

**BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
POLICY AND PROCEDURE
REGARDING CONFLICTS OF INTEREST**

Adopted October 1, 2006

The following resolution has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, at a meeting of the Board for the purpose of revising its Policy and Procedure Regarding Conflicts of Interest.

RECITALS

- (a) In 2006, Section 310.5 of CRS 38-33.3-101, *et seq* ("CCIOA") was significantly amended, and the Board desires to adopt this policy to be in accordance with the revised Section 310.5 of CCIOA.
- (b) The Board wishes to adopt requirements for its Board Members in order to assure sound management of the Association.

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the following Policy and Procedure regarding Conflicts of Interest:

I. Conflicting Interest Transaction.

A. Definitions.

- (1) Conflicting Interest Transaction. A contract, a transaction, or other financial relationship:
 - (a) between the Association and a Board Member; or
 - (b) between the Association and a party related to a Board Member; or
 - (c) between the Association and an entity in which a Board Member is also a director or officer or has a financial interest.
- (2) Officer. Any person designated as an officer of the Association and any person to whom the Board delegates responsibilities under CCIOA including a managing agent, attorney or accountant employed by the Board.

B. Dealing With a Conflicting Interest Transaction.

- (1) No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an owner/member of the Association or by or in the right of the Association as a nonprofit corporation, solely because the conflicting interest transaction involves a Board Member or a party related to a Board Member or an entity in which a Board Member of the Association is a director or officer or has a financial interest or solely because the Board Member is present at or participates in the meeting of the Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Board Member's vote is counted for such purpose.
 - (a) The material facts as to the Board Member's relationship or interest and, as to the conflicting interest transaction, are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board Members, even though the disinterested Board Members are less than a quorum; or
 - (b) The material facts as to the Board Member's relationship or interest and, as to the conflicting interest transaction, are disclosed or are known to the Board Members (or members of a committee) entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Owners/Members; or
 - (c) The conflicting interest transaction is fair as to the Association.
- (2) Common or interested Board Members may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.
- (3) For purposes of this Policy, a party related to a Board Member shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board Member or a party related to the Board Member has a beneficial interest, or an entity in which a party related to the Board Member is a director, officer, or has a financial interest.

II. Loans Prohibited.

No loans shall be made by the Association to any Board Member or Officer. Any Board Member or Officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

SECRETARY'S

CERTIFICATION: The undersigned, being the Secretary of the Beulah Highlands Homeowners Association, Inc. , a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board 11/1/06 , and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS
ASSOCIATION, INC.,
a Colorado non-profit corporation

By: 
Secretary

BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
POLICY AND PROCEDURE
INVESTMENT OF RESERVE FUNDS

Adopted October 1, 2006

The following policy and procedure has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, for investment of the Association's reserve funds.

PURPOSE

The purpose of this policy is to institute proper guidelines for the ongoing management of the Association's investment of its reserve funds.

INVESTMENT OBJECTIVES

The principal represents the reserve funds for maintenance, repair, and replacement of those items for which the Association is responsible and that must be periodically maintained, repaired, or replaced. Reserve funds are to be invested in a manner that assures maximum safety and appropriate liquidity and, secondarily, maximizes yield within such constraints. The investment objectives are, in order of priority, as follows:

1. Preservation and safety of principal;
2. Liquidity to meet expected and unexpected expenditures; and
3. Maximization of yield.

INVESTMENT RESPONSIBILITIES

The Board has sole authority to approve and amend, alter or otherwise make changes to this Policy. Any modifications to this policy shall be in writing and approved by the Board.

The Board shall have direct control with regard to opening appropriate bank accounts and establishing safekeeping accounts or other arrangements for the custody of securities and execute such documents as may be necessary. The Board may employ the service of a qualified investment advisor to direct a portion or all of the investment activities of the Association consistent with guidelines set forth in this investment policy.

