

**Policies and Procedures Required and/or Allowed by
Colorado's 2005 SB 100, and Colorado's 2006 SB 89**

Policies and Procedures effective as of January 1, 2006, amended as of January 1, 2007.

Investment of Reserve Funds Policy
Enforcement Policy and Procedures
Collections Policy and Procedures
Conflicting Interest Transactions
Conduct of Owner and Board Meetings
Examination, Inspection and Copying of Association Records
Adoption and Amendment of Policies, Procedures and Rules Procedure
Patriotic and Political Expression

Policies and Procedures effective as of January 1, 2007:

Procedure to Address Disputes Between Association and Owners (Alternative Dispute Resolution)

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Investment of Reserve Funds Policy**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Condominium Association, Inc. hereby adopts the following policies and procedures regarding the Investment of Reserve Funds.

Assessment Reserves. Each Owner is required to deposit at time of initial purchase and thereafter to maintain with the Association *Contributed Capital (Assessment Reserves)* totaling three times the amount of the current monthly installment of the annual Common Expense Assessment. Such funds shall be invested in accordance with a prudent investment policy of the Association adopted by the Board of Directors, that does not place principal at risk. Contributed capital funds shall not be commingled with capital reserve funds. See *Amended, Restated and Consolidated Declaration of the Morningside Condominiums*, Page 13, Section 5.7.

Capital Reserves. *Capital reserve funds* shall be invested in accordance with a prudent investment policy, adopted by the Board, that does not place principal at risk. These funds shall not be commingled with the *Contributed Capital* funds (*Assessment Reserves*). See *Amended, Restated and Consolidated Declaration of the Morningside Condominiums*, Page 14, Section 5.8.

Fiscal Management of Reserves. See *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Pages 10-11, Article 5.2 (b), for more details about the following:

The purpose of the reserves is to equitably distribute the cost of both short and long term operations among the unit owners and to minimize the impact of anticipatable needs upon assessments. All reserve funds shall be maintained in interest bearing accounts, insured. Withdrawals from the reserve accounts may only be used for restoration, repair or replacement of existing improvements, not for new facilities or additions to improvements to existing facilities of property. The Board may borrow from reserve accounts for existing operations, providing such loans are repaid to the reserve accounts within two (2) years.

Reserve accounts include both *Assessment Reserves*, and *Capital Reserves*, referenced above.

The factors used and the method of determining the reserve requirements shall be maintained in writing for the information of the unit owners and for use in subsequent planning. Tax implications of the maintenance of the reserves and the Three Month Assessment account required by the Condominium Declaration shall be considered in the development and maintenance of all such accounts.

Compliance with Colorado Law. The officers and members of the Board of Directors shall make investment decisions in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Director or officer reasonably believes to be in the best interests of the Association in accordance with the Colorado Revised Nonprofit Corporation Act.

Morningside Homeowners Association, Inc.

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Enforcement Policy and Procedures**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Condominium Association, Inc. hereby adopts the following about the following policies and procedures regarding the Enforcement of Morningside Rules.

After a resident or condominium unit owner verbally, or in writing, submits to the Morningside Homeowners Association a complaint stating there is a violation of a Morningside Declaration, Bylaw, or Rule, the Association Manager directs the on-site maintenance staff, Board members and/or Committee members to investigate the complaint to verify accuracy of the violation. If the investigation proves a violation exists, the condominium unit owner responsible for remedying the violation is contacted verbally or in writing and asked to remedy the violation.

If the violation is not remedied in a timely manner, at the discretion of the Board, a letter assessing a \$50.00 fine is sent *by certified mail* to the condominium unit owner, demanding the fine be paid immediately and the violation be corrected in a timely manner. The letter also informs the unit owner that he/she has the right to meet with the Board to attempt to resolve the problem. A higher initial fine may be imposed at the discretion of the Board for serious violations endangering any person or property.

