

Arrowhead in Gunnison Country

Arrowhead Improvements Association, Inc.



REGULATIONS

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The Arrowhead Improvements Association, Inc. (the “Association”) adopts the following policies, procedures, and rules and regulations for the Association and that subdivision which is commonly known as Arrowhead in Gunnison Country Subdivision (“Arrowhead”), which is more particularly described in the Arrowhead in Gunnison Country Subdivision Declaration of Protective Covenants and Restrictions recorded at Reception No. 419911 in the Office of the Gunnison County, Colorado Clerk and Recorder, as amended (the “Covenants”). The Board of Directors of the Association (the “Board”) may from time to time amend these policies, procedures, rules and regulations (hereinafter referred to as the “Regulations”)

SECTION 1 -- ARROWHEAD IN GUNNISON COUNTRY – DESIGN REGULATIONS (DESIGN REQUIREMENTS AND GUIDELINES)

A. PURPOSE

It is the intent of the Board, by their approval of this document, that the property known as Arrowhead in Gunnison Country (“Arrowhead”) be developed and maintained as a highly desirable rural, residential, and recreational area.

It is the purpose of these Design Regulations:

- To maintain the natural beauty, natural growth, and native settings and surroundings of Arrowhead,
- To protect the property values and amenities in connection with the uses and structures permitted, and
- To maintain high standards of architectural quality.

The Design Regulations are more specific and detailed and, in some cases, interpret and expand upon the language in the Covenants. In the event of any substantive conflict between the Covenants and these Design Regulations, the Covenants shall prevail.

B. SCOPE

The Design Regulations cover, but are not necessarily limited to, the following areas:

- Construction of single-family residences
- Construction of detached garages and sheds
- Construction of fences
- Improvements to residences, detached garages, and sheds
- Clearing of trees and vegetation
- Placing of driveways
- Placement of RV pads and decks

ARTICLE 1. -- DESIGN REVIEW COMMITTEE

The Board charges the Design Review Committee (“Committee”) with the responsibility of enforcing the Design Regulations.

1. PURPOSE

The purpose of the Committee is to establish a harmonious design for the community and to protect and promote the value of the properties in keeping with the Design Regulations.

2. COMMITTEE RESPONSIBILITIES

- (1) The Committee will be appointed by the Board, which shall set the number of members.
- (2) The members shall perform services pursuant to the Design Regulations as directed by the Board.
- (3) The Committee may meet in person, by telephone, by email, or by mail for the purpose of conducting its business and will keep the Board advised as to Committee actions regarding plans submittals, approvals, and disapprovals.
- (4) At least three (3) members of the Committee shall be sufficient for all decisions.
- (5) A Committee representative will present a report of the Committee’s actions at each Board meeting.

3. WRITTEN RECORDS

The Committee shall keep and permanently safeguard all written records of all applications for approval submitted to it (including one set of all architectural plans), all actions of approval or disapproval and all other actions taken under the provisions of this instrument.

4. COMMITTEE NOT LIABLE

The Committee and the Board shall not be liable for any damages to any person or entity submitting plans for failure to act, failure to approve, or failure to disapprove plans. Any person or entity acquiring the title to any property in Arrowhead, or any person or entity submitting plans to the Committee for approval, by so doing, does agree that he or it will not bring any action or suit to recover damages against the Committee or Board, their members as individuals, their advisors, employees or agents.

5. COMMITTEE RULES

The Committee shall make such rules and regulations and adopt such procedures, subject to approval by the Board, as are appropriate to govern its proceedings.

