

**BYLAWS
OF
MOUNTAIN LAKE VILLAS OWNERS ASSOCIATION, INC.**

**ARTICLE 1
INTRODUCTION**

These are the Bylaws of Mountain Lake Villas Owners Association, Inc., which shall operate under the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended ("Act"). The name of the corporation is Mountain Lake Villas Owners Association, Inc. (hereinafter referred to as the "Association"). Definitional terms used herein shall correspond to the Act or the definitions used in the Master Declaration of Covenants, Conditions, and Restrictions for Mountain Lake Villas, recorded on March 16th, 2020, at Reception No. 22001553 as same is amended from time to time (the "Declaration.").

**ARTICLE 2
EXECUTIVE BOARD**

Section 2.1 Number and Qualification.

(a) The affairs of the Association shall be governed by an Executive Board (defined by the Act) which shall consist of initially, three persons and, after the period of Declarant control, at least three persons or such greater number as may be established by Board resolution, all of whom must be owners (or representatives of an owner as described herein) of a Unit, except those Directors appointed by the Declarant. Directors shall be natural persons. If any Unit is owned by a trust, partnership, corporation or limited liability company, any trustee, partner, officer or member of that entity shall be eligible to serve as a member of said Executive Board (a "Director"). At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

(b) The Executive Board shall appoint the officers. The officers shall take office upon their appointment by the Executive Board.

(c) Director terms shall be staggered such that, initially, two director positions shall be for a term of two years and one director position shall be for a term of one year. Each Director shall hold office for the unexpired term to which he or she is appointed, and, in either case, until the first meeting attended by their qualified successor.

(d) The Declarant shall appoint Directors during the period of Declarant control as provided in the Act. After termination of the period of Declarant control, Directors shall be elected at the annual meeting of Owners by majority vote of the votes allocated to all Owners. This annual meeting may be called and the notice given pursuant to Section 3.5 by any Owner if the Association

fails to do so.

(e) Directors shall serve without compensation unless the Executive Board, by resolution, determines that the Association shall pay a fee for such service. Directors shall be entitled to reimbursement of reasonable costs and expenses incurred in connection with their duties as a director so long as approved by the majority of the Executive Board.

(f) Directors may not serve on the Executive Board if delinquent in the payment of any assessments or fees owed to the Association.

Section 2.2 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Executive Board shall have all powers and duties set forth in the Act, subject to the limitations contained in the Declaration, necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

(a) Adopt and amend these Bylaws, any Rules and Regulations (the "Rules and Regulations"), and any policies and procedures (the "Policies and Procedures");

(b) Adopt and amend budgets for revenues, expenditures and reserves;

(c) Collect and levy annual assessments for Common Expenses from Owners and also collect and levy special and default assessments;

(d) Hire and discharge employees, independent contractors, agents and managing agents;

(e) Institute, defend or intervene in litigation or administrative proceedings, file liens or seek injunctive relief for violations of the Association's Declaration, Bylaws, Rules and Regulations, or Policies and Procedures in the Association's name, on behalf of the Association or two or more Owners on matters affecting Mountain Lake Villas ;

(f) Make contracts and incur liabilities;

(g) Regulate the use, maintenance, repair, replacement and modification of Common Elements;

(h) Cause additional improvements to be made as a part of the Common Elements;

(i) Acquire, hold, encumber and convey, in the Association's name (including mortgaging and the assignment of Common Expense assessments of the Association), any right, title or interest to real estate or personal property provided, however, that Common Elements may be conveyed or subjected to a security interest only pursuant to §38-33.3-312 of the Act;

(j) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements, such easements or licenses to include easements as may be necessary for underground utilities for electric, gas, cable, internet, and telephone and any easements necessary for sewer, storm, water and water systems;

(k) Impose and receive a payment, fee or charge for services provided to Owners for the use, rental or operation of the Common Elements, other than Limited Common Elements described in subsections 202(1)(b) and (d) of the Act;

(l) Impose a reasonable charge for late payment of assessments, recover reasonable attorney's fees and other legal costs for collection of assessments and other action to enforce the power of the Association (regardless of whether or not suit was initiated) and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, and Rules and Regulations of the Association;

(m) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;

(n) Provide for the indemnification of the Association's officers and the Executive Board, committee members, and maintain Directors' and officers' liability insurance;

(o) Exercise any other powers conferred by the Declaration or Bylaws;

(p) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

(q) Exercise any other power necessary and proper for the governance and operation of the Association;

(r) By resolution, establish, modify and terminate committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Owners and the Executive Board;

(s) Suspend the voting interests allocated to a Unit, and the right of an Owner to cast such votes, or by proxy the votes of another, during any period in which such Owner is in default in the payment of any assessment or, after notice and a hearing, during any time in which an Owner is in violation of any other provision of the Association Documents; and,

(t) At its discretion and by resolution of the Executive Board, declare the office of a member of the Executive Board to be vacant in the event such member shall fail to attend three (3) regular meetings of the Executive Board during any one-year period.

