

**AMENDED AND RESTATED
GOVERNANCE POLICIES AND PROCEDURES
FOR
THE RANCH PROPERTY OWNERS ASSOCIATION, INC.**

WHEREAS, The Ranch Property Owners Association, Inc. (the Association), hereby amends and restates those Governance Policies and Procedures dated March 10, 2015 for the purpose of complying with recent changes to the Colorado Common Interest and Ownership Act (the "Act"). Definitional terms used herein shall correspond to the Act or the definitions as used in the Amended and Restated Declaration of Covenants Conditions and Restrictions for The Ranch as recorded July 6, 2022 at Reception No. 1212402 (the "Declaration"). These governance policies and procedures shall supersede any existing policies of the Association pertaining to the subject matters set forth herein.

**ARTICLE 1
COLLECTION OF UNPAID ASSESSMENTS**

A. Procedure for Collection of Assessments.

1. Due Date. Any assessment (Annual, Special or Default) not fully paid by the 30day after 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. Annual Assessments may be levied on a monthly, quarterly or annual or bi-annual basis as directed by the Board. Special and Default Assessments, if any, will be levied and mailed to Owners in accordance with the terms set forth in the Declaration.

2. Monthly Statements. The Association shall send to an Owner who has an outstanding balance owed the Association on a monthly basis, a statement of the total amounts owed to the Association, including a list of all assessments, fines, fees and other charges.

3. Interest and Late Fees. Any assessment, fee or charge, which is not fully paid within 30 days after the date when due is delinquent and shall bear interest at a rate of the smaller of 8% per annum or the Federal Funds Rate plus 1% per annum. In addition, a late fee of \$5.00 per month may be imposed by the Executive Board at its discretion. The Association shall not impose late fees or fines on a daily basis.

4. Notification of Delinquency. The Association must contact the Owner of a delinquency by sending a "notice of delinquency" to the Owner by certified mail, return receipt requested, and posting a copy of the notice on the Unit and by one other means of communication, including regular US mail, email or text message. The Association shall keep a record of its contacts to Owner regarding the delinquency. The Owner may identify a language other than English in which the Owner wants the Association to send all correspondence and notices. The Owner may identify another person to serve as a designated contact for the Owner. The notice of delinquency for unpaid assessments shall include the following:

- a. Total amount due with an accounting or ledger showing amounts owed, and specifying if amounts consist of unpaid assessments, unpaid fines, unpaid fees and other charges.
- 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 repayment plan and the instructions for contacting the Association for doing so.
- e. A listing of steps Association must take before the Association may take legal action against the Owner and listing of legal action, including foreclosure and filing an action in small claims court for matters of \$7500.00 or less.

Notification to Owners regarding a violation of Governing Documents of the Association which results in the imposition of a fine must comply with the provisions of the Act, Section 209.5(b)(II) which is set forth in the Policy regarding Enforcement of Covenants and Rules, Notice and Hearing.

5. Referral to Collections or Attorney. Before the Association can turn over a delinquent account to a collection agency or authorize an attorney to commence collections, the majority of the Executive Board must vote to approve the matter on the record at a duly noticed meeting of the Board.

6. Repayment Plan. The Association will offer the Owner the opportunity to pay off a deficiency in equal monthly installments over a period of at least 18 months in an amount determined by the Owner so long as installments are in amounts of \$25.00 or greater. If the Owner fails to make at least 3 monthly payments within 15 days after the installments were due or if the Owner fails to remain current with the general assessments during the repayment plan period, the Owner is in default of the plan.

7. Liens. The Association has a statutory lien if an assessment is not paid within 15 days after the assessment is due. The Association may elect to file a statement of lien in the real property records evidencing its lien 10 days after notice of delinquency is provided. A lien may not be foreclosed except as provided in Section 10 below.

8. Attorney's Fees. The Association is entitled to costs and reasonable attorney's fees that the Association incurs in any action or suit for a judgment or decree brought by the Association in obtaining a lien. An Association is not entitled to recover attorney's fees for fees incurred by an attorney before the Association has complied with the delinquency notice requirements.

9. Application of Payments. If an Owner who has both unpaid assessments and unpaid fines, fees or other charges make a payment to the Association, the Association shall

apply the payment first to the assessments owed and any remaining amount of the payment to the fines, fees, or other charges (including attorney's fees) owed.