6. PLANS

Owners who anticipate constructing new buildings, any structure, or making construction improvements including any changes which will alter the appearance or dimensions of an existing structure must first submit one (1) complete set of plans for construction, alterations,

and/or improvements to the Committee for approval prior to the time any construction, clearing of live trees, or excavation is commenced. The request for approval by the Committee shall have attached the following documents:

- (1) A plot plan showing the location of any improvement, including but not limited to any building or structure or improvement. Said plot plan will identify the Lot, Block, and Filing of the site where construction is anticipated.
- (2) One complete set of architectural plans and specifications for such building, structure, or addition. Such plans shall be as complete as possible with all dimensions noted and shall include a sketch of the building on the lot and exterior presentations of the building.
- (3) Descriptions of exterior materials for walls and roof and color schemes for building plans need to be presented, including samples and/or color charts of described materials. The exterior of buildings must be logs, natural wood siding, or a cement fireproof material that has all appearances of a natural wood product as approved by the Design Review Committee. Stone, rusted metal, and other materials as approved by the Design Review Committee may be used to cover foundations and stem walls. Roof surfaces will be constructed of steel. Both roofs and exterior walls will be of a color that harmonizes with the local environment and receives approval by the Committee.
- (4) Contractor's name, address, and telephone number must be submitted. Plans will not be accepted if the contractor is in violation of Design Regulations.

7. COMMITTEE CONSIDERATIONS

The Committee shall consider the suitability of the proposed building or improvement, the harmony thereof with the environment, the effect of such building upon the utilization and view of the lot upon which the same will be built and the obvious interferences, impairment and/or restriction of view, if any, of adjacent property and placement of the building with respect to topography, ground elevations, and existing natural and terrain features. In this regard, best efforts will be made to minimize the restriction, impairment and/or interference of view and solar access that any one building shall have upon that of all other existing buildings. In order for the Committee to consider the proposed building or improvement, the owner must stake the site placement of the building or improvement.

8. REVIEW OF PLANS

The Committee shall act on submitted plans for a proposed building or improvement within sixty (60) days and, upon the determination that all supporting data is sufficient, shall in writing approve, disapprove, or approve with conditions. The committee may ask for more information or supporting data.

- (1) The Committee shall review and act upon any plans before a building permit is sought from Gunnison County and two copies of the Design Review Permit shall be provided by the Committee to the owner for use of the owner and Gunnison County. The Committee shall retain one set of plans.
- (2) All applications for Committee action shall be accompanied by a non-refundable application fee. See the fee schedule in Section I: Article 2.4. (2). Permits Required.

- (3) The Committee shall disapprove any architectural plans submitted which are not sufficient for it to exercise the judgment required of it by these Design Regulations. The Committee will indicate what additional information is needed, and a new time period will commence when the required data is received with no additional fee required.
- (4) The Committee may use the services of a consultant, but any such consultant used shall not have the power to vote upon any plan.
- (5) The members of the Committee shall be entitled to reimbursement for out-of-pocket expenses incurred in the performance of their duties as the budget dictates.
- (6) Changes in building plans, which would result in construction differing from original plans with regard to the specifications set forth in these Design Regulations, shall be resubmitted to the Committee for re-approval before construction is initiated or resumed. (Fine: Section III: Article 2.3.a.(ii))
- (7) The Committee will visit and inspect the building during construction until completion. Permission for the visits will be agreed upon and signed on the design review permit.
- (8) A building must be dried-in within three (3) years of approval. The term “dried-in” means that all exterior surfaces are completely finished (i.e., foundation, floor, framing, windows, doors, siding, stained or painted, roofing, decks, steps, etc.).

9. DRIVEWAYS AND LOT ELEVATION

- (1) Driveway design and layout is subject to review by the Committee
 - a. To minimize costs for installation of driveways or connection to utilities located along them,
 - b. To minimize the number of trees that need to be removed,
 - c. To permit a width that will allow passage of emergency vehicles,
 - d. To allow for shared driveways where feasible and appropriate,
 - e. To assure that the driveway is in character with the area, and to assure that a culvert is installed by the owner, if necessary, to prevent erosion of filing roads.
- (2) See the Fee Schedule, Section I: Article 2.4. (2) a. Permits Required. The issuance of a driveway permit grants the Committee access to the driveway for final inspection.
- (3) The following driveway standards are consistent with the driveway standards established by Gunnison County for Arrowhead. Therefore, variances from these standards must be approved by both the Board and Gunnison County.
 - a. All driveways shall have a minimum surface width of fourteen (14) feet at the edge of the filing road, taper to a minimum surface width of twelve (12) feet at a distance of six (6) feet from the edge of the filing road, and maintain this surface width to the end of the driveway. Additionally, on any driveway curve over forty-five (45) degrees, bordering trees should be at least fourteen (14) feet apart. Additional clearing may be required by the Committee to facilitate emergency vehicle access.
 - b. Since most of the surface is rock and it is generally dry when the roads are open, driveway surfaces may be of native material as long as they are sufficiently smooth to accommodate a two (2) wheel drive car. If a driveway passes through a boggy area, gravel will be required.