Section 2.3 Manager. The Executive Board may employ a Manager for general management of the Community at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the Manager only the powers granted to the Executive Board by these Bylaws under Section 2.2, Subsections (c), (e), (g) and (h). Licenses and contracts may be executed by the Manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget. **The Executive Board shall not delegate to any managing agent any powers relating to the collection, deposit, transfer or disbursement of funds of the Association unless the managing agent maintains fidelity insurance coverage in an amount not less in aggregate than two month's current assessments plus reserves as calculated from the current budget of the Association; provides an annual accounting for the Association funds; and maintains the Association's funds separate from funds of any other Association that may be managed by said managing agent.**

Section 2.4 Removal of Directors. The Owners, by a vote of at least sixty-seven percent (67%) of the Owners at any meeting of the Owners at which a quorum is present, may remove any Director of the Executive Board, with or without cause. Written ballots, pursuant to Section 3.12 shall not be utilized for this meeting. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

Section 2.5 Vacancies. Vacancies of any Director whom the Declarant has appointed, shall be filled by the Declarant. Vacancies in the Executive Board, caused by any reason other than the removal of a Director by a vote of the Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy. Vacancies of Directors resulting from the removal of a Director by Owners pursuant to Section 2.4 shall be filled at a special meeting of the Owners. Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 2.6 Regular Meeting. Regular meetings of the Executive Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. The time and place and agenda for regular meetings of the Executive Board shall be made reasonably available for examination by all members of the Association or their representatives by posting in a conspicuous place or, if not practical to post, via email. All regular meetings of the Executive Board shall be open to attendance by all members of the Association or their representatives.

Section 2.7 Special Meetings. Special meetings of the Executive Board may be called by the President or by at least two of the Directors on at least three business days' notice to each Director. In addition to being posted, the notice shall be hand-delivered, or mailed, (or emailed if specifically requested by a Director) and shall state the time, place and purpose of the meeting. All special meetings of the Executive Board shall be open to attendance by all members of the Association or their representatives. The time and place and agenda for special meetings of the Executive Board shall be made reasonably available for examination by all members of the Association or their representatives by posting in a conspicuous place or, if not practical to post, via email. Only the item which is the purpose of the Special Meeting shall be acted upon at the Special Meeting.

Section 2.8 Location of Meetings. All meetings of the Executive Board shall be held within Archuleta County at a location established by the President, unless the majority of Directors consent to another location.

Section 2.9 Waiver of Notice. Any Director may waive notice of any meeting in writing before or after such meeting. Attendance by a Director at any meeting of the Executive Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no waiver of notice shall be required, and any business may be transacted at such meeting.

Section 2.10 Quorum of Directors. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present (in person or by proxy) at a meeting at which a quorum is present shall constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11 Action Taken Without a Meeting. The Directors will have the right to take any action which they could take at a meeting in the absence of a meeting by doing the following:

1. A written notice is sent to all Directors of the action proposed to be taken.
2. The notice states the time by which Directors must respond.
3. Each Director votes, in writing, “for” or “against” or “abstains” or fails to respond to the action.
4. No Director member demands a meeting for the proposed action.

Upon completion of the above procedure and provided that no Director has demanded a meeting for the proposed action, the action will have the same effect as though taken at a meeting of the Executive Board.

Section 2.12 Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board by telephone so long as the Director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

Section 2.13 Executive Board Member Education. The Executive Board may authorize and account for as a common expense of the Association, reimbursement of Executive Board

members for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado and shall make reference to the Act.

Section 2.14 Executive Session.

- (a) The Directors or any committee of the Executive Board may hold an executive or closed-door session and may restrict attendance to Directors and such other persons requested by the Executive Board during a regular or specially announced meeting or a part thereof. The matters to be discussed at such an executive session shall include only matters enumerated in paragraphs (b) of this Section 2.14.
- (b) Matters for discussion by an executive or closed session are limited to:
 - (i) Matters pertaining to employees of the association or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
 - (ii) 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;
 - (iii) Investigative proceedings concerning possible or actual criminal misconduct;
 - (iv) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
 - (v) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and,
 - (vi) Review of or discussion relating to any written or oral communication from legal counsel.
- (c) Prior to the time the Directors or any committee of the Executive Board convene in executive session, the chair of the body shall announce the general matter of discussion as enumerated in paragraphs (b) of this Section 2.14.
- (d) No rule or regulation of the Board or any committee thereof shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session.

(e) The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.

ARTICLE 3 OWNERS

Section 3.1 Annual Meeting. Annual meetings of Owners, unless otherwise determined by Resolution of the Executive Board, shall be held in December.

Section 3.2 Budget Meeting. At a regular meeting of the Executive Board or at a special meeting called for such purpose, the Executive Board shall approve a budget of the projected revenues, expenditures and reserves for the Association's next fiscal year. A summary of the proposed budget approved by the Executive Board shall be mailed or emailed to the Owners within ninety (90) days after its adoption along with a notice of a meeting of the Association to be held to consider the proposed budget. The date of such meeting shall occur within a reasonable time after the delivery of the summary of the proposed budget to the Owners and may, if convenient, be the annual meeting date. Unless, at that meeting, 67% of the votes allocated to all Owners reject the proposed budget, the budget is deemed ratified. There are no quorum requirements for this meeting (unless such meeting is an annual meeting). In the event the proposed budget is rejected, the budget last ratified by the Owners continues until such time as the Owners ratify a subsequent budget proposed by the Executive Board as provided above. If the Executive Board deems it necessary or advisable to amend an annual budget that has been ratified, the Executive Board may adopt a proposed amendment to the annual budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than ninety (90) days after the delivery of the summary of the proposed amendment. Unless at that meeting 67% of the votes allocated to all Owners, whether or not a quorum is present, rejects the proposed amendment, the proposed amendment shall be deemed ratified.