If the condominium unit owner does not ask for a meeting with the Board, and either fails to pay the fine or fails to remedy the violation in a timely manner, then at the discretion of the Board, another letter is sent *by certified mail* with the fine doubled. Whenever a doubled fine is assessed the new fine becomes the only payable fine. Until the violation is remedied, at the discretion of the Board, subsequent letters, each doubling the prior fine, may be sent *by certified mail* at a frequency appropriate to the type of violation.

If the condominium unit owner asks to meet with the Board of Managers to discuss the alleged violation, the Board must set and hold a meeting with the unit owner in a timely manner. In the absence of the Board and the unit owner reaching a satisfactory resolution at the meeting, subsequent letters may be sent as described in the preceding paragraph. If the matter remains unresolved, the Association will proceed to remedy the violation as prescribed by applicable Colorado Revised Statutes.

Morningside Homeowners Association, Inc.

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Collections Policy and Procedures**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Condominium Association, Inc. hereby adopts the following policies and procedures regarding the Collection of Amounts Owed by Owners to the Association.

Mechanic's Lien on Other Units or Common Elements. See *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Pages 16, Section 11.3, for the following:

Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of mechanic's lien filed against other units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's apartment unit. In the event such a lien is filed and/or a suit for foreclosure of mechanic's lien is commenced, then within ten days thereafter, such owner shall be required to deposit with the Association cash or negotiable securities equal to one and one-half of the amount of such claim plus interest for one year, together with a sum equal to ten percent of the amount of such claim but not less than One Hundred Fifty (\$150.00) Dollars, which latter sum may be used by the Association for any costs and expenses incurred, including attorney's fees incurred for legal advice and counsel. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursement of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees incurred by the Association, shall be paid forthwith by the subject owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his condominium unit which may be foreclosed as is provided in the Condominium Declaration. All advancements, payments, costs and expenses, including attorney's fees, incurred by the Association, shall be forthwith reimbursed to it by such owner(s), and the owner shall be liable to the Association for the payment of interest at the rate of twelve percent per annum for all such sums paid or incurred by the Association.

Effect of Non-Payment of Assessments. See *Amended, Restated and Consolidated Declaration of the Morningside Condominiums*, Page 12, Section 5.4, for the following:

Any Assessment, charge or fee provided for in the *Amended, Restated and Consolidated Declaration of the Morningside Condominiums*, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof, as established by the Executive Board shall bear interest at the rate established by the Executive Board, on a per annum basis from the due date, and the Association may assess a reasonable late charge thereon as determined by the Executive Board. Failure to make payment within sixty (60) days of the due date thereof shall cause the total amount of such Unit Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. Further the Association may bring an action at law or in equity, or both, against any Unit Owner personally obligated to pay such overdue Assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Unit Owner's Unit. An action at law or in equity by the Association against a Unit Owner to recover a money judgment for unpaid Assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the

Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent Assessment, charges or fees or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof convey or otherwise deal with the same. If a foreclosure action is filed to foreclose any Assessment lien, and a Unit Owner abandons or leaves vacant his or her Unit, the Board may take possession and rent said Unit or apply for the appointment of a receiver for the Unit without prior notice to the Unit Owner. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien security interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

Morningside Homeowners Association, Inc.

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Conflicting Interest Transactions**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Condominium Association, Inc. hereby adopts the following policies and procedures regarding Conflicting Interest Transactions.

Definitions.

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

Handling of Conflicting Interest Transactions. Any conflicting interest transaction on the part of any Director or party related to a Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the Director may briefly participate in the discussion. However, the Director may not be counted toward quorum on the matter, and may vote on the matter. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, and the quorum situation.

See also *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Pages 9-10, Article 4.12. If any conflict exists between the Bylaws and this Resolution, the more restrictive provision is to be applied. For example, the Bylaws' has a \$500 threshold for determining the existence of a conflict. This resolution has a more restrictive \$0 threshold ("has a financial interest"). Therefore the more restrictive \$0 threshold is to be applied.

No Loans. No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of the loan until it is repaid.

Permissible Conflicting Interest Transactions. No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:

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

Morningside Homeowners Association, Inc.

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Conduct of Owner and Board Meetings**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Homeowners Association, Inc. hereby adopts the following policies and procedures to be followed regarding the Conduct of Owner and Board Meetings, including monthly meetings, the Annual Association Meeting, and any Special Meetings called by the Board.