- c. The maximum grades for driveways shall be fifteen (15) percent.
- d. The horizontal axis of an approach to a filing road shall be at a right angle (90 degrees) to the center line of the roadway where possible. An angle between ninety (90) and forty-five (45) degrees shall be permitted if it can be shown that physical constraints exist that require an approach angle of less than ninety (90) degrees. Curved driveways will often be required to move from common land to private lots.
- e. No more than one driveway approach from a filing road shall be allowed on any lot.
- f. Driveways into a lot shall have a loop design or a “Y” or “T” turnaround adequate to accommodate emergency service vehicles. Turnarounds shall be a minimum of twenty (20) feet from any flammable structure.
- g. No overhead entry structures are allowed.
- h. Common driveways on common areas owned by the Association are encouraged. There is no limitation on the number of lots served by a common driveway.
- i. A driveway is defined as a private vehicular access for the exclusive use of the owner-occupants and their guests and is not considered a road or highway.
- j. Once the Committee approves the driveway plan, the owner has two (2) years to complete construction of the driveway, or the approval is void and the owner must reapply.
- k. Upon completion of driveway construction, the owner should contact the Committee so that a final inspection can be completed. Upon final approval, the Committee will provide written documentation of approval for submission to the Gunnison County Building Inspector at the framing inspection.
- l. Every address should reflect the filing road used to access the property. Property address numbers should be in sequence with the surrounding address numbers on the same filing road. When necessary, existing addresses will be changed by the Design Review Committee to indicate a change of access road, and this information will be provided to Gunnison County.
- m. Driveway culverts shall be a minimum of 12 inches in diameter (or an equivalent cross-sectional area) and shall be constructed from corrugated steel 16 gauge or thicker or reinforced concrete. Culverts shall be bedded and backfilled with Class 6 road base gravel. Back fill will usually extend below the culvert to solid, undisturbed native soil, extend the full width of the pipe, and extend above the pipe to meet grade. Members of the Association road crew will provide installation advice and answer questions if needed.

10. VARIANCES

The Board shall have the authority to grant a variance from the requirements of the Design Regulations as long as such variance is in compliance with the purpose of the Covenants. The

Board may delegate this responsibility to the Committee. The Association must keep a permanent record of all variances granted and the reasons therefor.

ARTICLE 2. – USE OF SITES

The following rules, regulations, and restrictions are hereby established for the purpose of governing site usage within Arrowhead.

1. RESIDENTIAL USE ONLY

All sites within Arrowhead shall be used exclusively for single-family residential purposes; provided, however, that home occupations as defined in the Covenants shall be permitted so long as they are in keeping with the requirements therein and that no commercial advertising is conducted upon the site. Only one single-family residence designed for the occupancy of one family and their guests shall be permitted on each camping site. (Covenants, Article IV, ¶ 1)

2. STRUCTURE LIMITATIONS

Trailers, motor homes, truck campers, tents, teepees, fabric structures, or other such structures of a temporary nature may not be placed on a site for use as a permanent building. Construction of permanent dwellings, sheds, and garages shall be in compliance with regulations set forth elsewhere in these Regulations. No pit toilets may be constructed or maintained on a site. Abandoned pit toilets must be removed by the lot owner or may be removed by the Association at the lot owner's expense. Temporary structures used as a camping dwelling without adequate septic facilities shall have private, portable, or self-contained accommodation.