Section 3.3 Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Executive Board or by written request of Owners comprising at least fifty percent (50%) of the votes in the Association. A request by the Owners shall state the purpose of such meeting and the matter proposed to be acted upon at the special meeting.

Section 3.4 Place of Meetings. Meetings of the Owners (including special and annual meetings) shall be held at a suitable place convenient to the Owners, as may be designated by the Executive Board.

Section 3.5 Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Owners to be posted on the Association mailboxes and hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Owner, not less than 10 nor more than 50 days in advance of a

meeting. **To all Owners who so request in writing and who furnish the Executive Board with their electronic mail addresses, the Association shall provide notice of all meetings of Owners by electronic mail. In the event an Owner has requested that the Executive Board communicate with such Owner via email, the Executive Board shall not be obligated to send such Owner any meeting notices or other correspondence via regular mail. In an effort to save the Association mailing expenses, the Association's preference is to correspond with Owners via email.**

No action shall be adopted at a meeting except as stated in the agenda. The notice of any meeting (including meetings of the Executive Board) shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or electronic mail notices. The notice must state the time and place of any meeting, the items in the agenda, including the general nature of any proposed amendment to the Declarations or Bylaws, any budget changes, and any proposal to remove an officer or member of an Executive Committee.

Section 3.6 Waiver of Notice. Any Owner may, at any time, waive notice of any meeting of the Owners in writing (which shall include written notification by way of email). Any reply or response from an Owner to a notice of meeting or written communication regarding an upcoming meeting shall be deemed equivalent to the Executive Board's receipt of a waiver of notice as to said meeting from such Owner. Attendance at a meeting by an Owner shall constitute a waiver of notice for such meeting.

Section 3.7 Adjournment of Meeting. At any meeting of Owners, a Majority of the Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8 Order of Business. The order of business at all meetings of the Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of memberships of the Executive Board (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Executive Board (when required);
- (h) Ratification of budget (if required and noticed);

- (i) Unfinished business; and
- (j) New business.

Section 3.9 Voting.

- (a) The Owner(s) of each Unit shall have one vote for each Unit.

(b) If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast the Vote allocated to that Unit. If more than one of the Owners is present, the Vote allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the Vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

(c) The Vote allocated to a Unit may be cast under a proxy duly executed by an Owner. An Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term.

(d) The Vote of a corporation or trust may be cast by any officer of that corporation or trustee of that trust in the absence of express notice of the designation of a specific person by the Executive Board or bylaws of the owning corporation or business trust. The Vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The Vote of a limited liability company may be cast by any manager in the absence of express notice of the designation of a specific person by the limited liability company. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or trust owner is qualified to vote.

- (e) Votes allocated to a Unit owned by the Association may not be cast.

(f) Votes for contested positions on the Executive Board shall be by secret ballot. A vote affecting the common interest community may also be taken by secret ballot, at the discretion of the Executive Board or upon the request of 20% of the Unit Owners who are present at a meeting, if a quorum has been achieved. (Uncontested elections of the Executive Board need not be made by secret ballot.) Secret ballot shall mean a voting process in which votes are cast by way of paper ballot and not by show of hands. The results of how each individual Owner has voted shall not be publicized to the members. The intent of this provision is to promote good relations within the Association and allow Owners the freedom to vote without negative repercussion from other members. Ballot shall be counted by a neutral third party or by 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 Executive

Board or another person presiding during that portion of the meeting. The volunteers shall not be Executive Board members and, in the case of a contested election for an Executive Board position, shall not be candidates. Volunteers shall not disclose how an individual voted or how an individual's proxy voted upon an issue to the extent any such information is known by the volunteers. The results of a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of Owners participating in such vote.

Section 3.10 Quorum. Except as otherwise provided in these Bylaws, a quorum is deemed present throughout any meeting of the Owners, if persons entitled to cast 50% of the votes are present in person or by proxy.

Section 3.11 Majority Vote. A majority of the votes allocated to Owners, present in person or by proxy at a meeting at which a quorum is present, shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or by the Act.

Section 3.12 Voting by Mail. The Executive Board may decide that voting of the Owners on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by written ballot. Any action that may be taken at any annual or special meeting of Owners may be taken without a meeting if the secretary delivers a written ballot to every member entitled to vote on the matter. "Delivery" to the Owner of the ballot and the Owner's return of the completed ballot shall be made by the same methods available for providing notice to an Owner set forth in Section 3.5 above. Ballots may be returned via mail, electronic mail or by facsimile, all of which shall be treated as an original ballot.

(a) A written ballot shall (i) set forth the proposed action; and (ii) provide an opportunity to vote for or against each proposed action.

(b) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the number of votes that would be required to approve the matter.

(c) All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements (applicable only if the vote is for a vote of directors or a vote that would occur at a meeting); and (ii) state the percentage of approvals necessary to approve each matter. Written ballots shall be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

ARTICLE 4 OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it

finds necessary. The president and vice president, but no other officers, need to be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 Election of Officers. The officers of the Association shall be appointed annually by the Executive Board at the organizational meeting of each new Executive Board. They shall hold office at the direction of the Executive Board.