The Board will monitor ongoing investment activities to ensure proper liquidity is being provided and that the investment strategy is consistent with the Association's objectives. The Board of Directors shall review investment performance no less than quarterly.

INVESTMENT GUIDELINES

A. Eligible Investments

The portfolio will be limited to the following investments:

1. Certificates of deposit (CDs);
2. Money market deposit accounts;
3. Money market funds; and
4. U.S. treasuries and U.S. treasury zero coupons.

B. Credit Quality Restrictions

All investments shall be AAA-rated or U.S. Treasury securities

C. Maturity Limits

1. No individual investment may exceed 2 years in maturity; and
2. The weighted average maturity of the portfolio will not exceed 1 year. The company must structure its investment portfolio in order to meet anticipated cash requirements.

D. Strategy

Investments shall be structured so they mature in successive years allowing the Association to minimize the interest rate risk.

E. Custodian

Investments will be held in custodial accounts with approved banks or financial institutions federally insured either through FDIC or the US Government, with no more than \$100,000.00 held in any one bank.

PROCEDURES

1. Transfers of budgeted additions to reserves shall be made on a monthly basis;
2. A quarterly report of earnings shall be prepared by management, financial advisor, or the treasurer and presented at a Board meeting;
3. Two Board member signatures must be required to withdraw funds from investment accounts. An exception may be made for transfers between accounts of the Association so long as both accounts require two Board member signatures for withdrawals of funds; and

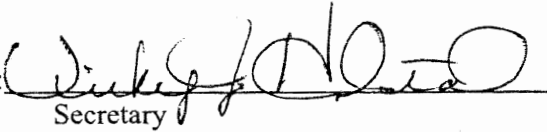
4. In addition to any requirements provided by the Association's governing documents, the Association shall obtain coverage by fidelity insurance to protect the Association from loss due to theft for any person with access to its investments;

SECRETARY'S

CERTIFICATION: The undersigned, being the Secretary of Beulah Highlands Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on 10/1/06, and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS
ASSOCIATION, INC.

a Colorado non-profit corporation

By: 
Secretary

BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
POLICY AND PROCEDURE
CONDUCT OF MEETINGS

Adopted October 1, 2006

The following policy and procedure has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, for the conduct of meetings.

MEMBERS/OWNERS MEETINGS

1. Meetings of the Members/Owners ("Members") shall be held at such times and locations as may be provided in the Association's Declaration, Bylaws, Articles of Incorporation or Rules and Regulations ("Governing Documents") or by applicable Colorado statutes, but at least once annually.
2. Only Members in good standing are eligible to vote. For purposes of this policy, "good standing," shall mean all of the following: (i) ownership of a Unit; (ii) no outstanding amounts due to the Association; (iii) no outstanding violation of any provision of any Governing Document.
3. Notice of Members meetings shall be distributed as may be provided in the Association's Governing Documents or by applicable Colorado statutes.
4. The Association's Board shall determine the agendas for the meetings, subject to any requirements in the Association's Governing Documents, and distribute such agendas with notices of the meetings.
5. The President of the Association's Board or such other person as may be designated by the President, shall preside over all meetings.
6. Items of business and/or discussion must be presented by Motion and such Motion seconded, prior to discussion.
7. Any person not in compliance with these rules of conduct, may be ejected from the meeting:
 - a. No one may speak until called upon by the chairperson to do so;
 - b. Only one person may speak at a time;
 - c. Personal attacks or abusive language will not be tolerated; and
 - d. Only the individual presiding over the meeting may interrupt a speaker and then only for purposes of limiting the time of the discussion or due to personal attacks or abusive language.

8. Voting by Members to fill positions on the Board shall be by secret ballot. Any other matter put before the assembly for a vote may be by any means acceptable to the assembly or by secret ballot if requested.
9. Unless otherwise provided by the Governing Documents or by applicable Colorado statutes, the affirmative vote required for the election of Members of the Board shall be the candidates receiving the largest number of votes. Unless otherwise provided by the Governing Documents or by applicable Colorado statutes, the affirmative vote required for the passage of any other matter put before the assembly for a vote shall be a majority of those present (as defined by the Rules and/or Bylaws) and voting at this meeting.
10. Written ballots may be used in lieu of any Member meeting.