Meetings. See *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Pages 2-3, Article 3, for more details about the following:

Place of Meetings. Meetings of the Association and of the Board of Managers shall be held in the State of Colorado, in such places as the Board may determine, except they shall be reasonably accessible to the owners, and at reasonable times.

Annual Meetings. Annual meetings of Owners shall be held during each of the Association's fiscal years, at such time of the year and date as determined by the Board and set forth in the notice. Any special proposal of the membership may be considered only upon prior application therefore in writing signed by at least ten (10) percent of the qualified members, and shall be submitted to the Board for its consideration and recommendation at least forty-five (45) days prior to the annual meeting.

Special Meetings. The President may call a special meeting of the Association members upon his own initiative or as directed by resolution of the Board of Managers. He shall call a special meeting upon receipt of a petition signed by at least one-third of the owners. The notice of any special meeting shall state the time and place of any such meeting and the purpose thereof, and the meeting shall in any event be held within thirty (30) days from the date of the resolution or petition.

Notice of Meetings. The Secretary shall cause to be mailed or delivered to each member of the Association, a notice of each annual or special meeting, stating the nature of the business to be transacted thereat, and the time and place of the meeting, at the registered address of each owner, at least ten (10) and not more than fifty (50) days prior to such meeting. The mailing or delivery shall be considered notice served, and the certificate of the Secretary shall be prima facie evidence thereof.

Adjourned Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called.

Order of Business. The order of business at all annual meetings, and as near as practical, at all special meetings, shall be as follows: (a) Roll Call and certifying proxies; (b) Proof of notice of meeting or waiver of notice; (c) Reading of minutes of preceding meetings; (d) Reports of officers; (e) Reports of committees; (f) Election of Managers; (g) Unfinished business; (h) New business; (i) Adjournment.

Owner's Participation in Members Open Forum at Association Meetings.

Any condominium owner will be allowed to speak, for a maximum of three (3) minutes during a "members open forum" period, as designated on the meeting agenda. The Board, at its discretion, may limit the amount of time of the members open forum.

Each owner who speaks must first be recognized by the Chairperson, and shall first state his or her name, building letter, and unit number.

Only one owner may speak at a time, and each owner may speak only once during the open forum. Yielding of time by an owner to any other person shall not be permitted.

Comments and/or questions are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments and/or questions shall be relevant to the purpose of the meeting.

Any owner who is represented at a meeting by a non-owner, shall present in writing to the Board of Managers, the name and authority of that person, for approval prior to the meeting, and prior to that non-owner speaking.

Owner Input Prior to Votes Cast by the Board.

After a motion and second has been made on any matter to be discussed, at a time determined by the Board, but prior to a vote by the Directors, Owners, or their designated representatives, present at such time shall be afforded an opportunity to speak on the motion as follows:

Each owner who speaks must first be recognized by the Chairperson, and shall first state his or her name, building letter, and unit number.

Any owner who is represented at a meeting by a non-owner, shall present in writing to the Board of Managers, the name and authority of that person, for approval prior to the meeting, and prior to that non-owner speaking.

Votes of Owners. See *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Pages 1-2, Article 2, for more details about the following:

Votes. Each condominium unit, regardless of the number of owners, shall be entitled to one vote. If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast the vote allocated to the Unit. If more than one of the owners are present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is and there shall be deemed to be majority agreement if any one of the owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

Cumulative voting is prohibited. The vote of a Unit may be cast in person or by proxy. Condominium units wherein two or more units have been joined together and are used as a single residence shall be eligible for one vote.

Majority of Unit Owners. As used in these Bylaws, the term "majority of unit owners" shall mean those owners of more than fifty percent (50%) of the condominium units.

Quorum of Members. Except as otherwise provided in these Bylaws, the presence in person or by proxy of members holding one-fifth of the votes entitled to be cast shall constitute a quorum. An affirmative vote of a majority of the unit owners present, either in person or by proxy, shall be required to transact the business of the meeting.