Section 4.3 Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, whenever the Board in its discretion determines that the best interests of the Association would be served thereby. A successor may be appointed at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint some other Director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Executive Board or by the president.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Owners and the Executive Board at the direction of the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the

Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Executive Board. The Treasurer, from time to time, may delegate the authority to deposit checks into the Association operating account. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

Section 4.8 Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.6, 4.7 and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

Section 4.9 Statements of Unpaid Assessments. The treasurer, assistant treasurer, or manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with §38-33.3-316 of the Act. The Association may charge Owners a reasonable fee for preparing statements of unpaid assessments.

Section 4.10 Transfer Fees. The Association may charge a reasonable fee in connection with an Owner's transfer of a Unit to cover the time and expense incurred in connection with preparation of documentation and accounting necessary to effect the transfer within the books and records of the Association, the provision of governing documents, and the education of Owners. The amount of this fee and the time of payment shall be established by resolution of the Executive Board.

ARTICLE 5 INDEMNIFICATION

To the extent the indemnification is covered by insurance procured by the Association, each Director and officer of this Association shall be indemnified by the Association against all costs and expenses actually and necessarily incurred by him or her in connection with the defense of any action, suit, or proceedings to be liable for negligence or misconduct in the performance of duty; except as to matters as to which that person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. Such costs and expenses shall include amounts reasonably paid in settlement for the purpose of curtailing litigation, but only if the Association is advised in writing by its counsel that, in his opinion, the person indemnified did not commit gross negligence or willful misconduct. The foregoing right of indemnification shall not be exclusive of other rights to which a corporate officer or Director may be entitled as a matter of law or by agreement.

All liability, loss, damage cost and expense incurred or suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification provisions shall be created and handled by the Association as a Common Expense of the Association.

ARTICLE 6 RECORDS

Section 6.1 Records and Audits. The Association shall maintain financial records in accordance with generally accepted accounting principles or the cash or tax basis of accounting. Audits shall be required by majority vote of the Executive Board or upon request of the Owners pursuant to C.R.S. 38-33.3-303(4) (b) (II). The cost of any audit shall be a Common Expense unless otherwise provided in the Documents.

ARTICLE 7 AMENDMENTS TO BYLAWS

Section 7.1 Procedure. These Bylaws of the Association may be amended by a majority vote of the members of the Executive Board, following notice and comment to all Owners pursuant to Section 3.5, at any meeting duly called for such purpose.

ARTICLE 8 PUBLIC DISCLOSURES

Section 8.1 Within 90 days after the end of each fiscal year, the Association shall make the following information available to Owners upon reasonable notice in accordance with Section 8.2:

- (a) The date on which its fiscal year commences;
- (b) Its operating budget for the current fiscal year;
- (c) A list of the Association's current assessments, including both Regular and Special assessments;
- (d) Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (e) The results of the most recent financial audit or review;
- (f) A list of all Association insurance policies, including but not limited to, property general liability, Association Director and officer liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles,

additional named insureds, and expiration dates of the policies listed;

- (g) All Association Bylaws, Articles, and Rules and Regulations;
- (h) The minutes of the Executive Board and Member meetings for the fiscal year immediately preceding the current annual disclosure;
- (i) The Association's responsible governance policies adopted under Section 38-33.3-209.5; and,
- (j) The name of the Association; the name of the Association's manager or designated agent, a valid physical address and telephone number for the Association and designated agent or management company, if any; the name of the common interest community; the initial date of recording of the declaration and its reception number.

Section 8.2 Disclosure of the above-referenced items shall be accomplished by one of the following means: posting on an internet web page with accompanying notice of the web address via first class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a common expense liability.

ARTICLE 9 MISCELLANEOUS

Section 9.1 Notices. All notices to the Association or the Executive Board shall be delivered to the office of the President, or to the office of the Association if different from the President, or to such other address as the Executive Board may designate by written notice to all Owners and to all holders of First Mortgages in the Units who have notified the Association that they hold a First Mortgage in a Unit. Except as otherwise provided, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. All notices to holders of First Mortgages in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Association Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices from the Association to Owners shall be deemed to have been given when mailed or emailed. Notices from Owners to the Association, such as changes of address, shall be deemed to have been given when received by the Association. Owners are encouraged to send any notice or change of address to the Association via mail and email care of both the Association's president and secretary and managing agent.

Section 9.2 Fiscal Year. Unless otherwise established by resolution of the Executive Board, the fiscal year of the Association commences on January 1 and ends on December 31 of each year.

Section 9.3 Bank Accounts. The depository of the Association shall be such a bank or

banks as shall be designated from time to time by the Executive Board and in which the monies of the Association shall be deposited. Withdrawals of monies from such accounts shall be only by checks signed by such persons as are authorized by the Executive Board.

Section 9.4 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

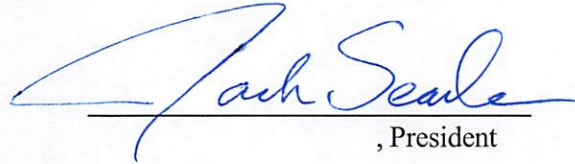
Section 9.5 Office. The principal office of the Association shall be at such place as the Executive Board may from time to time designate.