BOARD MEETINGS

1. Meetings of the Board shall be held at such times and locations as may be provided in the Governing Documents or by applicable Colorado statutes.
2. Notice of Board Meetings shall be distributed as may be provided in the Governing Documents or by applicable Colorado statutes.
3. The Board members or Managing Agent may create agendas for Board meetings, but are not required to do so. To the extent that an agenda is created for a Board meeting, it shall be provided to owners requesting a copy of same.
4. Notwithstanding paragraph 3 above, Board Meetings shall include a "Homeowners Forum" conducted as follows:
 - a. There will be a list at a sign in table for persons to enter their names if they wish to speak at this meeting;
 - b. Only those persons who have entered their names on the list of speakers shall speak;
 - c. Speakers will be called upon to speak in the same order in which they entered their names;
 - d. No one may speak until called upon by the chairperson to do so;
 - e. Only one person may speak at a time;
 - f. Each person shall have three (3) minutes to speak;
 - g. Personal attacks or abusive language will not be tolerated; and
 - h. Only the chairperson may interrupt a speaker and then only for purposes of limiting the time of the discussion or due to personal attacks or abusive language.
5. The President of the Board or such other person as may be designated by the President, shall preside over Board meetings.

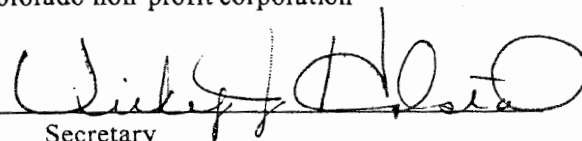
6. For each matter upon which the Board anticipates taking action, a motion must be made stating the proposed action, followed by discussion. Owners who are not Board members may not participate in such discussion unless requested by a majority vote of the Board to do so.
7. At the conclusion of discussion, but prior to vote on the Motion by the Board members, any owner may request to be heard on the matter discussed. Notwithstanding the previous statement, no more than one person in favor of the Motion and one person opposed to the Motion shall be heard.
8. Board meetings shall be open to attendance by all members of the association or their representatives.
9. The members of the Board may hold an executive session and restrict attendance to only Board members and such other persons requested by the Board during a regular or special meeting for discussion of the following:
 - a. Matters pertaining to employees of the Association or the Managing Agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
 - b. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
 - c. Investigative proceedings concerning possible or actual criminal misconduct;
 - d. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and
 - e. Review of or discussion relating to any written or oral communication from legal counsel.
10. Prior to holding an executive session, the President or other person designated to preside over the meeting, shall announce the general matter of discussion as stated above.
11. No Rule or Regulation 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 Board returns from its executive session.
12. 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.

SECRETARY'S
CERTIFICATION:

The undersigned, being the Secretary of Beulah Highlands Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on 10/1/06, and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS
ASSOCIATION, INC.,
a Colorado non-profit corporation

By: _____



Secretary

**BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
POLICY AND PROCEDURE
ENFORCEMENT OF THE DECLARATION, BYLAWS, RULES AND
REGULATIONS AND SCHEDULE OF FINES**

Adopted October 1, 2006

The following policy and procedure has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, for (i) the enforcement of the Association's Declaration, Bylaws, Rules and Regulations (including any design guidelines or architectural controls), collectively referred to as the "Governing Documents;" and (ii) a Schedule of Fines.