Proxies. A proxy may be made by any owner entitled to vote and shall be valid only for the particular meeting designated, or any adjournment thereof. One or more individuals may be named as proxies, but with no power of substitution. To be valid, a proxy must be filed with the Secretary at least five (5) days before the appointed time of the meeting or any adjournment thereof.

Form of Proxy. Every proxy shall provide for a specific vote of the owner on all business to be considered at the meeting, granting to the named proxy the power to vote on any proposal submitted to the meeting, including the election of any one or more members of the Board of Managers. All proxies must be checked against the list of members registered as present in person, to insure against duplicate voting.

Regarding Whether To Use Secret Ballots, and Requirements When Used.

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

Uncontested elections of Board members, defined as elections in which the number of candidates is equal to or less than the positions to be filled, and all other votes taken at a meeting of the Owners shall be taken in such method as determined by the Board of Directors including acclamation, by hand, by voice or by ballot. Notwithstanding the above, uncontested elections of Board members or other votes on matters affecting the community shall be by secret ballot at the discretion of the Board or upon the request of 20% of the Owners who are present at the meeting or represented by proxy.

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

Morningside Homeowners Association, Inc.

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Examination, Inspection and Copying of Association Records**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Condominium Association, Inc. hereby adopts the following policies and procedures regarding the Examination, Inspection and Copying of Association Records.

Documents Available on Morningside Website. Many Association Records are available on the internet at www.morningsidecondos.com. Any interested party may view and/or print any records available on the Morningside website.

Examination, Inspection, and Copying of Association Records. Each unit owner and each mortgagee of a condominium unit shall be permitted to examine the Association's books and other records during regular business hours at the office of the Association's managing agent or during the next regularly scheduled Owner or Board meeting occurring within 30 days of the Owner's request, at the discretion of the Board. \$0.50 per page, which may be collected by the Association in advance, may be charged for the duplication of records that are not otherwise provided to unit owners or mortgages by the terms of Morningside's Bylaws. See *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Page 14, Article 9.4.

Requests for copies are to be submitted on the form called *Agreement Regarding Inspection and Copying of Records of The Morningside Homeowners Association, Inc.*

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

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

- (i) Any purpose unrelated to an Owner's interest as an Owner;
- (ii) The purpose of soliciting money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;
- (iii) Any commercial purpose;
- (iv) For the purpose of giving, selling, or distributing such Association records to any person; or
- (v) Any improper purpose as determined in the sole discretion of the Board.

Morningside Homeowners Association, Inc.

Agreement Regarding Inspection and Copying of Records of The Morningside Homeowners Association, Inc.

The following Association documents are available for inspection at the Morningside Homeowners Association Management office. They may also be obtained by any owner at a cost of \$0.50/page, payable in advance to the Morningside H.O.A.

Please check the appropriate boxes of documents you wish to inspect or obtain.

- Articles of Incorporation
- Condominium Declaration
- Bylaws
- Rules and Regulations
- Board resolutions affecting unit owners
- Minutes of all meetings within the past six months
- Directory of unit numbers and assessments
- Current operating budget
- Current financial statement(s)
- Current financial audit
- Insurance policy information
- SB 100 and/or SB 89 governance policies

These documents shall be used for the following purpose(s) only:

Under the Colorado Revised Nonprofit Corporation Act, Association documents may not be obtained or used for any purpose unrelated to your interest(s) as an owner. Furthermore, the Association records may not be:

- a) Used for commercial purposes
- b) Sold, distributed to, or purchased by any person
- c) Used for any purpose prohibited by law
- d) Used for any purpose not related to the reason specified in this agreement.
- e) Used to solicit money or property unless such money or property will be used solely to solicit the votes Of the Owners in an election held by the Association.

In the event any document requested is used for an improper purpose or purpose other than stated above, you will be responsible for any and all damages, penalties, and costs incurred by the Association, including attorney fees resulting from such improper use. You will additionally be subject to any and all enforcement procedures available to the Association through its governing documents and Colorado Law.