Section 9.6 Standard of Care. In the performance of their duties, the officers and Directors are required to exercise ordinary and reasonable care.

Section 9.7 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

Section 9.8 Appendix of Policies and Procedures. Appended to these Bylaws as Appendix A are the governance Policies and Procedures required by C.R.S. 38-33.3-209.5.

CERTIFICATION: Certified to be the Bylaws adopted by consent of the Executive Board of Mountain Lake Villas Owners Association, Inc., March 16, 2020.



, President

ATTEST:


Ryan Searle , Secretary

APPENDIX A
GOVERNANCE POLICIES AND PROCEDURES
FOR
MOUNTAIN LAKE VILLAS OWNERS ASSOCIATION, INC.

ARTICLE 1
COLLECTION OF UNPAID ASSESSMENTS

A. Procedure for Collection of Assessments.

1. **Due Date.** Any assessment (Annual, Special or Default) not fully paid on the due date thereof is delinquent. All assessments are payable to the Association and are mailed as directed by the Executive Board (the "Board") or property manager, if applicable. Regular Assessments may be levied on a monthly, quarterly or annual or bi-annual basis. Special Assessments will be levied and mailed to Owners as necessary according to the terms set forth in the Declaration.

2. **Late Fees and Interest.** Any assessment, fee or charge, which is not fully paid within 30 days after the date when due shall bear interest, from the date of the delinquency, at the rate of 18% per annum or such greater amount as may be established by Board resolution from time to time. In addition, the Board may impose a late fee in a reasonable amount as established by resolution on the fee or charge that is delinquent commencing on the first day of each calendar month thereafter so long as the assessment remains unpaid.

3. **Suspension of Voting Rights.** When an Owner fails to pay an Association assessment by the due date, the Owner's voting rights in the Association shall be suspended until the delinquent assessment has been paid in full.

4. **Notification to Owner.** Before the Association can turn over a delinquent account to a collection agency or authorize an attorney to commence collections, foreclosure or file a lien against the property, the Association will send the Owner a letter or notice of delinquency (the notification letter may be sent by the property manager or attorney for the Association) specifying:

- a. Total amount due with an accounting or ledger showing amounts owed.
- b. The amount necessary to cure the delinquency.
- c. The name and contact information of the person to whom payment should be made.
- d. The opportunity to enter into a one-time payment 6-month plan and the instructions for contacting the Association for doing so.
- e. A listing of legal remedies of the Association, including foreclosure.

5. **Application of Payment; Definition of Assessment.** Any fine, late charge or other monetary charge or penalty levied by the Association pursuant to the Declaration or the Act, including attorney's fees and costs incurred by the Association and for which the Owner is liable, shall be collectible as an Assessment as that term is defined by the Act. Payments received from an Owner shall be applied to the Owner's account in the following order:

- a. Attorney's fees and costs incurred by the Association and for which the Owner is responsible pursuant to the Act or the Declarations;
- b. Interest which has accrued on all unpaid charges;
- c. Fines, late charges or other monetary charges or penalties;
- d. Past due Default Assessments;
- e. Past due Special Assessments;
- f. Past due installments of Regular Assessments;
- g. Current Special Assessments; and
- h. Current installment for Annual Assessments.

B. **Work-Out Plan.** The Executive Board of the Association, or its designated representative, has the authority to negotiate work-outs and payment plans with an Owner. The following rules for work-outs or payment plans shall apply:

1. **Six (6) Month Payment Plan.** At a minimum, the Association will offer the Owner the opportunity to pay off the deficiency in equal installments over a period of at least six months. The deficiency amount may include any general, special or specific assessments, late fees, attorneys' fees, fines and interest. The six month payment plan shall commence no later than 30 days after the date of the delinquency notice to the Owner. The Association will provide the Owner with the six month payment schedule and the dates upon which the payments are due.

2. The Owner shall remain current with any general assessments that may come due during the payment plan period.

3. If the Owner fails to make an installment payment under the payment plan or fails to remain current with the general assessments during the payment plan period, the Owner is in default of the plan and the Association may pursue its remedies including, but not limited to, filing a lien, foreclosure, and filing a lawsuit and obtaining a judgment.

4. The Association is not required to enter into any future payment plans with the Owner if the Owner fails to comply with the terms of the initial payment plan offered by the Association.

5. The Association is not required to enter into a payment plan if the Owner does not occupy the Unit and the Owner obtained the title by foreclosure or deed in lieu of foreclosure.

6. A waiver of interest and/or late fees or agreement to a payment plan in one instance shall not operate as a waiver of any future payment obligations nor shall such waiver or agreement constitute a precedent for the Board.

C. Remedies at Law. In addition to the above, the Association may bring an action in law or in equity, or both, against any Owner personally obligated to pay such overdue assessment, charges, or fees and may also proceed to foreclose its lien against such Owner's Unit. Any action at law or in equity by the Association against an Owner to recover a money judgment for unpaid assessment, charge or fees may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefore.

D. Foreclosure. Before an Association may foreclose on its lien, the following two requirements must be met:

1. The balance due from the Owner must equal or exceed six months of budgeted common expense assessments allocated to the delinquent Owner's Unit.

