

GOVERNANCE POLICIES
OF
MEADOW CREEK CONDOMINIUMS OF VAIL ASSOCIATION

ARTICLE I

Notice and Hearing Procedure

1. Association's Enforcement Rights. In the event of an alleged violation by a Member ("Respondent") of the Declaration, Bylaws, Rules and Regulations or these Governance Policies, the Board of Directors shall have the right, after Notice and Hearing as hereinafter provided, and upon an affirmative vote of a majority of the Board, to take any one or more of the following actions: (a) levy a reimbursement assessment; (b) suspend said Member's voting privileges as a Member, as provided in the Declaration and Bylaws; provided, however, that the Board shall be entitled to suspend a Member's voting right without Notice and Hearing in the event such Member fails to pay any assessment levied pursuant to the terms and provisions of the Declaration; (c) levy a fine against such Member in an amount determined by the Board; (d) record a Notice of Noncompliance against the Unit of the Respondent; (e) take any necessary action to correct the violation, including hiring an independent contractor to effect corrections, the cost of which, together with attorney fees and damages, may be assessed against the Respondent.

2. Written Complaint. A hearing to determine whether enforcement action under the Declaration, Bylaws, Rules and Regulations or these Governance Policies should be taken shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Association or other presiding member of the Board. The Complaint shall contain a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged and a reference to the specific provisions of the Declaration, Bylaws, Rules and Regulations or these Governance Policies which the Respondent is alleged to have violated.

3. Notice of Complaint. A copy of the Complaint shall be delivered to the Respondent, who shall be entitled to a hearing before the Board of Directors upon request in writing received by the Board within two days after receipt of the Complaint. Any such hearing shall occur no earlier than five days after the request is received.

4. Impartial Decision Maker. No member of the Board of Directors may participate in the hearing if that Director has any direct personal or financial interest in the outcome. A Director shall not be deemed to have a direct personal or financial interest in the outcome if the Director will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. Any objection by the Respondent to a Director's participation shall be made in writing at the time of the request for the hearing and shall be ruled on by legal counsel to the Association. If objections to all the Directors are sustained, the President of the

Association shall appoint a committee of three other members of the Association to serve as a hearing board.

5. Schedule of Fines.

a. Fines shall be determined by the Board of Directors for each finding of a violation based on the type, severity, repetition and circumstances of each violation based on the following guidelines:

First time violations	\$100
Repeated or flagrant violations	\$100 to \$500
Continuing violations	Up to \$1,000 per month (in discretion of Board of Directors)

b. Fines may not exceed \$1,000 for any one violation.

c. In the event of a continuing violation, a daily fine may be levied if, and only if, a member of the Board performs a daily inspection to verify that the violation is continuing.

d. Fines shall bear interest at the rate of 18% per annum until paid.

6. Other means of enforcement.

Notwithstanding any provision of this procedure, the Association may use any legal means available at any time to enforce the terms of the Declaration, Bylaws, Rules and Regulations or any other governing document of the Association.

ARTICLE II

Alternative Dispute Resolution

1. Agreement to Encourage Resolution of Disputes Without Litigation. The Association and its officers, directors, and committee members, all persons subject to these Governance Policies, and any person not otherwise subject to these Governance Policies who agree to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interests of all concerned to encourage the amicable resolution of disputes 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 below, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 3 in a good faith effort to resolve such Claim.

2. Definition of Claim. As used in this article, 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 Articles of Incorporation, the Declaration, the Bylaws, the Rules and Regulations and these Governance Policies ("Association Documents") or (ii) the rights, obligations, and duties of any Bound Party under the Association Documents.

Notwithstanding the foregoing, the following will not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 3: (a) any suit by the Association to collect assessments or other amounts due from any owner, (b) 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), (c) any suit between owners, which does not include the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents, (d) any suit in which an indispensable party is not a Bound Party, and (e) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 3, unless the parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

3. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice 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) Negotiation. 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) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 3(a) (or within such other period as the parties may agree upon), 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 Eagle County or the City and County of Denver.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for 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.

Any settlement of the Claim through mediation shall be documented in writing by the mediator. 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 ("Termination of Mediation").

(d) Termination of Mediation. Within five (5) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to

the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(e) Final and Binding Arbitration.

(i) If the parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

(ii) This subsection is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Colorado. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

(f) Allocation of Costs of Resolving Claims.

(i) Subject to Section (ii) below, each party shall bear its own costs, including any attorneys' fees incurred, and each party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

(ii) Any Award, which is equal to or more favorable to Claimant than Claimant's Settlement Demand, shall add Claimant's Post Mediation costs to the Award, such costs to be borne equally by all Respondents. Any Award, which is equal to or less favorable to Claimant than any Respondent's Settlement Offer, shall award to such Respondent its Post Mediation Costs.

(g) Enforcement of Resolution. After resolution of any Claim, 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 again comply 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, attorney's fees and court costs.

(h) Claim for Damages. Damages alleged or awarded in connection with a Claim shall be limited to actual damages. No punitive, incidental, consequential or other damages shall be claimed or awarded.

(i) 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 a vote of Owners entitled to cast 67% of the total votes in the Association, except that no such approval shall be required for actions or proceedings: (i) initiated to enforce the provisions of the Declaration, including collection of assessments and foreclosure of liens; (ii) initiated to challenge ad valorem taxation or condemnation proceedings; (iii) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies, or (iv) 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.