3. USED STRUCTURES

No existing structures may be moved onto a site from another location. All construction on a site must be new. This includes, but is not limited to homes, garages, sheds, or parts thereof that could be transported from another location for purposes of installation upon a site.

4. PERMITS REQUIRED

- (1) Prior to construction of any permanent structure, installation of any driveway or utility service, excavation for any building, RV pad, deck, or septic system, or removal of any living trees, the property owner shall obtain a design review permit(s).
- (2) There are five (5) types of permits that are required by the Association. They are:
 - a. Driveway and lot survey permit before commencing driveway construction with a fee of \$75,
 - b. A utility permit before commencing any utility installation,
 - c. A building permit for a house with or without attached garage with a fee of \$250,
 - d. A building permit for a detached garage, built after initial construction with a fee of \$100,

- e. A permit for a RV pad, deck, shed, structural remodeling or repair with a fee of \$50.
- (3) The Board reserves the right to change the above fees as it deems appropriate.
- (4) The owner applies for these permits through the Committee.
- (5) These permits are required to obtain a Gunnison County building permit.

5. COMPLIANCE WITH CODES

Any building or construction addition to be erected upon a site must conform to the Gunnison County building, plumbing, and electrical codes in effect at the time such construction is commenced and all other applicable Gunnison County regulations in effect at that time.

6. SETBACK REQUIREMENTS

- (1) No structure or RV shall be placed within ten (10) feet of the property line of the site.
- (2) Upon construction of a residence or other structure where the center survey stake of the site is removed or covered, the owner must place four survey stakes equal distance apart on the perimeter of the site. Center stakes must be clearly marked and may not be removed without approval of the Committee.
- (3) All sites within Arrowhead are circular in shape and comprise an area of either .721 acre or 1.00 acre.
 - a. Radius measurement from the center stake to the perimeter of a .721-acre site is 100 feet.
 - b. Radius measurement from the center stake to the perimeter of a 1.00-acre site is 117.75 feet.

7. ACCESSORY BUILDINGS

- (1) Any shed or detached garage must comply with the same Design Regulations as a single-family structure, except that NO shed or detached garage may be occupied as a dwelling.
- (2) The minimum size of a shed is eighty (80) square feet to a maximum of two hundred (200) square feet. The addition of roof extensions to the sides of a shed must be approved by the Committee and the County.
- (3) A county permit is required for any shed exceeding one hundred twenty (120) square feet in size.
- (4) A garage shall not be larger than one thousand (1,000) square feet either attached to the house or detached.
- (5) Detached garages shall not be constructed prior to a house.
- (6) Sheds and detached garages may have only electricity and/or propane utilities.
- (7) No plumbing is permitted in a detached garage or shed.
- (8) An owner is limited to a maximum of one (1) detached garage, and one (1) shed.

8. MINIMUM SIZE

Each single-family residence shall have a minimum fully enclosed ground floor area devoted to living purposes, exclusive of porches, decks, and garages, of eight hundred (800) square

feet, outside measurement. "Ground floor area" shall be interpreted as the main living story of a residence.

9. MAXIMUM HEIGHT

- (1) The maximum height of a building as measured vertically from the average finished grade line to the highest point of the roof of the structure shall not exceed thirty-two (32) feet.
- (2) The maximum height of a shed shall not exceed twenty (20) feet.

10. SCREENING

Garbage cans, clotheslines, service yards, storage areas, equipment, etc., shall be adequately screened to conceal the same from view of neighboring sites and roads. Screening may be of structural material or vegetation with the approval of the Committee.

11. ANTENNAS AND SATELLITE DISHES

Radio, short wave, television, or communication antennae (including satellite dishes) may be erected of a height necessary to achieve communication reception and transmission. Appropriate FCC regulations, safety regulations, and manufacturer's instructions shall be complied with regarding installation, grounding, and reinforcing guide wiring of all antennae.

12. SIGNS

Regulations allow an individual identification sign in character with the area to identify the property owner, road, and street number.

