

Hillcrest at the Farm
Homeowner's Association

**RESOLUTION
OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION
REGARDING ALTERNATIVE DISPUTE RESOLUTION (ADR)**

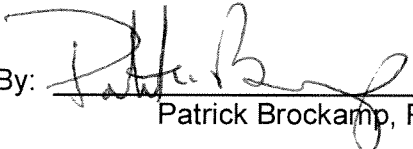
- SUBJECT:** Adoption of a procedure regarding alternative dispute resolution.
- PURPOSE:** To adopt a standard procedure to be followed for alternative dispute resolution.
- AUTHORITY:** The Declaration, Articles and Bylaws of the Association and Colorado Law
- EFFECTIVE DATE:** August 25, 2009
- RESOLUTION:** The Association hereby adopts the following Policy:

In the event of any dispute involving the Association and an Owner, the Owner is invited and encouraged to meet with the Board of Directors to resolve the dispute informally and without the need for litigation. If the Owner requests to meet with the Board, the Board shall make a reasonable effort to comply with the Owner's request.

Nothing in this Policy shall be construed to require any specific form of alternative dispute resolution, such as mediation or arbitration, or require the parties to meet. Neither the Association nor the Owner waives any right to pursue whatever legal or other remedial actions available to either party.

- PRESIDENT'S
CERTIFICATION:** The undersigned, being the President of the Hillcrest at the Farm Owners Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on August 25, 2009 and in witness there of, the undersigned has subscribed his/her name.

Hillcrest at the Farm Owners Association
a Colorado non-profit corporation,

By: 
Patrick Brockamp, President

**RESOLUTION OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.
ADOPTING POLICIES AND PROCEDURES
REGARDING BOARD MEMBER CONFLICTS OF INTEREST**

SUBJECT: Adoption of a policy and procedure regarding Director conflicts of interest and a code of ethics.

PURPOSE: To adopt a policy and procedure to be followed when a Director has a conflict of interest to ensure proper disclosure of the conflict and voting procedures and to adopt a code of ethics for Directors.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

**EFFECTIVE
DATE:** January 1, 2006

RESOLUTION: The Association hereby adopts the following policy and procedure regarding Director conflicts of interest and code of ethics:

1. General Duty. The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Directors shall comply with all lawful provisions of the Declaration and the Association's Articles, Bylaws, and Rules and Regulations.
2. Definition. A conflict of interest exists whenever any contract, decision or other action taken by or on behalf of the Board would financially benefit: (i) a Director; (ii) a parent, grandparent, spouse, child, or sibling of the Director; (iii) a parent or spouse of any of the persons in subsection (ii); (iv) an entity in which a Director is a director or officer or has a financial interest.
3. Disclosure of Conflict. Any conflict of interest on the part of any 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 shall not participate in the discussion, shall not vote on the matter, or remain in the room during either. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.

4. Code of Ethics. In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:

(a) No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.

(b) No contributions will be made to any political parties or political candidates by the Association.

(c) No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association.

(d) No Director shall accept a gift or favor made with intent of influencing decision or action on any official matter.

(e) No Director shall receive any compensation from the Association for acting as a volunteer.

(f) No Director shall willingly misrepresent facts to the members of the community for the sole purpose of advancing a personal cause or influencing the community to place pressure on the Board to advance a personal cause.

(g) No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors shall go through the Board President or be in accordance with policy.

(h) No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.

(i) No promise of anything not approved by the Board as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.

(j) Any Director convicted of a felony shall voluntarily resign from his/her position.

(k) No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.

(l) Language and decorum at Board meetings will be kept professional. Personal attacks against owners, residents, managers, service providers and Directors are prohibited and are not consistent with the best interest of the community.

5. Failure to Disclose Conflict. Any contract entered into in violation of this policy shall be void and unenforceable. In such event, the Board, at the next meeting of the Board, shall vote again on the contract, decision or other action taken in violation of this Policy.

6. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

7. Supplement to 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 the community.

8. 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.

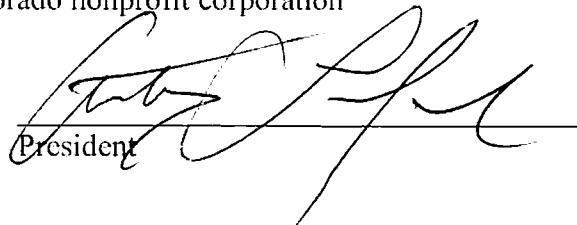
9. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this December 2005 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By:


President

Fax

TM

DATE: 12/31/2013 **PAGES:** 5

TO: JESSIE HECKMANN **FAX:** 303-986-0576

FROM: Bill SAUBER

COMMENTS

Hillcrest AT THE FARM COLLECTION Policy
- Bill

HILLCREST AT THE FARM OWNERS ASSOCIATION COLLECTION POLICY

The Association adopts the following Collection Policy regarding unpaid assessments, effective 31st day of DECEMBER, 2013, pursuant to the requirements of the Colorado Common Interest Ownership Act, including C.R.S. 38-33.3-209.5, 38-33.3-316, and 38-33.3-316.3.

