

**PEREGRINE CONDOMINIUM ASSOCIATION
COPPER MOUNTAIN, COLORADO**

The following seven policies and procedures have been adopted by the Association pursuant to provisions of the Colorado Common Interests Ownership Act as amended (C.R.S. 38-33.3-209.5) at the September 3, 2006, meeting of the Board of Directors and are effective on that date. This document supercedes the similar document dated July 1, 2006.

1. Adoption and Amendment of Policies, Procedures and Rules

A. The authority to create, adopt, enforce, and amend policies, procedures, rules and regulations lies with the Board of Directors for the Association.

B. When the Board, in the exercise of its discretion, determines that a rule is appropriate, it shall adopt the additional rule or change to an existing rule to the rules and regulations either at a meeting of the Board or by written consent in lieu of a meeting, or by any other method authorized by the Association's governing documents or pursuant to Colorado law.

C. The Board shall inform all Owners of a change or addition to the rules and regulations by any reasonable means available, including but not limited to posting the rules on its website, by e-mail, mail, newsletter, or personal delivery. The Board has the right, but not the obligation, prior to adopting any changes or additions to the rules and regulations, to conduct an informational meeting of the owners and solicit their input regarding any new or existing rules and regulations.

D. Any Owner's failure to receive the rules and regulations shall not be a defense to any attempt by the Association to enforce the rules and regulations or to levy fines, expenses, or attorney's fees as a result of violation of the rules and regulations.

2. Conduct of Meetings of the Members and Meetings of the Board of Directors

A. All meetings of the Association are open to every Member, or to any person given proxy via electronic or written form by a Member. Members can speak when appropriate, but they are not able to vote during regular Board Meetings.

B. The agenda for all meetings shall follow the order of business specified by the Association's Bylaws, and if none, in accordance with the order of business determined by the Board.

C. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or a Member's designated representative to speak after a motion and second has been made but before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

D. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matters in an open meeting.

E. The Board of Directors can determine that any Member has spoken for the allocated amount of time or longer and shall have the power to instruct that Member to yield the floor, and that Member will be obligated to comply with the Board of Directors' instruction.

F. Contested elections of Board members, defined as elections in which there are more candidates than positions to be filled, shall be conducted by secret ballot. Each owner entitled to vote pursuant to the bylaws shall receive a ballot. The ballot shall contain no identifying information concerning the ballot holder except for the strength of weighted ballots. In the event an Owner holds proxy for another Owner, upon presentation of such proxy to the Secretary of the Association or the Secretary's designee, the Owner shall receive the proxy. The proxy shall be kept and retained by the Association.

G. Uncontested elections of Board members shall be taken in such method as determined by the Board including, but not limited to, by acclamation, hand, voice or ballot. Notwithstanding the above, uncontested elections of Board members or other votes on matters affecting the community may be conducted by secret ballot either at the discretion of the Board or upon the request of 20% of the Owners who are present at the meeting or represented by proxy.

H. Written ballots shall be counted by a neutral third party (excluding the Association's managing agent or legal counsel) or a committee of volunteers who are not Board members, and in the case of a contested election, are not candidates. The committee shall be selected or appointed at an open meeting, in a fair manner, by the Chair of the Board or the person presiding during that portion of the meeting.

3. Conflicts of Interest by Board Members of the Association

A. Conflict of interest transaction means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to the Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest. Director means a member of the Association's Board of Directors. Party related to a Director means a spouse, a descendant, an ancestor, a sibling, the spouse or descendant of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director or officer or has a financial interest.

B. 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 related to a Board

Member, then that interested Board Member shall declare at an open meeting of the Board, that a conflict of interest exists and shall describe in detail all of the particular facts of the conflicts of interest.

C. After the interested Board Member makes such a declaration, the member may participate in the discussion of the matter giving rise to the conflict of interest; however, the member may not vote on the issue.

D. The interested Board Member may be counted as present when determining whether a quorum of the Board exists.

E. No conflict of interest transaction shall be voidable by an Owner or on behalf of the Association if:

1. The facts about the conflicting interest transaction are disclosed to the Board, and a majority of the disinterested Directors, even if less than a quorum, in good faith approves the transaction;
2. The facts about the conflicting interest transaction are disclosed to the Owners entitled to vote on the matter, and the conflicting interest transaction is authorized in good faith by a vote of the Owners entitled to vote on the matter; or
3. The conflicting interest transaction is fair to the Association.