2. The Board must vote to approve the commencement of foreclosure against the delinquent Unit Owner.

ARTICLE 2 HANDLING CONFLICTS OF INTEREST INVOLVING EXECUTIVE BOARD MEMBERS

If any contract, decision or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, sibling or otherwise is a family-member related to a member of the Board or a parent or spouse of any of those persons, that member of the Board shall declare a conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member may participate in the discussion but shall not vote on that issue. If a Board member does not voluntarily make a declaration as to a conflict, the remaining Board members (i.e., those members of the Board who do NOT have a conflict) may, by majority vote, determine whether or not a conflict exists according to the standards set forth in the Colorado Nonprofit Corporations Act, at C.R.S. 7-128-501. The Board, by majority vote (excluding the member of the Board with the conflict) shall also determine whether or not the conflicting interest transaction is void, voidable, must be enjoined, set aside or gives rise to an award of damages or other sanctions in accordance with the criteria set forth in C.R.S. 7-128-501(c).

ARTICLE 3
CONDUCT OF MEETINGS

A. **Open Meeting.** All meetings of the Association are open to every Owner, or to any person designated by an Owner in writing as the Owner's representative, subject to the right of the Board to conduct executive sessions as provided in the Act.

B. **Restrictions on Speaking.** In any Board meeting, at an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Unit Owners or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. 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.

C. **Owner Conduct.** When speaking at a meeting, Owners shall abide by the following:

- No Owner is entitled to speak until recognized by the chair.
- Comments are to be restricted to the agenda item being discussed.
- Owners are expected to behave courteously. Personal attacks, physical actions, yelling, and pounding on tables will not be tolerated and the chair may terminate the Owner's comment period.
- Owners shall not interrupt when another Owner has the floor.
- Owners should avoid repetition of comments already made other than to endorse what has already been said.

D. **Disruptive or Unruly Behavior.** If an Owner unreasonably disrupts a meeting, refuses to stop speaking when requested, or is otherwise in violation of the provisions of this policy, the President or other officer or meeting chair may make a motion to take any appropriate action to bring the meeting under control, including, asking the disruptive person to leave, calling a recess, or adjourning the meeting.

The conduct provisions of subsections C and D above shall also apply to members of the Board.

E. **Request To Speak on Agenda.** The President of the Board establishes the agenda for each meeting. Owners who desire to speak at a meeting shall notify the Secretary of the Board in writing at least 30 days in advance of the meeting and shall indicate the topic on which the Owner desires to speak. The Owner's topic of discussion may be included as an item of New Business unless the topic is already an agenda item in which case, the Owner may speak to the issue when the agenda item is presented for Owner comment subject to any time limits established by the Board. The Owner shall be permitted (5) five minutes to introduce and speak on any New Business matter unless, during the meeting, the Executive Board determines that a shorter or longer period of time is appropriate.

ARTICLE 4
ENFORCEMENT OF COVENANTS AND RULES, INCLUDING NOTICE AND HEARING PROCEDURES, SCHEDULE OF FINES

A. **Abatement and Enjoinment of Violations by Owners.** The violation of any of the terms and conditions of the Declarations, the Bylaws, or any Rules and Regulations or Policies and Procedures adopted by the Board (the "Association Documents") or the breach of any of the Association Documents shall give the Board the right, after prior written notice to the Owner of the violation (except in case of an emergency), in addition to any other rights set forth in these Bylaws:

1. To enter a Unit, or authorize law enforcement to enter a Unit, in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the common interest community contrary to the intent and meaning of the provisions of the Association Documents. The Board shall not be deemed liable for any manner of trespass by this action; or

2. To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

B. **Notice and Hearing Procedures – Violations of Association Documents.**

1. The following procedures for notice and hearing shall apply when an Owner has violated a covenant or rule and regulation of the Association. Prior to the levy of a fine, the accused shall have the right to be heard as set forth herein.

a. **Notice to Owner.** If it is believed that an Owner has violated a covenant or rule and regulation under the Association Documents (the "Alleged Violation"), the Board shall send written notice (via mail or email) regarding same to the Owner. The notice shall require the Alleged Violation cease within such period of time as the Board deems reasonable, based upon the nature of the Alleged Violation. The notice, if mailed, shall be mailed to the last known address of the Owner, via certified mail. The notice, if emailed, shall be emailed to the last known email address provided.

b. **Imposition of Fine.** If the Alleged Violation has not ceased within the manner and period of time set forth in the letter to Owner, the President, or other authorized representative of the Board, will send a second notice to the Owner informing the Owner that the Board intends to levy a fine and that the Owner has the opportunity to be heard before the Executive Board. The Owner must contact the Board to arrange for a hearing if the Owner disputes the violation. The hearing will be held at a mutually agreeable time and no later than 15 days after Owner requests the hearing. If the Owner fails to request a hearing or does not dispute the

occurrence of the Alleged Violation, the Alleged Violation shall be deemed to have occurred. The Owner may attend the meeting in person or by telephone. The Board has the authority, upon determination that a violation has occurred, to levy fines, attorney's fees and other charges as permitted under Colorado law. At the discretion of the Board, fines may be retroactive to the date of the original imposition of said fine.

c. Constraints on the Executive Board. It shall be incumbent upon each member of the Board to make a determination as to whether he or she is able to function at the hearing in a disinterested fashion. If such member is incapable of objective consideration in the case, he or she shall disclose such to the committee and remove himself or herself from the proceedings and have it so recorded in the minutes.

d. Hearing. The hearing will not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Decisions of the Board may be made "under advisement," i.e. at a later date and time but not to exceed 7 days from the date of the hearing. All decisions of the Board are effective three days after written notice is sent to the Owner (via regular, first class mail or by email if an email address has been provided by the Owner).

e. Failure to Attend. If the accused party, or his or her authorized agent, fails to attend the hearing (in person or by telephone), and there are no reasonable extenuating circumstances to justify the non-appearance, the violation shall be deemed to have occurred and the Board shall be authorized to impose the fine, charges and/or attorney's fees, or take such other action as authorized by the Association Documents or Colorado law.