Any terms not identified in this policy shall have the meaning given them in the Association's Declaration of Covenants, Conditions and Restrictions recorded in the real property records of Arapahoe County, Colorado on December 22, 1999 at Reception No. A9199173 (the "Declaration").

Assessments: Regular Assessments, Special Assessments, Late Fees, Interest, Fines, Attorney Fees, Collection Costs and any other amounts associated with the collection of assessments or other amounts due to the Association from an Owner.

Due Date: Regular and Special Assessments shall be due quarterly, in advance on the first day of each month. Other amounts owed to the Association shall be due upon receipt of an invoice.

Past Due Date: Regular and Special Assessments shall be deemed past due and delinquent if not received by the 10th day of the month. Other amounts owed shall be due immediately upon an Owner's receipt of an invoice for such amounts.

Receipt Date: Amounts shall be deemed received when posted by the Association. The Association shall endeavor to post payments on the business day that they are received.

Late Charges and Interest: Any Assessments which remain unpaid as of the Past Due Date shall bear interest from and after the Due Date at the rate of twenty one percent (21%) per annum and incur a \$20.00 late fee every thirty (30) days that they remain past due.

Return Check Charge: A \$20.00 fee or other amount deemed appropriate by the Board of Directors shall be assessed against an Owner in the event any check or other instrument is not honored by the bank or is returned by the bank.

Attorney Fees and Collection Costs on Delinquent Accounts: The Association shall be entitled to recover its attorney fees and collection costs incurred in the collection of Assessments or other charges due to the Association from the delinquent Owner.

Other Fees: Additional fees may apply and be considered other collection costs, to include but not limited to, preparation and recording of notices of intent to lien, lien filings and releases, payment plan monitoring, attorney packaging fees, credit report processing fees and any other fees incurred because of the delinquency of the Owner.

Application of Payment of Assessments: Payments received on a delinquent account shall be applied in the following order:

- (1) legal fees and costs;
- (2) collection costs;
- (3) late fees, returned check charges, and fines;
- (4) Interest; and
- (5) principal balance starting with the most delinquent Special and Regular Assessments.

Collection Process: Assessments shall be collected per the following schedule:

- (1) First Notice: Ten (10) days after the Due Date. Late fees and Interest applied, and Notice of Delinquent Account sent.
- (2) Second Notice: Forty (40) days after the Due Date. Late fees and Interest applied, and Certified Notice of Delinquent Account sent.
- (3) Third Notice/
Intent to Lien: Seventy (70) days after the Due Date. Late fees and Interest applied, and Certified Notice of Delinquent Account sent with the Notice of Intent to Lien.
- (4) Lien: Eighty Five (85) days after the Due Date a lien will be filed.
- (5) Collection Agency
/Attorney: One Hundred (100) days after the Due Date. Late fees and Interest applied, and turned over to the collection agency and/or attorney.

Notice of Delinquent Account: The above Notices of Delinquent Account shall include the following information:

- (1) the amount and due date of the delinquent Assessments;
- (2) the delinquency costs to date;
- (3) the date by which the delinquent Assessments must be paid, which date may be no less than thirty (30) days from the date such notice is given; and
- (4) that failure to pay the delinquent Assessments by the date specified in such notice may result in further action.

Small Balance and Audit Letters: A delinquent Owner with a balance less than the monthly Regular Assessment amount and under circumstances which would cost the Association more to collect the delinquent balance than to receive the amount owed, may receive audit letters. The Board of Directors, in their discretion, may not follow the Collection Policy regarding the collection of small balance accounts, but instead send audit letters. Audit letters will be distributed at the direction of the Board.

Pre-Collection Notice: Before the Association turns over a delinquent account to a collection agency or refers it to an attorney for legal action, the Association must send the delinquent Owner a pre-collection notice specifying:

- (1) the total amount due, with an accounting of how the total was determined;
- (2) whether an opportunity to enter into a payment plan exists and instructions for contacting the Association about entering into such a payment plan;
- (3) the name and contact information for the individual the delinquent Owner may contact to request a copy of such Owner's ledger in order to verify the amount of the debt; and
- (4) the action that is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the delinquent Owner's property, or other remedies available under Colorado law.

Acceleration of Assessments: If a delinquent Owner does not pay the amounts due to the Association within thirty days of such Owner's receipt of the first delinquency notice, then the

Board of Directors, in its discretion, may declare all unpaid installments of the Regular or Special Assessments for the current fiscal year to be immediately due and payable in full by written notice to the delinquent Owner, and may enforce the collection of such Assessments (including any installments thereof whose due dates were so accelerated).

Right to Suspend: The Board of Directors may suspend voting rights and any and all rights of any Owner to the use of any recreational facilities for any period during which any Assessment against such Owner remains unpaid after the first notice of the delinquent account is provided.