(1) **REQUIRED:**

- a. A sign on common ground at the entrance from the filing road to each driveway must
 - Be visible from the filing road,
 - Not exceed two (2) square feet (e.g., 1 foot x 2 feet) or nineteen (19) inches in diameter.
 - Contain the street number.
 - Be high enough to be seen over the snow (minimum height - four (4) feet).
- b. When common driveways divide, additional address signs are needed to indicate each lot driveway.

(2) **RECOMMENDED:**

- a. Contain the owner's name and street.
 - b. Be placed on a post and not a tree.
 - c. On common driveways, owners work together to coordinate signs.
- (3) Additionally, owners may place a sign on their lot as long as it is in character with the surrounding area and does not advertise a product or service.

- (4) No signs or advertising structures or devices of any nature shall be erected, constructed, or maintained on any site, except for an individual identification sign in character with the area to identify the property owner.
- (5) Political signs no larger than two (2) square feet may be placed on private property no more than 45 days before an election, to be removed within one (1) week after the election, or such greater duration and size as may be dictated by Colorado law in effect at the time the sign is placed, if any.

13. WATER WELLS

- (1) No wells may be drilled or cisterns placed on any site. Arrowhead is served by a central water system.
- (2) Individual property owners are responsible for maintaining underground extension of water lines to their site or structure in compliance with the provider's requirements.
- (3) It is recommended that outside frost-free, drain-back water valves be located close to the living structure and marked so as to be visible in deep snow and where they may be utilized for firefighting purposes.

14. UTILITIES

- (1) All utility lines must be placed underground.
- (2) Individual property owners are responsible for connecting to such services in accordance with the provider's requirements.
- (3) During construction, temporary electrical stanchions (pedestals) may be used, but upon completion of construction, electrical lines must be buried underground and said stanchions removed.
- (4) It is the property owner's responsibility to make sure utilities are placed where approved.
- (5) All road cuts on filing roads and/or common land made for installing utilities shall be restored to original or better condition. Members of the Association road crew will provide installation advice and answer questions as needed.

15. SEPTIC SYSTEMS

- (1) Septic systems serving each site shall be installed after the owner has obtained a permit issued by Gunnison County. Such systems shall be maintained in good operating order by the owner and operated in accordance with all applicable rules and regulations of Gunnison County and the Colorado Department of Health.
- (2) Each individual site must utilize its own septic system built solely for that site, which must be totally located within the property boundaries observing a 10 foot setback from the site perimeter. It is not permissible to attach to a septic system installed on any other site.

16. PERIMETER FENCES

In order to preserve the natural, rural character of the area, no perimeter or boundary fences are permitted around sites. Other types of interior fences are permissible such as decorative fences or railings, or fences used for dog runs or pens, upon approval by the Committee. Rock walls lining driveways are acceptable as long as they are on a private lot, not closer than ten (10) feet from the edge of the filing road, and not more than one (1) foot high.

17. FUEL TANKS

Any elevated fuel tank cannot exceed twelve (12) feet in height and must be located at least ten (10) feet from any road, ten (10) feet inside the site boundary, and five (5) feet from any building or shall comply with the fire code in effect in Gunnison County. Painting fuel tanks to harmonize with the environment is recommended. Propane tanks are permitted but must be installed by the provider in a safe and secure manner. It is recommended that propane and fuel tanks be screened from public view.

18. TREES

No living trees greater than 2 inches in diameter shall be cut down on any site without the prior approval of the Association, which may grant such approval through the Forest Manager or certified designee. If the owner desires to mitigate their property, they must develop a plan with the Forest Manager or certified designee. Likewise if an owner desires to create a defensible space around property improvements, the owner must first obtain a plan from the Forest Manager.

19. REMOVAL OF CONSTRUCTION DEBRIS

It shall be the responsibility of the property owner to see that all construction waste, stumps, logs, trees, limbs, and associated debris that were moved to give access to the building site, driveway, and utility lines are removed from the building site and taken to an approved disposal site. The property owner should complete this task at the time of site clearing or construction no later than October 15th of each year.