10. Foreclosure. Before an Association may foreclose on a lien, the following requirements must be met:

- a. The Association must have complied with all applicable provisions of the Act including the notifications of delinquency.
- b. The Association must have offered the 18-month repayment plan described above and within 30 days after the Association has provided the Owner with the written offer to enter into the repayment plan, the Owner has either: declined the plan or after accepting the plan, failed to pay at least 3 of the monthly installments within 15 days after the monthly installments were due.
- c. The Association shall not foreclose on an assessment lien if the debt securing the lien consists only of one or both of the following: (i) Fines that the Association has assessed against the Owner; or (ii) Collection costs or attorney fees that the Association has incurred and that are only associated with assessed fines.
- d. The balance due from the Owner must equal or exceed six months of budgeted common expense assessments allocated to the delinquent Owner's Unit.
- e. The Board must vote, in executive session, to approve the commencement of foreclosure against the delinquent Unit Owner and the Unit Owner shall be provided with the results of the vote taken on the matter.

ARTICLE 2

HANDLING CONFLICTS OF INTEREST INVOLVING BOARD OF DIRECTORS MEMBERS

If any contract, decision or other action taken by or on behalf of the Board of Directors would financially benefit any member of the Board of Directors or any person who is a parent, grandparent, spouse, child, sibling or otherwise is a family-member related to a member of the Board of Directors or a parent or spouse of any of those persons, that member of the Board of Directors 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 of Directors 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. 7128-501. The Board of Directors, 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). *

*The above-referenced paragraph shall supersede the language set forth in Article V11.4 of the Bylaws.

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 of Directors to conduct executive sessions as provided in the Declaration and the Act.

B. Restrictions on Speaking. In any Board of Directors' meeting, at an appropriate time determined by the Board of Directors, but before the Board of Directors votes on an issue under discussion, Owners or their designated representatives shall be permitted to speak regarding that issue. The Board of Directors may place reasonable time restrictions on persons speaking during the meeting. In no event shall Owners be permitted to speak more than five (5) minutes on a single topic. If more than one person desires to address an issue and there are opposing views, the Board of Directors 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 and if they do not, 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 of Directors.

E. Executive Sessions. The Board of Directors may enter into an executive session at any time, in accordance with the Act.

1. Limitation. Matters for discussion by an executive or closed session are limited to:

- a. Matters pertaining to employees of the Association or contracts involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
- b. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- c. Investigative proceedings concerning possible or actual criminal misconduct;
- d. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- e. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and,
- f. Review of or discussion relating to any written or oral communication from legal counsel.

2. Attorney-Client Privilege. Upon the final resolution of any matter for which the Board of Directors received legal advice or that concerned pending or contemplated litigation, the Board of Directors 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 matter in an open meeting.

3. Announcement of Executive Session. Prior to the time the Members of the Board of Directors, or any committee thereof, convene in executive session; the chair of the body shall announce the general matter of discussion as enumerated in paragraph 1 of this subsection of this policy.

4. No Rules or Regulations Adopted in Executive Session. No rule or regulation or policy and procedure of the Board of Directors or any committee thereof shall be adopted during an executive session.

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 of Directors (the "Association Documents") or the breach of any of the Association Documents shall give the Board of Directors 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 Policies and Procedures:

1. To authorize law enforcement to enter upon a Lot, 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 on that Lot) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Association Documents. The Board of Directors 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.

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

1. Notification. The Association must contact the Owner with respect to any violation of the Governing Documents of the Association by sending a "notice of violation" to the Owner by certified mail, return receipt requested, and posting a copy of the notice on the Unit and by one other means of communication, including regular US mail, email or text message. The Association shall keep a record of its contacts to Owner regarding the violation. The Owner may identify a language other than English in which the Owner wants the Association to send all correspondence and notices. The Owner may identify another person to serve as a designated contact for the Owner. The notice of violation shall include:

- a. a description of the nature of the alleged violation;
- b. the action or actions required to cure the alleged violation;
- c. the timeline for the fair and impartial fact-finding process required under the Notice and Hearing Policy; and
- d. the amount and interval upon which fines may be levied in accordance with this policy for violations that are continuing in nature.