2. Joint and Several Liability. If there are multiple Owners, each shall be jointly and severally liable for any fine or other monetary penalty imposed pursuant to the enforcement of the Association Documents, including, but not limited to, all attorney's fees, expert witness fees and costs incurred by the Association resulting from or in any way related to the violation or the collection of fines.

3. Remedy. Each remedy set forth in this Policy shall be in addition to all other remedies, whether available at law or in equity, and all such remedies, whether or not set forth in the Association Documents, shall be cumulative and nonexclusive.

C. Fines. The Board may levy a fine of \$50 for each violation of the Association Documents for

each day that such violation persists. In the discretion of the Board, the \$50 fine may be increased or decreased depending upon the facts and circumstances of each violation; however, Owners should be prepared to pay the minimum fine. The Board, in its discretion, may adopt a “schedule of fines” to be applied for particular violations. The Schedule of Fines may be adopted in conjunction with Rules and Regulations of the Association or by separate policy.

ARTICLE 5 INSPECTION AND COPYING OF RECORDS

I. Association Records.

A. **Records To Be Maintained.** In addition to any records specifically defined in the Association’s Declaration or Bylaws or expressly required by Section 38-33.3-209.4, the Association must maintain the following, all of which shall be deemed to be the sole records of the Association for purposes of document retention and production to Owners:

1. Detailed records of receipts and expenditures affecting the operation and administration of the Association;
2. Records of claims for construction defects and amounts received pursuant to settlement of those claims;
3. Minutes of all meetings of its Owners and Board, a record of all actions taken by the Owners or Board with a meeting and a record of all actions taken by the Owners or Board without a meeting, and a record of all actions taken by any committee of the Board;
4. Written communications among, and the votes cast by, Board members that are:
 - a. directly related to an action taken by the Board without a meeting pursuant to Sec. 7-128-202 of the Colorado Non Profit Corporations Act (CNCA); or
 - b. directly related to an action taken by the Board without a meeting pursuant to the Association’s Bylaws;
5. The names of Owners in a form that permits preparation of a list of the names of all Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Owner is entitled to vote;
6. Its current Declaration, Covenants, Bylaws, Articles of Incorporation, if it is a corporation, or the corresponding organizational documents if it is another form of entity, Rules and Regulations, responsible governance policies adopted pursuant to Sec. 209.5 of the Act and other policies adopted by the Board;

7. Financial statements as described in 7-136-106 of the CNCA for the past three years and tax returns of the Association for the past seven years, to the extent available;
8. A list of the names, electronic mail addresses, and physical mailing addresses of its current Board members and officers;
9. Its most recent annual report delivered to the Secretary of State, if any;
10. Financial records sufficiently detailed to enable the Association to comply with Sec. 316(8) of the Act concerning statements of unpaid assessments;
11. The Association's most recent reserve study, if any;
12. Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;
13. Records of Board or committee actions to approve or deny any requests for design or architectural approval from Owners;
14. Ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;
15. Resolutions adopted by its Board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and
16. All written communications within the past three years to all Owners generally as Owners.

B. Examination and Copying. Subject to the restrictions and limitations set forth in this Policy and the Act, all records maintained by the Association must be available for examination and copying by an Owner or the Owner's authorized agent.

1. **Written Request.** Owners shall submit a written request, describing with reasonable particularity the records sought, at least ten days prior to inspection or production of the documents.

2. **Times for Copying and Inspection.** The Board shall have a reasonable period of time to organize the documents for examination and copying. Examination and copying times shall occur during normal business hours or the next regularly scheduled Executive Board meeting if the meeting occurs within thirty days after the request.

3. **Purpose for Copying.** Notwithstanding any provision of the Declaration, Bylaws, Articles, or Rules and Regulations of the Association to the contrary, the Association may not condition the production of records upon the statement of a proper purpose.

4. **Membership Lists.** A membership list or any part thereof may NOT be obtained or used by any person for any purpose unrelated to an Owner's interest as a Unit owner without consent of the Board. Without the consent of the Board, a membership list or any part thereof may not be:

- a. used to solicit money or property unless such money or property will be used solely to solicit the votes of Owners in an election to be held by the Association;
- b. used for any commercial purpose; or,
- c. sold to or purchased by any person.

C. **Withholding of Records.** Records maintained by an Association shall be withheld from inspection and copying (unless a majority of the Board votes to relinquish same) to the extent that they are or concern:

- a. Architectural drawings, plans, and designs, unless released upon the written consent of the legal owner of the drawings, plans, or designs;
- b. Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;
- c. Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine;
- d. Disclosure of information in violation of law;
- e. Records of an executive session of an Executive Board; or,
- f. Individual Units other than those of the requesting Owner.