Accounts at Collection Agency or Attorney: Once a delinquent account has been referred to a collection agency and/or attorney all future communications regarding such account shall be handled through the collection agency and/or attorney. The Management Company and the Board of Directors shall not discuss the collection of such account directly with the Owner, and the delinquent Owner must communicate directly with the collection agency and/or attorney.

Upon referral to the collection agency and/or attorney, the collection agency and/or attorney is to take appropriate action to collect the accounts referred.

The collection agency and/or attorney shall remain in contact with the Board of Directors and provide a written status report on a monthly basis.

Enforcement Discretion: The Association has the authority to evaluate delinquent accounts on a case by case basis. The remedies set forth in this Policy and otherwise provided in the Declaration or the Bylaws shall be cumulative and not be deemed exclusive.

Lien for Assessments: Pursuant to the Colorado Common Interest Ownership Act and the Declaration, the Association has a lien against the lot of a delinquent Owner to secure payment of the Assessments. The Association's lien may be foreclosed in like manner as a mortgage on real estate; except that the Association or a holder or assignee of the Association's lien may only foreclose on the lien if:

- (1) The balance of the Assessments equals or exceeds six (6) months of common expense assessments based on a periodic budget adopted by the Association; and
- (2) The Association's Board of Directors has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific unit on an individual basis. The Board may not delegate its duty to act under this subparagraph (II) to any attorney, insurer, manager, or other person, and any legal action filed without evidence of the recorded vote authorizing the action must be dismissed. No attorney fees, court costs, or other charges incurred by the Association or a holder or assignee of the Association's lien in connection with an action that is dismissed for this reason may be assessed against the unit Owner.

Dispute and Settlement: All Assessments shall be payable in the amounts specified in the statement thereof, and no offsets or reduction shall be permitted for any reason including, without limitation, any claim that the Association or the Board of Directors are not properly exercising their duties and powers under the Declaration. The Board of Directors has the authority to present or accept a settlement offer that waives all or some of the costs, late fees, attorney fees or other collection costs and/or interest but has no authority to waive any Regular or Special Assessments.

Payment Plans: A delinquent Owner may request a payment plan in writing to the Board of Directors, unless the matter has already been referred to a collection agency and/or attorney, in


which event the payment plan request needs to be in writing to the collection agency and/or attorney. The Board of Directors will make a good faith effort to coordinate with the delinquent Owner to set up a payment plan, but not obligated to accept all payment plans. All accounts at the collection agency and/or attorney must be set up and monitored through the collection agency and/or attorney.

The Association is not required to enter into a payment plan if (a) the delinquent Owner does not occupy the unit and has acquired the property as a result of a default of a security interest encumbering the unit or the foreclosure of the Association's lien; or (b) the delinquent Owner has previously entered into a payment plan with the Association or its collection agency or attorneys.

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

HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.

The undersigned, PRESIDENT of the Association, hereby confirms that this Collection Policy was adopted by the Board of Directors on 3/15 day of DECEMBER 2013.


Signature

William SALBOTT
Print

**RESOLUTION OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.
ADOPTING PROCEDURES FOR THE CONDUCT OF MEETINGS**

SUBJECT: Adoption of a policy and procedures for conducting Owner and Board meetings.

PURPOSE: To facilitate the efficient operation of Owner and Board meetings and to afford Owners an opportunity to provide input and comments on decisions affecting the community.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

EFFECTIVE

DATE: January 1, 2006

RESOLUTION: The Association hereby adopts the following procedures regarding the conduct of meetings:

1. Owner Meetings. Meetings of the Owners of the Association shall be called pursuant to the Bylaws of the Association.

(a) **Notice.**

(1) In addition to any notice required in the Bylaws, notice of any meeting of the Owners shall be conspicuously physically posted within the community at least 7 days prior to each such meeting, or as may otherwise be required by Colorado law.

(2) The Association shall also post notice on its website of all meetings. Such notice shall be posted 10 days prior to such meeting.

(3) If any Owner has requested that the Association provide notice via email and has provided the Association with an email address, the Association shall send notice of all Owner meetings to such Owner at the email address provided as soon as possible after notice is provided pursuant to the Bylaws but in no case less than 24 hours prior to any such meeting.

(b) **Conduct.**

(1) All Owner meetings shall be governed by the following rules of conduct and order:

- (A) The President of the Association or designee shall chair all Owner meetings.
- (B) All Owners and persons who attend a meeting of the Owners will sign in, present any proxies and receive ballots as appropriate. (See section below regarding voting).
- (C) Any person desiring to speak shall sign up on the list provided at check in and indicate if he/she is for or against an agenda item.
- (D) Anyone wishing to speak must first be recognized by the Chair.
- (E) Only one person may speak at a time.
- (F) Each person who speaks shall first state his or her name and Unit address.
- (G) Any person who is represented at the meeting by another person, as indicated by a written instrument, will be permitted to have such person speak for him/her.
- (H) Those addressing the meeting shall be permitted to speak without interruption from anyone as long as these rules are followed.
- (I) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting.
- (J) Each person shall be given up to a maximum of five minutes to make a statement or to ask questions. The Board may decide whether or not to answer questions during the meeting. Each person may only speak once. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair, but shall be uniform for all persons addressing the meeting.
- (K) All actions and/or decisions will require a first and second motion.
- (L) Once a vote has been taken, there will be no further discussion regarding that topic.
- (M) So as to allow for and encourage full discussion by Owners, no meeting may be audio, video or otherwise recorded. Minutes of actions taken shall be kept by the association.
- (N) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the meeting.
- (O) The Chair may establish such additional rules of order as may be necessary from time to time.