20. RV PAD AND DECK

The development of a site for use by an RV must be approved by the Committee. Plans for a site pad and or a deck and their location must be submitted to the Committee. See the fee schedule in Section I: Article 2. 2. (4). Permits Required.

SECTION II – ARROWHEAD IN GUNNISON COUNTRY – GENERAL REGULATIONS

These General Regulations govern the listed items. It is the intent of the Board, expressed by their execution of this instrument, that the property known as Arrowhead be maintained as a highly desirable, rural residential and recreational area. It is the purpose of these General Regulations:

- To maintain the natural beauty, natural growth, and native settings and surroundings of Arrowhead,
- To protect the property values and amenities in connection with the uses and structures permitted, and
- To maintain high standards of appearance and neighborly conduct.

ARTICLE 1. – GENERAL REGULATIONS

1. CAMPING AND RECREATIONAL VEHICLE (RV) USE

- (1) The “Camping Season” shall begin each spring after the roads have been plowed and the road conditions within Arrowhead allow vehicular access to an owner’s lot. The end of the Camping Season shall be defined by the Board of Directors as specified below.
- (2) Camping in tents, camper trucks, RVs or camper trailers by owners on lots within Arrowhead shall be permitted during the Camping Season and in accordance with this regulation.
- (3) For lots without a single family dwelling, one RV, camper truck, camper trailer, pop-up camper, or other vehicle in this same class (the “Residential RV”) is allowed for the duration of the Camping Season.
- (4) A “Guest RV” is defined as:
 - a. in the case of a lot without a single family residence, a second RV, camper truck, camper trailer, pop-up camper, or other vehicle in this same class, in addition to the Residential RV and
 - b. in the case of a lot with a single family residence (which shall include a single family residence under construction), a first RV, camper truck, camper trailer, pop-up camper, or other vehicle in this same class in addition to the single family residence.
- (5) A Guest RV may be located on a lot for a maximum of 14 days during the Camping Season, provided, however, that a single Guest RV on a lot with a single family residence under construction may be located on such lot for the entire Camping Season, with prior notice to the Board, so long as the construction of the single family residence is being pursued with reasonable diligence.

- (6) In order to locate a Guest RV on a lot, the property owner of record must complete a registration form. The registration form shall specify each and every date the Guest RV is to be located on the lot and be made available for review by the Arrowhead Patrol. Different Guest RVs can be located on a lot on different days, but each day a Guest RV is located on a lot shall count toward the 14-day aggregate maximum that a lot can be occupied by a Guest RV.
- (7) Registration forms may be obtained from one of the sign in boxes (Ute Drive or Lake Road.), the Association website, Arrowhead Patrol or the Association office. When completed, registration forms must be submitted to the Association office, Arrowhead Patrol or deposited in one of the sign in boxes prior to the RV being located on the lot. Registration information will also be used to contact Guest RV owners in the event of an emergency.
- (8) In no event shall more than two RVs at one time (one Residential RV and one registered Guest RV) be located on a lot without a single family residence during the Camping Season, except as otherwise provided in the Covenants, and in no event shall more than one RV at one time (a registered Guest RV) be located on a lot with a single family residence during the Camping Season, except as otherwise provided in the Covenants.
- (9) A lot owner shall not be required to register an unoccupied RV located on a lot with a single family residence that the owner or occupant of the single family residence is using for the sole purpose of loading or unloading equipment and supplies or for maintaining such RV, provided that such RV is removed from the lot within 72 hours of its arrival.
- (10) A lot owner may apply to the Board of Directors for an exception to this regulation. An exception will only be granted where the application of this regulation would result in undue hardship to a lot owner, which determination shall be made in the sole and subjective discretion of the Board of Directors.
- (11) The location of a Guest RV on a lot is a privilege. Accordingly, a lot owner shall not be entitled to register a Guest RV, and an existing Guest RV registration shall be revoked in the event of an unresolved violation of this or other Association covenants, bylaws, guidelines, rules or regulations.
- (12) All camping equipment, including but not limited to, tents, motor homes, camp trailers, truck campers, self-contained RV's and related supporting equipment must be removed from lots and the boundaries of Arrowhead on or before the day that is prior to the date designated each year by the Board of Directors, notice of which shall be provided to all owners at least 30 calendar days prior to such effective date. Any vehicle or equipment left within Arrowhead after said date shall be considered abandoned. The reason for removal of such vehicles and equipment by the designated date is to prevent such vehicle and equipment from becoming entrapped by winter snowfall or road closure. Any such vehicles or equipment remaining within the boundaries of Arrowhead after the designated date may be towed away or removed and stored at the owner's expense. The Board of Directors will designate an appropriate towing and impound authority for this purpose. The Board of Directors, employees, or agents of the