1. **Notice of Alleged Violation.** Notice of Alleged Violation of any provision of the Governing Documents shall be provided to the applicable Owner by as soon as is reasonably practicable after the Board's receipt of such violation. The Board may also, at its option, provide a copy of such Notice to any non-owner violator ("Related User"). The Notice shall describe the nature of the violation and shall further state that the Board may seek to protect its rights as they are specified in the Governing Documents.
2. **Service of Notices.** Service of all notices required or permitted to be given hereunder shall be made as follows:

If to a Owner and/or Related User: By personal delivery to the Owner and/or Related User; or by U.S. Mail, postage prepaid, addressed to the last registered address of the Owner and/or Related User as contained in the Association's records.

If to the Association: By personal delivery or U.S. Mail, postage prepaid, addressed to the Association in care of its registered agent and office, as maintained with the Colorado Secretary of State, or such other address as the parties may be advised of in writing.

Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed shall be deemed received on the fifth day following the date of mailing.

3. **Request for Hearing.** If an Owner desires a hearing to challenge or contest any alleged violation and possible fine, the Owner must request such hearing, in writing, within thirty (30) days from receipt of the Notice of Alleged Violation. The request for hearing shall describe the grounds and basis for challenging the alleged violation. If a hearing is not requested within the 30 day period, the Board shall determine if there was a violation, and if so, may assess a reasonable fine within the guidelines contained in this Policy and Procedure within sixty (60) days of the expiration of the 30 day period.

The Association's managing agent shall give notice of said assessment to the applicable Owner as provided in the Association's governing documents or this Policy and Procedure. Unless otherwise provided in the Association's governing documents, the fine assessment is due and payable immediately upon receipt of notice of the fine assessment.

4. **Board to Conduct Hearing.** The Board shall hear and decide cases set for hearing pursuant to these Policy and Procedure. The Board may appoint an officer or other Owner to act as the Presiding Officer at any of the hearings.
5. **Conflicts.** Any Board member who is incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the President of the Board prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and the Board member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board member(s) results in an even number of remaining Board members eligible to hear a case, the Presiding Officer may appoint an Association member, in good standing, to serve as a voting member of the hearing board.
6. **Hearing.** The Board shall inform the Owner of the scheduled time, place and date of the hearing, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board by reading the Notice of Alleged Violation. Each party may make opening statements, may present evidence and testimony, may present witnesses, and may make closing statements. Neither the complaining parties nor the Owner must be in attendance at the hearing. However, the decision of the Board at each hearing shall be based on the matters set forth in the Notice of Alleged Violation, Request for Hearing, and such evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings shall be open to attendance by all members of the Association.
7. **Decision.** After all testimony and other evidence has been presented to the Board at a hearing, the Board shall render its written findings and decision, and impose a reasonable fine, if applicable, within ten (10) days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority of the members of the hearing board present at the hearing. The Board may also issue and present for recording with the County Clerk and Recorder, a Notice of Finding of Violation. Upon satisfactory compliance with the Association's governing documents, the Notice of Finding of Violation may be released by the Association issuing and recording a Release of Notice of Finding of Violation.
8. **Fine Schedule.** Unless otherwise provided in the Rules and Regulations, any violation of the Governing Documents will subject the Owner to a reasonable fine assessment imposed by the Association as follows:

- (i) Notice of Violation: Written warning letter or posting of notice.
 - (ii) Set schedule
- OR
- (ii) Fines shall be determined by the hearing board for each finding of a violation based on the type, severity, repetition and circumstances of each violation based on the following guidelines:

First time or minor violations	between \$25 and \$75
Repeated minor violations	between \$50 and \$100
Repeated or flagrant violations	between \$100 and \$500

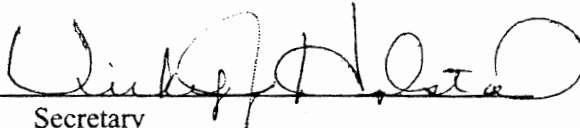
- (iii) Fines may not exceed \$_____ for any one finding of a violation.
- (iv) In the event of a continuing violation, a daily fine may be levied if, and only if, the Association's agent performs a daily inspection to verify the violation is continuing.