(c) **Voting.** All votes taken at Owner meetings shall be taken as follows:

- (1) Election of Board members 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.

(2) 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, unless otherwise required by law.

(3) Written ballots shall be counted by a neutral third party (which excludes the Association's Manager and legal counsel) or by an Owner(s) who is not a candidate, selected randomly from a pool of two or more unit Owners. The Chair shall specify the procedure for randomly selecting the Owner(s). Such procedure shall ensure that the Owner(s) selected is done so without being chosen by the Chair, Board of Directors or candidates.

(4) The individual(s) counting the ballots shall report the results of the vote to the Chair by indicating how many votes were cast for each individual or how many votes were cast in favor and against any issue.

(d) **Proxies.** Proxies may be given by any Owner as allowed by C.R.S. 7-127-203.

(1) All proxies shall be reviewed by the Association's Secretary or designee as to the following:

- (A) Validity of the signature
- (B) Signatory's authority to sign for the unit Owner
- (C) Authority of the unit Owner to vote
- (D) Conflicting proxies
- (E) Expiration of the proxy

2. Board Meetings. Meetings of the Board of Directors of the Association shall be called pursuant to the Bylaws of the Association.

(a) **Conduct.**

(1) All Board meetings shall be governed by the following rules of conduct and order:

- (A) The President of the Association, or designee, shall chair all Board meetings.
- (B) All persons who attend a meeting of the Board shall be required to sign in, listing their name and unit address.

- (C) All Owners will be given an opportunity to speak as to any matter or ask questions of the Board during the Owner forum at the beginning of the meeting. Any Owner wishing to speak during the Owner forum shall so indicate so at the time of sign in.
- (D) Anyone desiring to speak shall first be recognized by the Chair.
- (E) Only one person may speak at a time.
- (F) Each person speaking shall first state his or her name and Unit address.
- (G) Any person who is represented by another person as indicated by a written instrument at the meeting shall be permitted to have such person speak for them.
- (H) Those addressing the Board shall be permitted to speak without interruption from anyone as long as these rules are followed.
- (I) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting. Comments are to be relevant to the purpose of the meeting or issue at hand.
- (J) Each person shall be given up to a maximum of five minutes to speak or to ask questions, although questions may not be answered until a later date. Each person may only speak once during the Owner forum and once on any other issue prior to a vote by the Board on such issue. Yielding of time by a speaker to another individual shall not be permitted. Such time limit may be increased or decreased by the Chair but shall be uniform for all persons addressing the meeting.
- (K) No meeting of the Board may be audio, video or otherwise recorded except by the Board to aid in the preparation of minutes. Minutes of actions taken shall be kept by the Association.
- (L) Anyone disrupting the meeting, as determined by the Chair, shall be asked to "come to order." Anyone who does not come to order shall be requested to immediately leave the meeting.

(b) **Owner Input.** After a motion and second has been made on any matter to be discussed, but prior to a vote by the Directors, Owners present at such time shall be afforded an opportunity to speak on the motion as follows:

- (1) The Chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor or against the motion. The Chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak. The Chair shall also announce the procedure for who shall be permitted to speak if not everyone desiring to speak will be permitted to speak.

(2) Following Owner input, the Chair will declare Owner input closed and there shall be no further Owner participation on the motion at hand unless a majority of the Board of Directors votes to open the discussion to further Owner participation.

3. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

4. Supplement to 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 the Project.

5. 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.

6. Amendment. This Policy may be amended at any time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this December 2005 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By: _____

President

**RESOLUTION OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.
REGARDING POLICIES AND PROCEDURES FOR COVENANT ENFORCEMENT**

SUBJECT: Adoption of the Master Association's policy regarding the enforcement of covenants and rules and regulations, for the notice of alleged violations, conduct of hearings and imposition of fines.

PURPOSE: To provide notice of the Master Association's procedure to be followed when enforcing covenants and rules and regulations to facilitate the efficient operation of the Association.

AUTHORITY: The Declaration, Bylaws, Articles of the Association. and Colorado law, including, but not limited to. C.R.S. 38-33.3-209.5.

**EFFECTIVE
DATE:** January 1, 2006

RESOLUTION: The Hillcrest at the Farm Owners Association, Inc. ("Association") is a Subassociation of The Farm at Arapahoe Homeowners' Association, Inc. ("Master Association"). All covenant enforcement action is handled through the Master Association. The same procedure shall be followed by the Association when enforcing the Rules & Regulations regarding use of the community pool and pool area. The Association hereby adopts the following procedures of the Master Association which shall be followed by the Master Association when enforcing the covenants and by the Association when enforcing the Rules and Regulations:

1. Reporting Violations. Complaints regarding alleged violations may be reported by an owner or resident within the community, a group of owners or residents, the Association's management company, if any, Board member(s) or committee member(s) by submission of a complaint.