D. **Records Not Subject to Inspection.** Records maintained by an Association are not subject to inspection and copying, and they must be withheld, to the extent that they are or concern:

- a. Personnel, salary, or medical records relating to specific individuals; or,
- b. Personal identification and account information of Owners and residents, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers. Except that an Owner or resident may provide the Association with prior written consent to the disclosure of, and the Association may publish to other Owners and residents, the person's telephone number, electronic mail address or both. The written consent must be kept as a record

of the Association and remains valid until the person withdraws it by providing the Association with a written notice of withdrawal of the consent. If a person withdraws his or her consent, the Association is under no obligation to change, retrieve, or destroy any document or record published prior to the notice of withdrawal. Consents may be delivered or withdrawn by Owners by electronic means, including but not limited to, facsimile and email.

E. **Charges for Copies.** The Association shall impose, in advance, the below described charges for labor and materials required for inspection and copying. All applicable charges shall be estimated based on the written request of the Owner or its agent, and payment for the estimated costs shall be paid in advance in good funds. Upon completion of the inspection and copying, a final invoice will be prepared based on actual costs. Delivery of documents shall be withheld until all actual costs are paid. If the estimate is higher than the actual costs, a refund will be made by the Association in a timely manner. Charges shall be as follows:

- a. Copies per page, letter or legal size: at current rates per page.
- b. Materials other than copies: Actual costs plus labor.
- c. Documents which are stored electronically shall be sent free of charge.

F. **Electronic Transmission.** The right to copy Association records includes the right to receive copies by photocopying or other means, including the receipt of copies through an electronic transmission if available, upon request by the Owner.

G. **No Obligation to Coordinate Information.** The Association is not obligated to compile or synthesize information.

H. **No Commercial Purpose.** Association records and the information contained within those records shall not be used for commercial purposes.

II. **Website Posting.** The Association may place certain records and documents on its web-site for general review by Owners. Notwithstanding the foregoing, documents and records which are required to be withheld as described in this Policy and/or which the Board deems as consisting of a sensitive nature or private nature shall not be posted on the Association website.

ARTICLE 6
INVESTMENT OF RESERVE FUNDS

The Board is authorized to deposit reserve funds with federally insured national or state banks or with any state chartered or federally chartered savings and loan association doing business in Colorado for fixed periods of time at such rate of interest as may be negotiated but in no event shall any such deposit be in excess of the amount insured by the federal deposit insurance corporation or its successor.

ARTICLE 7
AMENDMENTS TO POLICIES AND PROCEDURES AND RULES AND REGULATIONS

Policies and procedures or rules and regulations may be adopted or amended by the majority vote of the members of the Board, following notice and comment to all Owners pursuant to the notice requirements of the Bylaws at any meeting duly called for such purpose. Copies of the proposed policies and procedures or rules and regulations shall be made available for review by the Owners prior to the meeting in accordance with the notice procedures of the Bylaws.

ARTICLE 8
PROCEDURES FOR ADDRESSING DISPUTES

The procedures for addressing disputes is contained in Article 198 of the Declaration entitled Dispute Resolution.

ARTICLE 9
RESERVE STUDY

A. No less than once every three years, the Board will study and analyze if there is a need for any Association improvements, repairs, or maintenance (i.e., "Work") to be made to Association property. Work shall include, but not be limited to, any work on the general common elements or common property of the Association.

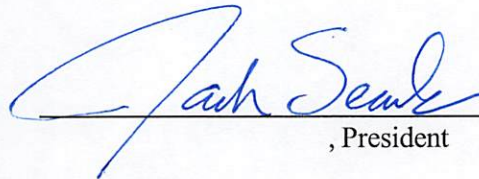
B. The Board, in its discretion, may hire consultants or contractors to assist with the preparation of the study and any such costs associated with such study shall be a Common Expense of the Association. Any study conducted by the Board will be based upon a physical analysis of the Association property unless the Board feels a financial analysis would be more appropriate under the circumstances.

C. The Board shall, at its annual budget meeting, discuss and determine (i) how to prioritize any Work recommended for completion and (ii) the sources of funding for completion of the Work. Sources of funding shall include the following: annual assessments, special assessments, use of existing reserves; lines of credit, new loans, or other means of financing available to the Association, including any combination of the foregoing.

D. To the extent reasonably possible, the Board shall adopt a plan for funding all or a portion of the Work. Funding for the Work may be identified as a line item in the annual budget and/or the Board may establish a separate capital improvements fund for the collection and deposit of assessments for future Work. The Board may revise its funding plan(s) as necessary due to fluctuations in the cost of Work and other economic factors that would necessitate an increase or decrease in the rate of collection for funding of the Work or a change in the amount of funding necessary to complete the Work. Any funding plan adopted by the Board shall be advisory only.

E. In conjunction with the Board annual budget review and adoption of the Association's annual budget, the Board shall review the sufficiency of its reserves. In its discretion, the Board may allocate a portion of the annual assessments to be set aside for reserves in such amounts as the Board deems necessary.

CERTIFICATION: Certified to be the Governance Policies and Procedures adopted by consent of the Executive Board of Mountain Lake Villas Owners Association, Inc., March 16, 2020.



, President

ATTEST:


Ryan Searle, Secretary