ARTICLE III

Conflicts of Interest

1. Loans prohibited. No loans shall be made by the Association to its directors or officers.

2. Conflicting Interest Transaction Defined. A “conflicting interest transaction” means a contract, transaction or other financial relationship between a) the Association and a member of the Board of Directors, or b) the Association and a party related to a member of the Board of Directors or c) the Association and an entity in which a member of the Board of Directors is a director or officer or has a financial interest.

3. Party Related to a Director Defined. A “party related to a director” shall mean 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, officer or has a financial interest.

4. Disclosure of Conflicting Interest. Before any vote is held on a conflicting interest transaction, the member of the Board of Directors causing the transaction to be a conflicting interest transaction shall in writing disclose to the Board the material facts as to the director’s interest or relationship and the material facts as to the conflicting interest transaction.

5. Approval of Conflicting Interest Transaction. Provided Section 4 hereof has been complied with and the disinterested directors act in good faith, the disinterested directors, although less than a quorum, may vote to authorize, approve or ratify the conflicting interest transaction.

6. Review of Policies. The Association shall review the policies contained in this Article periodically, but no less than every five years.

ARTICLE IV

Reserves.

1. Investment of Reserve Funds. With regard to the investment of reserve funds of the Association, the officers and Board of Directors shall be subject to the standards set forth in C.R.S. §7-128-401.

2. Reserve Study. It is not the policy of the Association to have a reserve study prepared.

ARTICLE V

Collection of Unpaid Assessments

1. Assessments Due. Assessments are payable in equal quarterly installments in advance on the first day of each calendar quarter and are past due and delinquent if not paid within fifteen days after that date.

2. Penalties. If any assessment is delinquent, the Association may impose a reasonable late charge to be determined by the Board. Any assessment which is not paid when due shall bear interest from the date of such assessment at a rate of 21% per annum.

3. Application of Payments. Payments on a delinquent account by a unit owner shall be applied first to unpaid assessments, second to penalties and third to attorney's fees.

4. Legal Remedies Available. To evidence the lien as permitted in the Declaration, the Board of Directors may, but shall not be required to, prepare a written notice setting forth the amount of such unpaid indebtedness, the amount of accrued penalty thereon, the name of the owner of the condominium unit and a description of the condominium unit and record the same in the office of the Clerk and Recorder of Eagle County, Colorado. Such lien for assessment shall attach from the due date of the assessment. The lien may be enforced by foreclosure of the defaulting owner's condominium unit by the Association in manner similar to a mortgage on real property upon the recording of a notice or claim thereof. In the event of any such foreclosure, the owner shall be liable for the amount of the unpaid assessments, any penalties thereon, the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorneys' fees. The amount of the common expenses assessed against each condominium unit shall also be a personal obligation of the owner thereof. Suit to recover a money judgment for unpaid assessments and any penalties thereon, together with reasonable attorney's fees, shall be maintainable without foreclosing or waiving the lien securing the same.

4. Collection Procedure. Before the Association refers a delinquent account of a unit owner to an attorney for legal action, the Association must send the unit owner a notice of delinquency, specifying:

- a. The total amount due, with an accounting of how the total was determined.

b. That the unit owner may have the opportunity to enter into a payment plan as hereinafter provided in Section 5 by contacting the Association at the address contained in the notice within thirty days after receipt of the notice and making written request to do so.

c. The name and contact information for the individual the unit owner may contact to request a copy of the unit owner's ledger to verify the amount of the debt.

d. That action is required to cure the delinquency and that failure to do so within thirty days may result in a lawsuit being filed against the owner, the filing and foreclosure of a lien against the unit owner's property, or other remedies available under Colorado law.

5. Payment Plan. Upon receipt of the notice provided for in Section 4(b), the Association shall make a good faith effort to coordinate with the unit owner to set up a payment plan that meets the requirements of Section 6 hereof, except that:

a. This section does not apply if the unit owner does not occupy the unit and has acquired the property as a result of (i) a default of a security interest encumbering the unit or (ii) foreclosure of the Association's lien; or

b. The unit owner has previously entered into a payment plan.

6. Requirements of Payment Plan. A payment plan negotiated between the Association and the unit owner must permit the unit owner to pay off the deficiency in equal installments over a period of at least six months. Nothing in this section prohibits an Association from pursuing legal action against a unit owner if the unit owner fails to comply with the terms of his or her payment plan. A unit owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the six month period, constitutes a failure to comply with the terms of his or her payment plan.

ARTICLE VI

Inspection of Records

1. Records Available for Inspection. All records maintained by the Association, except those records described in § 38-33.3-317(3) and (3.5), C.R.S., must be available for examination and copying by a unit owner or the owner's authorized agent during normal business hours.

2. Request for Inspection. A unit owner must submit a written request, describing with reasonable particularity the records sought, at least ten days prior to inspection or production of the documents.

3. Charge for Copies. The managing agent of the Association may impose a reasonable charge, which may be collected in advance and may cover the costs of labor and material, for copies of Association records. The charge may not exceed the estimated cost of production and reproduction of the records.

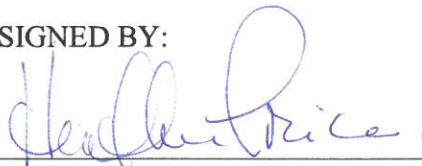
ARTICLE VII

Amendments

These Governance Policies may be amended by the Board of Directors of the Association at any regular meeting or at any special meeting called for that purpose.

CERTIFIED AS ADOPTED THIS 23 DAY OF August, 2014, BY THE BOARD OF DIRECTORS OF MEADOW CREEK CONDOMINIUMS OF VAIL ASSOCIATION.

SIGNED BY:



President

Secretary