Notwithstanding any provision of this fine schedule or Policies and Procedures, the Association may use any legal means available at any time to enforce the terms of the Governing Documents.

SECRETARY'S

CERTIFICATION: The undersigned, being the Secretary of the Beulah Highlands Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on 12/1/06, and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.,
a Colorado non-profit corporation

By: 
Secretary

**BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
POLICY AND PROCEDURE
INSPECTION AND COPYING OF ASSOCIATION RECORDS**

Adopted October 1, 2006

The following policy and procedure has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, for the inspection and copying of Association records.

1. Inspection of Association Books and Records by Members/Owners ("Members"). A Member or his/her authorized agent is entitled to inspect and copy, at the Member's expense and during regular business hours at a reasonable location specified by the Association, any of the records or papers of the Association (except as specifically limited or excluded by Section 3 below) if the Member gives the Association written demand at least five (5) business days before the date on which the Member wishes to inspect and copy such records and:
 - 1.1 The demand is made in good faith and for a proper purpose;
 - 1.2 The Member describes with reasonable particularity the purpose and the records or papers the Member desires to inspect; and
 - 1.3 The records or papers are directly connected with the described purpose.

"Proper purpose" means a purpose reasonably related to the demanding Member's interest as a Member of the Association.

It is within the reasonable discretion of the Board to determine whether a Member's demand to inspect and copy is made in good faith and for a proper purpose.

2. Proper Purpose/Limitation. Without the consent of the Board, a membership list or any part thereof may not be obtained or used by any person for:
 - 2.1 Any purpose unrelated to a Member's interest as a Member; or
 - 2.2 To solicit money or property unless such money or property will be used solely to solicit the votes of the Members in an election to be held by the Association; or
 - 2.3 Any commercial purpose; or
 - 2.4 To be sold to or purchased by any person.
3. Exclusions. The following records and documents may be kept confidential by the Association:
 - a. Attorney-Client Confidential Documents. In order to protect the attorney/client privilege existent between the Association and its attorneys, all attorney created

documents, including, but without limitation, memos, opinion letters, and draft documents prepared at the behest of the Board, are not available for the inspection or copying by any Member or his/her authorized agent, without the consent and authority of the Board and upon advice of the legal counsel involved.

- b. Personnel Confidential Documents. Documents pertaining to employees of the Association or involving employment, promotion, discipline, or dismissal of an officer, agent or employee.
 - c. Applicable Law. Any documents that are confidential under constitutional, statutory or judicially imposed requirements.
 - d. Individual Privacy. Any documents the disclosure of which would constitute an unwarranted invasion of individual privacy are confidential.
4. Copy and other Document Fees. The Association will impose a reasonable charge, covering the costs for copies of any documents the Association provides to a Member. The charge may not exceed the actual cost for copies as incurred by the Association, said cost to be determined from time to time by the Association.

If a Member requests copies of Association documents which are not in the possession of the Association, the Member is responsible for whatever fees and costs are imposed by the entity (CPA, attorney, etc.) holding such records for copy and related costs, including but not limited to labor, materials and postage.

If a Member requests a copy of an Association document which must be retrieved from archives, compiled, generated, certified or authenticated in any way, the Member is responsible for all fees and costs incurred in the retrieval, compilation, generation, certification or authentication and reproduction (copying) of the requested document(s), including but not limited to labor, materials and postage.

SECRETARY'S

CERTIFICATION:

The undersigned, being the Secretary of Beulah Highlands Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on 10/1/06, and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS
ASSOCIATION, INC.,
a Colorado non-profit corporation

By: Windy D. [Signature]
Secretary

**BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
COLLECTION POLICY AND PROCEDURE**

Adopted October 1, 2006

The following policy and procedure has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, for collection of unpaid assessments.