F. 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 the loan until it is repaid.

4. Investment of Reserve Funds

A. The Association will maintain a reserve fund, to collect monies anticipated to be necessary for future replacement of major components of the building as those components wear out or become obsolete, as a separate interest bearing bank account.

B. All funds which are held as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado State Statutes and resolutions enacted by the Association's Board of Directors in a manner to accomplish the following objectives:

1. The funds will be invested only in financial instruments that are consistent with capital preservation.
2. In order to minimize the risk associated with failure of a financial institution, the Association will only invest funds with financial institutions that are insured against such failure. The use of any specific financial institution will be approved by a majority of the Association Board Members.

3. All funds may be invested in any financial instrument that is insured up to the maximum federally insured limit. Any investments outside of the above must be consistent with capital preservation and are limited to 25% of total reserve funds.

4. All funds will be invested primarily in money market bank accounts, short- to intermediate-term investments, and approved money market mutual funds.

C. The reserve funds will be invested so that maturities, if appropriate, will match upcoming expenditures.

5. Inspection and Copying of Records

A. The Association shall keep as permanent records the following documents:

- Minutes of all meetings of Owners and the Board
- A record of all actions taken by the Owners or the Board by written ballot or written consent in lieu of a meeting
- An updated Owner directory with addresses, phone numbers, and e-mail addresses (if applicable)

B. In addition to the above, the Association shall keep a copy of each of the following records at its principal office:

- Articles of Incorporation, Declaration, Covenants and Bylaws
- Resolutions adopted by the Board
- The minutes of all Owners meetings and records of all actions taken by Owners without a meeting for the past three (3) years.
- A list of the names and business or home addresses of the Association's current directors and officers
- The Association's most recent annual report
- All financial audits or reviews conducted pursuant to Section 38-33.3-3 03(4)(b) during the immediately preceding three years

C. Upon reasonable notification to the Association, all records may be inspected at the principal office of the Association located at Carbonate Property Management, 35 Wheeler Place, Suite 102, Copper Mountain, CO 80443 between the hours of 9:00 a.m. and 5:00 p.m. Monday through Friday except legal holidays, or during the next regularly scheduled Owner or Board meeting if that meeting occurs within 30 days of the Owner's request, at the discretion of the Board. Many of these documents are also available 24 hours a day at www.peregrinecoa.com.

D. At the discretion of the Association's Manager, certain records may only be inspected in the presence of a Board Member or employee of the Manager. No records may be removed from the office without the express written consent of the Board of Directors. Further, if a Member requests to inspect records, the Association may photocopy and provide the requested records to the Member in lieu of the Member's inspection of the records if consented to by the Member.

E. The Association may charge a fee, not to exceed the Association's actual cost per page, for copies of the Association records.

F. The Association shall make requested records available within five business days of the Owner's request, or at the next regularly scheduled Owner or Board meeting if the next regularly scheduled Owner or Board meeting is scheduled within thirty days of the Owner's request, in the sole discretion of the Board. The Board shall advise the Owner of the time and place of such inspection in writing within five business days of the Owner's request.

G. In determining whether records may be inspected, the Association shall consider among other things:

1. Whether the request is made in good faith and for a proper purpose;
2. Whether the records requested are relevant to the purpose of the request;
3. Whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy;
4. Whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information as set forth above.

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

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

6. Enforcement of Policies and Procedures

A. The Board of Directors has the authority to enforce all policies written in the Association's (i) Declarations of Covenants, Conditions, and Restrictions of the Peregrine Condominiums at copper Mountain; (ii) Articles of Incorporation; (iii) Bylaws; and (iv) rules and regulations (collectively, the "Documents") to promote the recreation, health, safety and welfare of the owners of property in Peregrine Condominiums (each a "Member"). To enforce these policies, they can use letters, warnings, fines, and sanctions. They can also use other remedies such as police, fire department, animal control, and legal means to enforce the Association policies. Violations of an urgent or emergency nature will be dealt with in an expedited manner to serve the recreation, health, safety and welfare of Owners of the property.