2. Cure Period and Fines.

A. Violation - Public Safety. If the Association reasonably determines that the violation threatens the public safety or health, the notice shall provide the Unit owner with

written notice of the violation informing the Owner that the owner has 72-hours to cure the violation or the Association may fine the Owner. If, after inspection of the Unit, the Association determines that the Owner has not cured the violation within 72 hours after receipt of the notice, the Association impose fines on the Owner every other day and may take legal action against the Owner for the violation except that the Association shall NOT pursue foreclosure against the Owner based on fines owed.

B. Violation — Other Than Public Safety.

i. If the Association reasonably determines that the violation is one which does not threaten the public safety or health, the Association shall provide written notice of the violation informing the Owner that Owner has 30 days to cure the violation or the Association, after conducting an inspection and determining that the Owner has not cured the violation, may fine the Owner; however, the total amount of the fines imposed for the violation may not exceed \$500.

ii. The Association shall grant the Owner two consecutive 30-day periods to cure a violation before the Association may take legal action against the Owner for the Violation.

a. If the Owner cures the violation within the period of cure afforded the Owner, the Owner may notify the Association of the cure and, if the Owner sends with the notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the Unit as soon as practicable to determine if the violation has been cured.

b. If the Association does not receive notice from the Owner that the violation has been cured, the Association shall inspect the unit within 7 days after the expiration of the 30-day cure period to determine if the violation has been cured. If, after the inspection and whether or not the Association received notice from the Owner that the violation was cured, the Association determines that the violation has not been cured:

i. A second 30-day period to cure commences if only one 30-day period to cure has elapsed; or

ii. The Association may take legal action (and levy a fine) pursuant to this section if two 30-day periods to cure have elapsed.

3. Miscellaneous Regarding Fines.

A. Once the Owner cures a violation, the Association shall notify the Owner (per notice of violation requirements above) that the Owner will not be further fined with regard to the violation and of any outstanding fine balance that the Owner still owes the Association.

B. The Association may not fine an Owner unless the notice of violation complies with the above-referenced notice requirements.

C. The Association shall NOT pursue foreclosure against the Owner based on fines owed.

D. The Board of Directors may levy a fine of \$100.00 for each violation of the Association Documents. In the discretion of the Board of Directors, the \$100.00 fine may be increased or decreased depending upon the facts and circumstances of each violation; however, Owners should be prepared to pay a minimum \$100.00 fine. The Board of Directors, 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. The Board, in its discretion, may determine what constitutes a single violation for those violations which are ongoing or recurring. The total amount of the fines imposed for a single violation (not involving public safety) may not exceed \$500.

E. Hearing Procedure. In the event an Owner disputes the that they have violated the Association Documents the Owner may request a hearing from the Board of Directors within fifteen (15) days of the date of the letter to Owner. Such request for hearing shall be in writing and addressed to the President of the Board of Directors. The Board of Directors shall send a second notice to the Owner informing the Owner of the time and place at which the Board of Directors will hear the matter; and that the Owner or authorized agent has an opportunity to attend (in person or by telephone) and be heard at such meeting; and that the Board of Directors has the authority, upon determination that a violation has occurred, to fine, charge attorney's fees or other monies, and to take such other action as is authorized by the Association Documents and Colorado law. At the discretion of the Board of Directors, fines may be retroactive to the date of the alleged violation.

F. Constraints on the Board of Directors. It shall be incumbent upon each member of the Board of Directors 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 Board and remove himself or herself from the proceedings and have it so recorded in the minutes.

G. Hearing Evidence. 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 of Directors may be made at a later date and time but not to exceed 7 days from the date of the hearing. All decisions of the Board of Directors are effective 3 days after written notice is sent to the Owner (via first class mail or by email if an email address has been provided by the Owner).

H. 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 of Directors shall be authorized to impose the fines, charge attorney's fees, or take such other action as authorized by the Association Documents or Colorado law.

I. 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.

J. 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.

ARTICLE 5

INSPECTION AND COPYING OF RECORDS

5.1 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, 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;

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 or filed with the Secretary of State, if any;

10. Financial records sufficiently detailed to enable the Association to comply with Sec. 3 16(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 the 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 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 the Board; or,

f. Units other than the Units 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:

1. Copies per page, letter or legal size: at .50 cents per page.
2. Materials other than copies: Actual costs plus labor.
3. 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.

5.2. Website Posting. The Association may place the Association Documents listed in 5.1 A above 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.

*This Article 5 shall supersede in its entirety the language set forth in Article XII of the Bylaws.