1. Due Date. The Association's Annual Common Expense Assessment shall be due and payable, in full, on January 1 of each year. Provided, however, the Board shall permit payment to be made in twelve equal monthly installments due on the first day of each month, commencing January 1. Assessments or other charges not paid to the Association by the 10th day of each month shall be considered past due and delinquent.
2. Late Charge and Interest Imposed. Once a payment is past due and delinquent, a Late Charge equal to 5 % of the unpaid assessment for that month to compensate the Association for the additional administrative costs in processing a delinquent payment. Further, interest shall accrue at 18 % per annum on all outstanding or past due balances.
3. Return Check Charges. In addition to any and all charges imposed under the Declaration, the Bylaws, the Rules and Regulations or the Articles of Incorporation (collectively, the "Governing Documents") or pursuant to Colorado statutes, or this Policy, a fifty dollar (\$50.00) fee or other amount deemed appropriate by the Board shall be assessed against an owner in the event any check or other instrument attributable to or payable for the benefit of such owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. Such return check charge shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the owner(s) of the Unit for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Governing Documents or this Policy.
4. Attorney Fees on Delinquent Accounts. As an additional expense permitted (collectible as a Common Expense Assessment) under the Declaration and Colorado statutes, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.
5. Application for Payments made to the Association. Regardless of inscriptions or notations on the front of the check, all payments received on the account of any owner

shall be applied in the following order: 1) any and all attorney fees, legal fees and costs incurred for collection of assessments or for owner's failure to comply with provisions of the Association's Governing Documents, including lien fees; 2) fines, late charges and interest; 3) returned check charges, and other costs owing or incurred with respect to such owner pursuant to the Declaration, Colorado statutes, Rules and Regulations, or this Policy; 4) Past-due Special Assessments (if any); 5) Currently due Special Assessments (if any); 6) Past-due installments of Annual Assessments; 7) Current installments of annual Assessments. Checks containing a restrictive endorsement on the back will be returned to the owner and the amount tendered shall be considered unpaid.

6. Acceleration of Installments. In the Board's sole discretion, and upon at least thirty (30) days' written notice to the Owner, in the event at least two monthly installments are past due, the entire Annual Assessment may be accelerated so that all monthly installments for the remainder of the Assessment year are immediately due and payable.
7. Collection Procedures.
 - (a) After an installment, or other charge due the Association, becomes 20 days past due, the Board may cause, but shall not be required to send, a "late notice" to the owner who is delinquent in payment.
 - (b) If payment in full is not received within 60 days of the date due, the Board may, but shall not be required to send the account to the Association's attorney for collection.
8. Referral of Delinquent Accounts to Attorneys. The Board may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred, including recording of a Notice of Assessment Lien against the Owner's Unit. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.
9. Appointment of a Receiver. The Board may seek the appointment of a receiver if an owner becomes delinquent in the payment of installment of Annual Assessments. A receiver is a disinterested person, appointed by the court who manages the rental of the property, collects the rent and disburses the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past due assessments, and prevent the waste and deterioration of the Unit.
10. Judicial Foreclosure. The Board may choose to foreclose on the Association's lien in lieu of or in addition to suing an owner in county court for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a

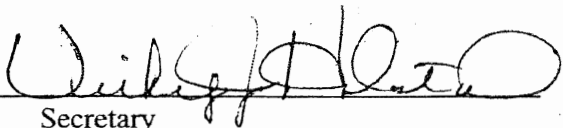
money judgment lawsuit has been or is likely to be unsuccessful in obtaining payment, or other circumstances favor such action.

11. Waivers. The Board 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 Board granting the relief and the conditions of the relief.
12. Ongoing Evaluation. Nothing in this policy shall require the Board to take specific actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case by case basis.

SECRETARY'S

CERTIFICATION: The undersigned, being the Secretary of Beulah Highlands Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board 10/1/06, and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS
ASSOCIATION, INC.,
a Colorado non-profit corporation

By: 
Secretary

**BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
POLICY AND PROCEDURE
ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES**

Adopted October 1, 2006

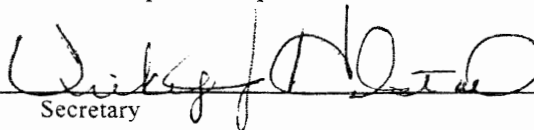
The following Policy and Procedure has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, for adoption and amendment of policies, procedures and rules.