2. Complaints. (a) Complaints by owners or residents shall be in writing and submitted to the Board of Directors or the Association's Manager. A written complaint is not required if the alleged violation can be independently verified by the Association. The complaining owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Violator"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. Complaints failing to include any information required by this provision may not be

investigated or prosecuted at the discretion of the Association. (b) Complaints by a member of the Board of Directors, a committee member, or the manager, if any, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Director or manager.

3. Investigation. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by the Board, Manager, or committee member.

4. Courtesy Letter. If a violation is found to exist, a courtesy letter shall be sent to the Violator explaining the nature of the violation. The Violator will have a reasonable number of days from the date of the letter to come into compliance. Such amount of time for compliance will be dependent upon the type and severity of the violation as the Board so determines in its sole discretion. The letter shall further state that the alleged Violator is entitled to a hearing on the merits of the matter if such hearing is requested in writing within 14 days of the date on the letter.

5. Notice of Hearing. The Board, or such hearing committee, may serve a written notice of the hearing to all parties involved prior to the hearing date.

6. Hearing. At the beginning of each hearing, the presiding officer or committee member shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing (2-3 minutes). Each party or designated representative, may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, ask questions and make a closing statement (10 minutes).

The Board, or committee, may also impose such other rules of conduct as may be appropriate under the given circumstances. The Board, or committee, shall base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board of Directors or committee all hearings shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board or committee shall, within a reasonable time, render its written findings and decision, grant further time to cure and/or impose a fine, if applicable. A decision, either a finding for or against the Owner, shall be by a majority of the Board or committee members present at the hearing.

Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

7. Failure to Appear at Hearing. If the alleged Violator fails to appear at the hearing, the Board of Directors or committee may make a decision with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be assessed a fine pursuant to these policies and procedures.

8. Notification of Decision. The decision of the Board or committee, shall be in writing and provided to the Violator and Complainant with reasonable number of days of the hearing or final decision. Unless otherwise determined by the Board, the Violator shall have a period of two weeks following such hearing in which to cure such violation. If the Violator fails to cure such violation within the time allotted, and no extension is granted by the Board, in addition to the fine schedule below, the Violator may be subject to a daily fine for each day following the cure period during which the violation continues to exist.

9. Appeals. The Violator may file a written appeal to the Board of Directors of any adverse decision of a hearing committee within 30 days of date of such written decision. In the event the decision of a committee is overruled by the Board of Directors on any issue or question, the prior decision of the committee shall be deemed modified to the extent specified by the Board of Directors and such decision, as modified, shall thereafter be deemed the decision of the committee.

10. Fine Schedule. The following fine schedule has been adopted for all recurring covenant violations:

Alleged violation	Courtesy letter
First violation (of same covenant or rule)	\$50.00
Second violation (of same covenant or rule)	\$75.00
Third and subsequent Violations (of same covenant or rule)	\$100.00

In addition to the above fine schedule, Violators may be subject to a daily fine of \$10.00 for each day of non-compliance, as determined in the sole discretion of the Board of Directors or committee. The Violator shall pay all fines to the Association as a Default Assessment, within 30 days after the Violator receives a written notice thereof from the Association, unless such notice states a different time period for payment.

The Association also reserves the right to exclude Owners and their residents from use of any recreational facilities or Common Elements (such as the pool and pool area) for a period of sixty (60) days following any violation, or so long as the violation continues, whichever is longer.

Covenant violations will be turned over at the discretion of the Board to the Association's attorney to take appropriate legal action.

11. Waiver of Fines. The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the Violator coming into and staying in compliance with the Articles, Declaration, Bylaws or Rules.

12. Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

13. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

14. Supplement to 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 the Project.

15. 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.

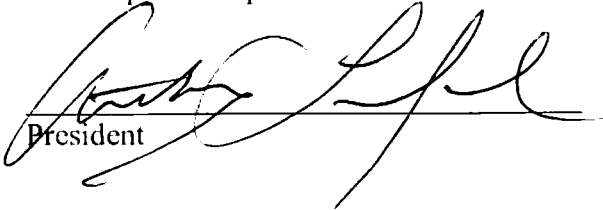
16. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this December 2005 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By:


President

**RESOLUTION OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.
REGARDING INVESTMENT OF RESERVE POLICY**

SUBJECT: Adoption of an Investment Policy for reserves of the Association.