UNDERSTOOD AND AGREED TO:

Unit Owner

Date

Address

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Adoption and Amendment of Policies, Procedures and Rules Procedure**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Condominium Association, Inc. hereby adopts the following policies and procedures regarding the Adoption and Amendment of Policies, Procedures and Rules.

Powers and Duties of the Board. The Board of Managers shall not make or change rules and regulations, except at a regular or special meeting called for that purpose, notice of which meeting shall have been posted in the buildings and clubhouse, at least ten (10) days prior to the meeting, and at such regular or special meeting the association members shall be given an opportunity to be heard on the matter. In case of such action, at least three members of the Board shall be required to be present as a quorum, and at least three affirmative votes shall be required to adopt. See *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Page 7, Article 4.10(n).

Rules and Regulations. Rules and Regulations concerning and governing the Condominium Community or any portion thereof may be adopted, amended, or repealed from time-to-time by the Executive Board, or its successors and assigns. See *Amended, Restated and Consolidated Declaration of the Morningside Condominiums*, Page 18, Article 6.25.

See *Amended and Restated Bylaws of Morningside Homeowners Association, Inc.*, Pages 18-19, Article 12, for more details about the following:

Authority. The Board of Managers reserves the power to establish, make and enforce compliance with such Rules and Regulations as may be necessary for the occupation, use and occupancy of the Condominium project and all its parts, including common elements. and the units themselves.

Owner Requests for Rules. Rules and regulations, or amendments thereof, shall be considered on the application of any group of owners, not less than 20, who may apply directly to the Board or through any appropriate committee.

Committee Requests for Rules. Rules and regulations, or amendments thereto, may be proposed to the Board by any committee, upon a majority vote of its members.

Records. All rules and regulations shall be dated, titled and maintained in a single file, available for the inspection of the members of the community and also renters, at the office of the Managing Agent. Any new or amended regulations shall, upon adoption, be posted and also printed in the Newsletters' next edition. Copies of all rules and regulations shall be made immediately available to all new owners for their guidance and information, either by the selling unit owner, or by the Managing Agent.

Morningside Homeowners Association, Inc.

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Patriotic and Political Expression**
Purpose: To clarify policy
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Homeowners Association, Inc. hereby adopts the following policies and procedures regarding display of flags, and political signs in individually owned condominium units.

AMERICAN FLAGS

- Maximum dimension – 2' x 3'; maximum of one flag may be displayed per condominium.
- May be displayed in bedroom or living room windows, on patio door or front entry door, in a manner consistent with the Federal Flag Code.
- May be displayed only within air space of lanai.

U.S. MILITARY SERVICE FLAGS

- Maximum dimension – 2' x 3'; maximum of one flag per military service per condominium.
- Must have star denoting the service of unit owner or occupant, or member of unit owner's or occupant's immediate family in the active or reserve military service during a time of war or armed conflict.
- May be displayed in bedroom or living room windows, on patio door or front entry door.
- May be displayed only within air space of lanai.

POLITICAL SIGNS

Are defined as "signs that carry a message intended to influence the outcome of an upcoming election, or support a candidate currently running for an office that will appear on the ballot of an election in which registered voters who live at Morningside Condominiums are allowed to vote."

- Must not exceed four (4) square feet in area.
- May display only one sign per office, and one sign per ballot issue.
- May be displayed in bedroom or living room windows or on patio door.
- May NOT be displayed anywhere in lanai or on lanai railings, or on unit front door.
- May be displayed no earlier than 45 days before election to which the sign relates.
- Must be removed within seven (7) days after the election to which the sign relates.

Morningside Homeowners Association, Inc.

A Resolution of Morningside Homeowners Association, Inc.

Subject: **Procedure to Address Disputes Between Association and Owners**
Purpose: To adopt a standard procedure to be followed for alternative dispute resolution
Authority: Morningside's Declaration, Bylaws and Articles of Incorporation, and Colorado Law
Effective Date: January 1, 2007

RESOLUTION: The Morningside Condominium Association, Inc. hereby adopts the following policies and procedures regarding Addressing Disputes Between the Association and Unit Owners. This resolution documents Morningside's Alternative Dispute Resolution (ADR) Process, adopted by the Board of Managers of the Association on January 25, 2007.