1. Adoption or amendment of any policy, procedure or rule shall be performed only at a meeting of the Board which is open to all Members/Owners or their representatives.
2. The Board shall consider the following criteria when adopting or amending a policy, procedure or rule:
 - a. Reasonableness and necessity;
 - b. Impact does not create separate groups of Members/Owners;
 - c. Clear and unambiguous;
 - d. Reasonably relates to the preservation, protection and enhancement of property values; and
 - e. Consistent with (i) the Association's governing documents; (ii) applicable federal and state statutes and case law; and (iii) local laws and ordinances;
3. Adoption or amendment of any policy, procedure, or rule and regulation requires an affirmative vote of a majority of members of the Board who are in attendance at the meeting.
4. Beginning in January 2006, any policy, procedure, or rules and regulations and any amendment shall be effective fifteen days after delivery of written notice to each Member/Owner (including posting on the Association's web cite or publication in the Association's newsletter) of its adoption.

SECRETARY'S

CERTIFICATION: The undersigned, being the Secretary of Beulah Highlands Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on 10/1/06, and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS
ASSOCIATION, INC.,
a Colorado non-profit corporation

By: 
Secretary

**BEULAH HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
ALTERNATIVE DISPUTE RESOLUTION POLICY AND PROCEDURE**

Adopted January 1, 2007

The following Policy and Procedure has been adopted by the Executive Board ("Board") of Beulah Highlands Homeowners Association, Inc. ("Association") pursuant to Colorado statutes, for encouragement of alternative dispute resolution practices.

Alternative Dispute Resolution. Finding that the cost and delay of litigation is often an inefficient means of resolving disputes within the community, the Association wishes to encourage the resolution of disputes through alternatives to litigation. The Association hereby adopts the following alternative dispute resolution policies and procedures:

1. With respect to disputes between Owners, the Association encourages the parties to seek remedies through procedures other than litigation, such as negotiation, facilitation, mediation or arbitration.
2. Except as provided in Section 3, when the Association is involved in a dispute with one or more Owners, the Board, in its sole discretion, may elect to engage in alternative dispute resolution (including negotiation, facilitation, mediation or arbitration), if this is agreed to by all the parties to the dispute. However, under no circumstances shall the Association be required to participate in any alternative dispute resolution proceeding.
3. Exceptions. Notwithstanding the above, the Association shall not engage in alternative dispute resolution for the following actions, conditions or circumstances:
 - (a) any suit by the Association for recovery of one or more installments of unpaid assessments and other amounts due to the Association;
 - (b) any suit by the Association to obtain a temporary restraining order, injunction or such other ancillary relief as the court may deem **necessary to preserve the Association's ability to act under and enforce the provisions of the Governing Documents**;
 - (c) any suit exclusively between Owners, in which the Association is not a Party; or in any suit between Owners in which the Association has been named as a defendant; or in any suit between Owners in which the Association has chosen to intervene;
 - (d) any suit in which the statute of limitations will expire within less than six (6) months. However, although not obligated, the Association may agree to engage in alternative dispute resolution that is conducted simultaneously to litigation;

- (f) under the circumstance where litigation is ongoing the Association shall not be required to engage in alternative dispute resolution procedures for new claims that may arise in conjunction with the litigation.

SECRETARY'S

CERTIFICATION: The undersigned, being the Secretary of Beulah Highlands Homeowners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board January 1, 2007 and in witness thereof, the undersigned has subscribed his/her name.

BEULAH HIGHLANDS HOMEOWNERS
ASSOCIATION, INC.,
a Colorado non-profit corporation

By: Winkie D. H. [Signature]
Secretary