shall leave a name, phone number and/or email address with a Board member.
13. Conduct of Participants. No Owner is entitled to speak until recognized by the President or acting chair. Owners will be asked to identify themselves by their name, address and Lot number. There shall be no interruptions of anyone who has been recognized by the chair, except by the chair. All Owners and/or Owner's delegates should avoid side conversations. Specific time limits set for speakers shall be strictly observed. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the chair and not to other individual participants. All comments are to be restricted to the agenda items being discussed. Meeting participants must behave courteously and be respectfully to others.
14. Curtailment of Member Conduct. Should the President or acting chair determine that any Owner has spoken for the allocated amount of time or longer, or determine that the Owner is in violation of the provisions of this policy, the President or acting chair shall have the authority to instruct that Owner to yield the floor, and that Owner will be obligated to comply with the President's or acting chair's instruction.
15. Disruptive or Unruly Behavior. If an Owner refuses to stop talking after his/her allotted time has ended, or otherwise disrupts the meeting, or is otherwise in violation of the provisions of this policy, the following procedure will be followed:
  - (a) The President or acting chair will issue an oral warning that if the Owner continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy than that person will be asked to leave the meeting.
  - (b) If the Owner continues to speak, disrupt the meeting, or otherwise act in violation of the provision than the President or acting chair will call a recess and have the Owner escorted out of the meeting. The meeting will than resume as normal.

16. Executive or Closed Door Sessions. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed door session and may restrict attendance to Board members and other persons specified by the Board; provided that any such executive or closed door session may only be held in accordance with the provisions and requirements of C.R.S. §38-33.3-308(4), as amended, or other applicable laws. The matters to be discussed at such an executive session are limited to:

- (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) Matters subject to specific constitutional, statutory or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (f) Review of or discussion relating to any written or oral communication from legal counsel.

Prior to the time the members of the Board convene in executive session, the President or acting chair shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above. No rule or regulations of the Board shall be adopted during the executive session. A rule or regulations may be adopted only during a regular or special meeting or after the Board goes back into regular session following an executive session.

**G. Policy and Procedures for the Enforcement of Covenants and Rules and Regulations.**

Pursuant to Section 23 and Section 27 of the Declaration and Article III, Section 5 of the Bylaws and other provisions of the Governing Documents and applicable law, the Association, through its Board, has the power, among other things, to adopt rules and regulations and to enforce the Declaration. The Board may determine enforcement action on a case by case basis and take other actions as it may deem necessary and appropriate in a particular situation. The Board may use its discretion in enforcing the Declaration and the Association's rules and regulations, and shall not be required to take action.

The decision of the Board to pursue enforcement action in any particular case shall be left to the Board's discretion, subject to the duty to exercise its business judgment, and not to be arbitrary

or capricious in taking enforcement action. Without limiting the generality of the foregoing, the Board may determine that, under the circumstances of a particular case: (i) the Association's position is not strong enough to justify taking any or further actions; (ii) the covenant, rule, regulation or restriction being enforced is, or is likely to be construed as, inconsistent with applicable law; (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (iv) that it is not in the Association's best interest, based on hardship, expense or other reasonable criteria, to pursue the enforcement action.

Failure by the Board to enforce any covenant, restriction, rule or regulation, or any other provision of any of the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter or preclude the Association from enforcing any other covenant, restriction, rule or regulation or provision of the Governing Documents.

Action taken by the Association in accordance with this policy, or a decision to not take action, shall not affect an Owner's right to bring his own enforcement action pursuant to Section 27 of the Declaration.

#### **H. Policy and Procedures for Addressing Disputes Arising Between the Association and Owners or Between Owners**

*From time to time, disputes may arise between an Owner and the Association or between Owners. This policy commits the parties to any such a dispute to work together in an attempt to resolve the dispute without litigation in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties. It also requires substantial support of the Association's membership before the Association can engage in certain types of litigation that could result in significant legal and emotional costs to the common interest community.*

##### **1. Agreement to Encourage Resolution of Disputes Without Litigation.**

(a) The Association and all Owners, (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the common interest community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 2 in a good faith effort to resolve such Claim.

(b) As used in this Policy, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of the Governing Documents; or

(ii) the rights, obligations, and duties of any Bound Party under the Governing Documents;

Notwithstanding the above, the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 22:

(i) any suit by the Association to collect assessments or other amounts due from any Owner;

(ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce any provisions of the Declaration; or

(iii) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section II(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this policy.

## 2. Dispute Resolution Procedures.

(a) The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice ("Notice") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

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

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

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Routt County, Colorado area. Each Bound

Party shall present the mediator with a written summary of the Claim. If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim. If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate. Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall pay an equal share of the mediator's fees.

(d) Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys fees and court costs.

### 3. Initiation of Litigation by Association.

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by Owners entitled to cast 75% of the total votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated to enforce the provisions of the Declaration, including collection of assessments and foreclosure of liens;
- (b) initiated to challenge *ad valorem* taxation or condemnation proceedings;
- (c) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (d) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

4. Limitation of Damages.

All Bound Parties agree that, in any lawsuit arising out of a Claim subject to the procedures set forth in Section II, any damage award shall be limited to the amount of any actual economic loss suffered by the prevailing party and shall not include punitive damages or damages for pain and suffering, except that punitive damages shall be permitted in the case of a lawsuit arising out of a violation of the Governing Documents.

The foregoing Resolution to Enact Responsible Governance Policies was adopted by the Board of Directors of the Association on the 1st day of October, 2007.

MOUNTAIN VIEW ESTATES HOMEOWNERS'  
ASSOCIATION

By: Hal Markes

**ASSOCIATION REQUEST FORM  
AND  
AGREEMENT REGARDING INSPECTION AND COPYING OF RECORDS OF  
THE  
MOUNTAIN VIEW ESTATES HOMEOWNERS ASSOCIATION**

Please return the completed Association Request Form via regular mail to:  
Mountain View Estates Homeowners Association  
P.O. Box 771380  
Steamboat Springs, Colorado 80477

I hereby request to (please check all that apply) \_\_\_\_\_ inspect \_\_\_\_\_ obtain copies of the following records of the Mountain View Estates Homeowners Association (be as specific as possible):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The records shall be used for the following purpose(s) only:

\_\_\_\_\_

\_\_\_\_\_

I understand that under the terms of the Colorado Revised Nonprofit Corporations Act, Association records may not be obtained or used for any purpose unrelated to my interest(s) as an owner. I further understand and agree that without limiting the generality of the foregoing, Association records may not be: (1) used to solicit money or property unless such money or property will be used solely to solicit votes of the owners in an election held by the Association, (2) used for any commercial purpose, (3) sold to, otherwise distributed to, or purchased by any person, (4) any other purpose prohibited by law or (5) any purpose not related to the reason specified in this Agreement.

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

Understood and agreed to by:

\_\_\_\_\_  
Homeowner

Date \_\_\_\_\_

\_\_\_\_\_  
Address