Alternative Dispute Resolution

In the event any dispute between the Morningside Association and a condominium owner (except for the below listed "Exempted Claims") the Association and the owner shall agree to resolve the dispute using the procedures set forth below, prior to filing suit in any court.

Exempted Claims.

- a) Any action by the Association against an owner to collect assessments or other sums due to the Association, including foreclosure proceedings; and
- b) Any action by the Association to enforce any provisions of the Association's Declaration, Bylaws, or Rules & Regulations; and
- c) Any claim of the Association which if not pursued by the filing of a lawsuit would be deemed barred due to the applicable statute of limitations.

Procedure for All Other Claims.

The Association, or any condominium owner having a Claim ("Claimant") against an owner or the Association (respectively "Respondent") other than an EXEMPT CLAIM, shall notify each Respondent in writing of the Claim, stating the nature of the Claim, the date, time, location, persons involved, basis of the Claim (i.e. provisions of the Declaration, Bylaws, Articles of Incorporation, Rules & Regulations or other authority out of which the Claim arises), and Respondent's role in the Claim (hereby referred to as "Notice"). It should further outline what the Claimant wants the Respondent to do or not do to resolve the Claim; and that Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with the Respondent at a mutually agreeable time and place to discuss in good faith, ways to resolve the Claim.

Negotiation. The parties shall make every reasonable effort to meet in person to resolve the Claim by good faith negotiation.

Mediation. If the parties do not resolve the Claim through negotiation within 20 days of the date of Notice, the Claimant shall have an additional 30 days to submit the Claim to mediation by an independent mediation service agreed upon by the parties.

If the parties do not settle the Claim within 45 days after submission of the matter to the mediation process, or if the Claimant does not submit the Claim to mediation within 30 days after the failure of negotiation, the mediator shall issue a notice of termination of the mediation proceedings, and the Claimant shall be deemed to have waived the Claim, and the Respondent shall be released and discharged from any and all liability to the Claimant on account of the Claim.

Arbitration. If the parties do not resolve the Claim through Negotiation, or Mediation, and the mediator has declared a Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to Arbitration in accordance with appropriate rules of the American Arbitration Association, or if the Claim has been abandoned, the Respondent shall be released and discharged from any and all liability to the Claimant arising out of the Claim. However, nothing herein shall release or discharge the Respondent from any liability to anyone not a party to the proceedings.

This Policy is an agreement of the Association and the Owners to arbitrate all Claims except EXEMPT CLAIMS and is specifically enforceable under the applicable arbitration law of the State of Colorado. If specifically agreed to by both parties to the arbitration, it shall be final and binding and judgment may be entered upon it in any court of competent jurisdiction of the State of Colorado.

Costs.

If the Claims are resolved through Negotiation or Mediation, as provided above, each party shall bear all of its own costs incurred in resolving the Claim, including attorney fees and mediation expenses. If the Claims are not resolved through Negotiation or Mediation, and the Claim goes to Arbitration, the prevailing party shall receive as a part of its award from the opposing party, all of its costs, including attorney fees, costs for other representatives in resolving such Claim, and any expenses incurred as a result of the dispute resolution procedures of this Policy.

Failure to Comply with Settlement.

If the parties resolve any Claim through Negotiation, Mediation, or Arbitration, and the other party fails to abide by the terms of the agreement or award, then the other party may file suit or initiate administrative proceedings to enforce such agreement or award without need to comply with the provisions of this Policy. In such event, the party taking action to enforce the agreement or award shall be entitled to recover from the non-complying party all costs incurred in enforcing such agreement or award, including without limitation, attorney fees and costs.

Supplement of Law.

The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing this condominium community.

Deviations. The Board may deviate from the procedures set forth in this Resolution, if in its sole discretion such deviation is reasonable under the circumstances.

Amendment. This Policy may be amended from time to time by the Board of Managers.

Morningside Homeowners Association, Inc.
Approved 1/25/2007 for disputes arising after 1/01/2007.