ARTICLE 6

INVESTMENT OF RESERVE FUNDS

The policy pertaining to the Investment of Reserve Funds is included as Exhibit „F to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Ranch.

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 of Directors, 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. Notwithstanding the foregoing, the adoption or amendment to the policy pertaining to Investment of Reserve Funds shall require the affirmative vote of the Owners in the same percentage as required in the Amended and Restated Declaration of Covenants, Conditions and Restrictions.

ARTICLE 8

PROCEDURES FOR ADDRESSING DISPUTES

A. Alternative Dispute Resolution. The purpose of the Declaration is to establish a harmonious Common Interest Community. Because the prompt, efficient, fair and non-belligerent resolution of any disputes is desirable, any controversy arising out of or relating to the Declaration, the Bylaws, or any rules and regulations or policies and procedures (the "Association Documents"), or a breach thereof, or any other dispute between the Association and any Owner shall be resolved as set forth in this Policy. This Policy shall satisfy the requirement for an alternative dispute resolution (ADR) policy set forth in Act, Section 38-33.3-124(b).

B. Prerequisite/Claims. The parties to a dispute shall exhaust all remedies and procedures required by the Association Documents prior to resolving the dispute through this ADR policy. All claims, disputes and other controversies arising out of or relating to the rights, obligations and duties of any Owner, or the Association and its officers and directors under the Association Documents and/or a breach thereof (a "Claim") shall be subject to and resolved by submitting the Claim to mediation. Claims shall NOT include any suit by the Association to enforce or collect assessments, any suit involving an imminent threat to the peace, health, or safety of the common interest community, or any suit to obtain a temporary restraining order or injunction and such other ancillary relief as the court may deem necessary in order for the Association to enforce the restrictions of this Declaration.

C. Direct Communication. If the dispute is not governed by a procedure for resolution as otherwise provided in the Association Documents, the parties to the disagreement shall set forth their respective positions in the dispute in correspondence to one or through one another's legal counsel. The written communication shall describe the

nature of the dispute, claim or controversy, including the persons involved, and the legal basis of the dispute, claim or controversy and relief or remedy sought. All disputes, claims or controversies should be initiated within 60 days after the dispute, claim or controversy has arisen and in no event shall a dispute, claim or controversy be made after the date when such dispute, claim or controversy would be barred by any applicable statute of limitations. The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the dispute, claim or controversy by good faith negotiation.

D. Mediation. If the dispute, claim or controversy cannot be resolved through direct communication of the parties within 30 days after the date the dispute, claim or controversy was submitted to a party, either party may request appointment of a neutral and properly credentialed mediator. With the prior agreement of both parties, the parties shall participate in mediation in good faith until the dispute is resolved or until the mediation terminates. Either party to a mediation may terminate the mediation process without prejudice. If the parties do not settle the dispute, claim or controversy within 60 days after submission of the matter to mediation, the mediator shall issue a notice of termination of the mediation proceedings. Each party shall bear its own costs of mediation, including attorney's fees and each party shall share equally all charges rendered by the mediators and all costs associated with same. The mediation agreement, if one is reached, may be presented to the court as a stipulation.

E. Conflicts. This ADR policy is not intended to modify or alter any portion of the Declaration enforcement provision pertaining to builders in Section 7.02 or any "notice and hearing procedure" established for the resolution of covenant violations.

ARTICLE 9 RESERVE STUDY

A. On an annual basis, the Board of Directors 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 that may be required for Association common elements, including but not limited to, roads, fencing, mail boxes, irrigation system, drainage systems, tennis courts, street lights and signs of the Association.

B. The Board of Directors, 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 of Directors 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 of Directors shall, at its meeting as to the adoption of the annual budget, 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 of Directors 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 of Directors may establish a separate capital improvements fund for the collection and deposit of assessments for future Work. The Board of Directors 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 of Directors shall be advisory only.

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

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this day of December 5, 2025.

*Signature removed for privacy
Contact
website@rpoadurango.com to
view the signed document*

By: Mimi Frenette
Its: President

CERTIFICATION: Certified to be the Governance Policies and Procedures for the Association adopted by consent of the Board of Directors of The Ranch Property Owners Association, Inc., November 17, 2025.

ATTEST:

*Signature removed for privacy
Contact website@rpoadurango.com
to view the signed document*

By: Karen Waterman
Its: Secretary