PURPOSES: To adopt a policy for the investment of reserve funds.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

**EFFECTIVE
DATE:** August 24, 2009

RESOLUTION: The Association hereby adopts a Policy as follows:

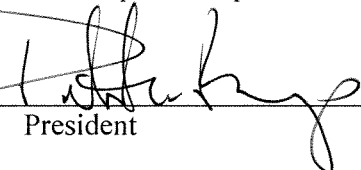
1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' homes and livability in the Community, the Board of Directors determines that it is necessary to have policies and procedures for the investment of reserve funds.
2. Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may determine. The portions of the Community that the Association is responsible for typically have limited but reasonably predictable useful lives.
3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies, listed in order of importance:
 - (a) Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.
 - (b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
 - (c) Minimal Costs. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.
 - (d) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
 - (e) Return. Funds should be invested to seek the highest level of return.

4. Limitation on Investments. Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.
5. Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.
6. Independent Professional Investment Assistance. The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.
7. Review and Control. The Board shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.
8. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
9. Supplement to 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 the community.
10. 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.
11. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this August 24, 2008 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By: 
President

**RESOLUTION OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.
REGARDING INVESTMENT OF RESERVE POLICY**

SUBJECT: Adoption of an Investment Policy for reserves of the Association.

PURPOSES: To adopt a policy for the investment of reserve funds.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

EFFECTIVE

DATE: January 1, 2006

RESOLUTION: The Association hereby adopts a Policy as follows:

1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' homes and livability in the Community, the Board of Directors determines that it is necessary to have policies and procedures for the investment of reserve funds.
2. Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may determine. The portions of the Community that the Association is responsible for typically have limited but reasonably predictable useful lives.
3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies, listed in order of importance:
 - (a) Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.
 - (b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
 - (c) Minimal Costs. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.
 - (d) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
 - (e) Return. Funds should be invested to seek the highest level of return.

4. Limitation on Investments. Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.
5. Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.
6. Independent Professional Investment Assistance. The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.
7. Review and Control. The Board shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.
8. Reserve Study. In order to determine funding of the Reserve Fund, the Board of Directors may determine, with the assistance and advice of professionals, the life expectancy of those portions of the Community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a "Reserve Study").
9. Review of Reserve Study. The Board of Directors shall cause the Reserve Study, if any, and reserve funding to be reviewed and updated periodically, at least once every five years, to adjust and make changes in costs, inflation and interest yield on invested funds, plus modification, addition or deletion of components.
10. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
11. Supplement to 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 the community.
12. 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.
13. Amendment. This policy may be amended from time to time by the Board of Directors.

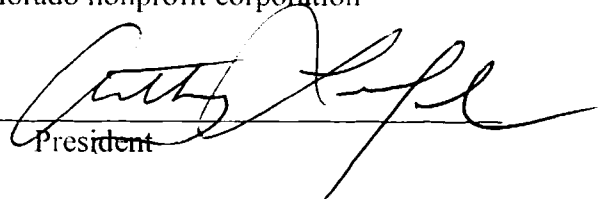
PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this December 2005 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By: _____

President

A handwritten signature in black ink, appearing to read "Cathy K. [unclear]", written over a horizontal line. The signature is cursive and extends to the right of the line.

**RESOLUTION OF THE
HILLCREST AT THE FARM HOMEOWNERS ASSOCIATION, INC.
REGARDING POLICY AND PROCEDURE FOR INSPECTION AND COPYING OF
ASSOCIATION RECORDS**

- SUBJECT:** Adoption of a procedure for the inspection and copying of Association records by Owners and retention of Association permanent records.
- PURPOSE:** To adopt a policy regarding an Owner's right to inspect and copy Association records and identification of records to be permanently retained by the Association. To adopt a standard procedure to be followed when an Owner chooses to inspect or copy Association records.
- AUTHORITY:** The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.
- EFFECTIVE DATE:** January 1, 2006
- RESOLUTION:** The Association hereby adopts the following Policy and Procedures:
1. The Association shall permanently retain the following records as required by Colorado law:
 - Minutes of all Board and Owner meetings;
 - All actions taken by the Board or unit Owners by written ballot in lieu of a meeting;
 - All actions taken by a committee on the behalf of the Board instead of the Board acting on behalf of the Association; and
 - All waivers of the notice requirements for unit owner meetings, Board member meetings, or committee meetings.
 2. Inspection/Copying Association Records. An Owner or his/her authorized agent is entitled to inspect and copy any of the books and records of the Association, subject to the exclusions, conditions and requirements set forth below:
 - (a) The inspection and/or copying of the records of the Association shall be at the Owner's expense;
 - (b) The inspection and/or copying of the records of the Association shall be conducted during regular business hours of 9 a.m. to 5:00 p.m. at Hammersmith Management:

- (c) The Owner shall give the Association's managing agent a written demand, stating the purpose for which the inspection and/or copying is sought, at least five business days before the date on which the Owner wishes to inspect and/or copy such records: and
 - (d) The Owner shall complete and sign the Agreement Regarding Inspection of Association Records prior to the inspection and copying of any Association record. A copy of the Agreement is attached to this Policy. Failure to properly complete or sign the Agreement shall be valid grounds for denying an Owner the right to inspect and/or copy any record of the Association.
3. Proper Purpose/Limitation. Association records shall not be used by any Owner for:
- (a) Any purpose unrelated to an Owner's interest as an Owner;
 - (b) 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;
 - (c) Any commercial purpose;
 - (d) For the purpose of giving, selling, or distributing such Association records to any person; or
 - (e) Any improper purpose as determined in the sole discretion of the Board.
4. Exclusions. The following records shall NOT be available for inspection and/or copying as they are deemed confidential:
- (a) Attorney-client privileged documents and records, unless the Board decides to disclose such communications at an open meeting;
 - (b) Any documents that are confidential under constitutional, statutory or judicially imposed requirements; and
 - (c) Any documents, or information contained in such documents, disclosure of which would constitute an unwarranted invasion of individual privacy, including but not limited to social security numbers, dates of birth, personal bank account information, and driver's license numbers.
5. Fees/Costs. Any Owner requesting copies of Association records shall be responsible for all actual costs incurred by the Association, including the cost to search, retrieve, and copy the record(s) requested. The Association may require a deposit equal to the anticipated actual cost of the requested records. Failure to pay

such deposit shall be valid grounds for denying an Owner copies of such records. If after payment of the deposit it is determined that the actual cost was more than the deposit, Owner shall pay such amount prior to delivery of the copies. If after payment of the deposit it is determined that the actual cost was less than the deposit, the difference shall be returned to the Owner with the copies. There shall be no cost to any Owner accessing records which are required to be disclosed by Colorado law at no cost to Owners.

6. Inspection. The Association reserves the right to have a third party present to observe during any inspection of record by an Owner or the Owner's representative.
7. Original. No Owner shall remove any original book or record of the Association from the place of inspection nor shall any Owner alter, destroy or mark in any manner, any original book or record of the Association.
8. Creation of Records. Nothing contained in this Policy shall be construed to require the Association to create records that do not exist or compile records in a particular format or order.
9. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
10. Supplement to 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 the Project.
11. 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.
12. Amendment. This policy may be amended from time to time by the Board of Directors.

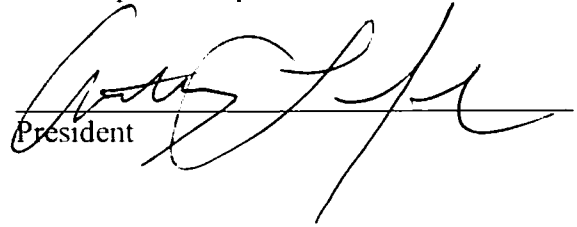
PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this December 2005 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**

a Colorado nonprofit corporation

By:


President

**AGREEMENT REGARDING INSPECTION AND COPYING OF RECORDS
OF THE HOMESTEAD AT THE FARM HOMEOWNERS ASSOCIATION, INC.**

I have requested to inspect and/or obtain copies of the following records of the Homestead at the Farm Homeowners Association, Inc. (be as specific as possible): _____

The records shall be used for the following purpose(s) only: _____

I understand that under the terms of the Colorado Revised Nonprofit Corporation Act. Association records may not be obtained or used for any purpose unrelated to my interest(s) as an Owner. I further understand and agree that without limiting the generality of the foregoing, Association records may not be:

(A) 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;

(B) used for any commercial purpose;

(C) sold to, otherwise distributed to, or purchased by any person;

(D) any other purpose prohibited by law; or

(E) any purpose not related to the reason specified in this Agreement.

In the event any document requested is used for an improper purpose or purpose other than that stated above, I will be responsible for any and all damages, penalties and costs incurred by the Association, including attorney fees resulting from such improper use. I 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 by:

Homeowner

Homeowner

Address

Date: _____

Date: _____

**RESOLUTION
OF THE
HILLCREST AT THE FARM
OWNERS ASSOCIATION, INC.**

- SUBJECT:** Adoption of a policy related to when the Association will have a reserve study prepared, whether there is a funding plan for the work recommended by the reserve study, and whether the reserve study will be based on a physical analysis and a financial analysis.
- PURPOSES:** To provide for the creation and review of a reserve study and for the funding of the work recommended by the reserve study.
- AUTHORITY:** The Declaration, Articles of Incorporation, and Bylaws of the Association and Colorado law.

**EFFECTIVE
DATE:**

August 24, 2009

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Baseline Reserve Study. The Association has conducted a baseline reserve study, which includes both a physical analysis and a financial analysis as follows:
 - A. The physical analysis includes:
 - (1) A component inventory identifying those portions of the community the Association is obligated to maintain, including the useful life of each component.
 - (2) A condition assessment of each component on the component inventory by on-site inspection.
 - (3) Estimates of the remaining useful life and replacement costs of each component.
 - B. The financial analysis includes:
 - (1) An analysis of the funds currently held in the Association's reserve fund in relation to the expected needs of the Association per the reserve study.

(2) A future funding plan to meet the requirements of the reserve study.