B. A warning letter will be sent to the Member at the current address on file with the Association when a violation is noticed. The warning letter will also be hand delivered to their Association residence. The warning letter will include the time, date, and location

of the violation and specify the rule violation. The letter will also specify when the Board expects the Member to take specific action in order to correct the violation.

C. The Member may attend a regular Board Meeting or ask for a Special Meeting (Hearing) of the Board to discuss the violation. If the Member does not attend the Board Meeting or the Special Meeting, then the Member defers to the Board's decision made at the meeting. The meeting can be held without the violating party in attendance, though they are encouraged to be in attendance at the meeting.

D. If the Member chooses to attend the meeting, then they are able to speak for a reasonable amount of time and present evidence in support of their position. Each hearing shall be held at a scheduled time, place and date. The Board may:
(a) exercise its discretion as to the specific manner in which a hearing shall be conducted;
(b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit the Board to reach a just decision. The Member must defer to the Board's decision made at the meeting.

E. After all testimony and other evidence has been presented to the Board at a hearing, the Board shall render its decision(s), taking into consideration all of the relevant facts and circumstances. The Board's decision shall have an effective date no sooner than seven (7) days after the hearing. If the Board does not inform the Member of its decision at the time of the hearing, or if no hearing is held, the Board will provide a written decision to the Member's address of record via regular U. S. mail within seven (7) days after the hearing.

F. Without limiting the Association's remedies under the Documents, the Association may assess fines and suspend membership privileges in accordance with these Policies and Procedures. If the violation involves damage to Association property, the violator shall pay the costs of repair or replacement.

Fines may be levied for violations of the Documents as follows:

<u>Number of violations in a 12 month period</u>	<u>Fine Amount</u>
First violation:	Warning
Second violation:	\$200
Third violation:	\$500
Fourth and succeeding violations:	\$1,000

Any warning letter, fine, sanction or legal action taken against the Member by the Association will be sent to or applied against the account of the owner on record.

G. Failure by the Association to enforce any provision of these Policies and Procedures shall in no event be deemed to be a waiver of the right to do so thereafter.

H. The provisions of these Policies and Procedures shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or

decree shall in no way affect the validity or enforceability or any of the other provisions, which other provisions shall remain in full force and effect.

7. Collection of Assessments and Other Charges

A. Due Dates and Late Fees: The annual assessment will be collected in quarterly installments and due by the last day of January, April, July and October. Special assessments will be due no sooner than 20 days after notification to Members. Either account is delinquent if the assessment is not paid by the due date, and a late charge of 10% per month will be added to the account on the 1st of the month for each month the delinquency continues.

B. Return Check Charges: If an Owner's check made payable to the Association is denied by their bank, then the Association can charge the Owner for all bank fees incurred by the Association and/or Owner's banking institution. If two or more of an Owner's checks are returned unpaid by the bank within any twelve month period, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check or money order.

C. Attorney Fee on Delinquent Accounts: The Association shall be entitled to recover its reasonable attorney fees and collection cost incurred in the collection of assessments or other charges due the Association from a delinquent Owner.

D. Application for Payments Made to the Association: The Association reserves the right to apply all payments received on account of any Owner first to payment of any and all legal fees and costs (including attorney fees), then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, liens, and other costs owing or incurred with respect to such Owner, and any remaining amounts shall be applied to the assessments due with respect to such Owner.

E. Notice of Collection: The Association will inform the Owner via regular mail at the current address on file with the Association of their delinquency and late fee.

F. Liens: After 180 days after an Owner's failure to pay any assessment or other charge, the Association may at any time thereafter place a lien against the property of the delinquent Owner. The lien shall include fees, charges, late charges, attorney fees, fines and interest owed by the delinquent Owner.

G. Referral of Delinquent Accounts to Attorneys: The Association may send delinquent accounts to its attorney for collection after ninety (90) days such account becomes delinquent. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred. After consultation with the Board of Directors or the Association's managing agent, the attorneys shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent Owner's property.

H. Waivers: Nothing in this Resolution shall require the Association to take specific actions other than to notify homeowners of the adoption of these policies and procedures. The Association has the option and right to continue to evaluate each delinquency on a case by case basis. The Association may grant a waiver of any provision herein upon petition in writing by an Owner showing a personal hardship. Such relief granted an Owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association may determine appropriate under the circumstances.