2. Update of the Reserve Study. The Association shall cause the reserve study, including both the physical and financial analysis, to be evaluated by a reserve study specialist at least every five (5) years to determine increases in replacement costs and decreases in remaining useful lives of the components of the reserve study to adequately address changes to be made to the reserve study. In determining whether an update to the reserve study is needed more often than every five (5) years, the Association shall consider the following:

- A. Whether the Association added or replaced any significant common elements.
- B. Whether the common elements sustained extreme wear and tear from harsh weather or lack of maintenance.
- C. Whether local inflation for materials and labor has substantially increased.
- D. Whether the Association has deferred any replacements or moved up replacements from the scheduled dates of replacement.
- E. Whether reserve income and expenses have occurred as planned.
- F. Whether there have been any new technological changes or improved product development that might result in a component change.

In determining whether a site visit is required in any given year in order to update the reserve study, the Association shall take into consideration the following:

- A. Any special or extraordinary issues facing the community (such as an increase in roof leaks or other maintenance issues).
- B. Increased deterioration in any components beyond normal wear and tear.
- C. Economic changes that affect the replacement cost of any component.
- D. Whether routine maintenance of the components has been kept up with.

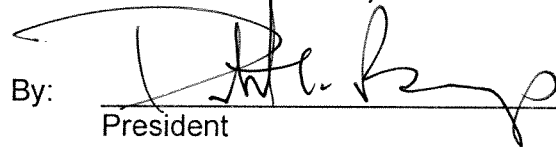
3. Funding of the Reserve. The reserve will be funded through regular assessments levied by the Association. The reserve shall be fully funded,

meaning the Association's reserve fund shall maintain a balance at or near 100% as determined by the reserve study.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on October 24, 2009 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM
OWNERS ASSOCIATION, INC.**

By:  _____
President

**RESOLUTION OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.
REGARDING PROCEDURES FOR ADOPTION OF POLICIES, PROCEDURES,
RULES, REGULATIONS, OR GUIDELINES**

SUBJECT: Adoption of a procedure to be followed when adopting policies, procedures, rules, regulations or guidelines (hereinafter "Policy" or "Policies") regarding the operation of the Association.

PURPOSE: To adopt a standard procedure to be used in developing Policies in order to facilitate the efficient operation of the Association.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

**EFFECTIVE
DATE:** January 1, 2006

RESOLUTION: The Association hereby adopts the following procedures to be followed in adopting Policies of the Association:

1. Scope. The Board of Directors of the Association may, from time to time, adopt certain Policies as may be necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law. In order to encourage Owner participation in the development of such Policies and to insure that such Policies are necessary and properly organized, the Board shall follow the following procedures when adopting any Policy.
2. Drafting Procedure. The Board shall consider the following in drafting the Policy:
 - (a) whether the governing documents or Colorado law grants the Board the authority to adopt such a Policy;
 - (b) the need for such Policy based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and
 - (c) the immediate and long-term impact and implications of the Policy.
3. Notice and Comment. In accordance with the Association's Declaration, before the Board adopts or amends the Rules and Regulations ("Policies"), Owners shall receive notice in writing of the

proposed action delivered personally or by mail. Owners shall be afforded an opportunity to comment orally or in writing on such action before the next scheduled Annual or Board Meeting.

4. Adoption Procedure. After the period of notice and comment ends, the Board may adopt any Policy. Upon adoption of a Policy, the Policy or notice of such Policy (including the effective date) shall be provided to all Owners by any reasonable method as determined by the sole discretion of the Board, including but not limited to posting on the Association's website.

5. Policy Book. The Board of Directors shall keep copies of any and all adopted Policies in a book designated as a Policy Book. The Board of Directors may further categorize Policies, Procedures, Rules and Regulations, Resolutions and Guidelines but shall not be required to do so.

6. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

7. Supplement to 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 the Project.

8. 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.

9. Amendment. This Procedure may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association. at a duly called and held meeting of the Board of Directors on this December 2005 and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By: 
President

**RESOLUTION OF THE
HILLCREST AT THE FARM OWNERS ASSOCIATION, INC.
REGARDING INVESTMENT OF RESERVE POLICY**

SUBJECT: Adoption of an Investment Policy for reserves of the Association.

PURPOSES: To adopt a policy for the investment of reserve funds.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

EFFECTIVE

DATE: _____, 2009

RESOLUTION: The Association hereby adopts a Policy as follows:

1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' homes and livability in the Community, the Board of Directors determines that it is necessary to have policies and procedures for the investment of reserve funds.
2. Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may determine. The portions of the Community that the Association is responsible for typically have limited but reasonably predictable useful lives.
3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts balance pursuant to the following goals, criteria and policies, listed in order of importance:
 - (a) Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.
 - (b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
 - (c) Minimal Costs. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.
 - (d) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
 - (e) Return. Funds should be invested to seek the highest level of return.

4. Limitation on Investments. Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.
5. Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.
6. Independent Professional Investment Assistance. The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.
7. Review and Control. The Board shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.
8. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
9. Supplement to 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 the community.
10. 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.
11. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of Hillcrest at the Farm Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this _____ and in witness thereof, the undersigned has subscribed his/her name.

**HILLCREST AT THE FARM OWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By: _____
President