Association will not be held liable for any damages incurred in the removal or storage of such vehicles or equipment.¹

¹ This revised regulation is based on various authorities, including but not limited to the following provisions contained within the Arrowhead in Gunnison Country Subdivision Declaration of Protective Covenants and Restrictions recorded at Reception No. 419911 in the Office of the Gunnison County, Colorado Clerk and Recorder, as amended (the “Covenants”):

1. Article II, ¶ 11. Site: A lot within the subdivision reserved for sale to individual owners for use as single family residence or single family camp site. Ownership of a site carries with it compulsory membership in the Association.
2. Article IV, ¶ 1. Residential Use Only: All sites within the subdivision shall be used exclusively for single family residential purposes; provided, however, that home occupations as defined [in the Covenants] shall be permitted so long as the same are conducted in keeping with the requirements hereof and no commercial advertising is conducted upon the site.
3. Article IV, ¶ 3. Number of residences: Only one single family residence designed for the occupancy of one family and its guests shall be permitted on each site.
4. Article IV, ¶ 7. Camping and Recreational Vehicle Use: Camping in tents, camper trucks, recreational vehicles or camping trailers by owners shall be permitted. However, all camping equipment, including but not limited to, tents, motor homes, camp trailers, truck campers, self- contained RV’s and related supporting equipment must be removed from the sites and the boundaries of Arrowhead in Gunnison Country Subdivision prior to the date designated each year by the Board of Directors, notice of which shall be provided to all owners at least 30 calendar days prior to such effective date. Any vehicle or equipment left within the Subdivision after said date shall be considered abandoned as set forth [in the Covenants].
5. Article IV, ¶ 29: Festivals, Corporate Gatherings, Etc.: Festivals, meetings, picnics and campouts involving groups other than site owners and their guests; religious gatherings; corporate uses and similar activities require the advance approval of the Association’s Board of Directors (emphasis in original).
6. Article III, ¶ 2 & Article VI ¶ 1 (enumerating, describing, and explaining the powers and duties of the Association’s Board of Directors to adopt regulations governing the use of Sites within Arrowhead).

2. ANIMALS AND HOUSEHOLD PETS

Dangerous or wild animals may not be captured, trapped, or maintained on any site except when necessary to control vermin. Livestock (including but not limited to cattle, sheep, horses, or pigs), riding horses, 4-H animals or poultry shall not be maintained on any site. Domesticated household pets such as dogs and cats shall be permitted; provided that, when off the owner’s site, they must be restrained by a leash, appropriate tether, or accompanied by the owner and under control at all times. Under no conditions shall household pets be permitted to run at large off the owner’s site. It is not permissible to leave a household pet on any site when the site is unoccupied unless the animal is contained in an approved enclosure. Pets found running at large or pets subject to a written complaint by other persons may be placed in a temporary foster care and all associated costs incurred by this action including fines will be the responsibility of the pet’s owner. If, for any reason, the owner of the pet does not claim the animal within 72 hours, the Arrowhead community will decide on an adoption process to find a good home for the animal. Owners will be responsible for the actions of their pets and must bear in mind that pets running at large constitute a danger to wildlife and other residents and guests.

3. NUISANCES

No obnoxious, offensive, or disruptive activity, or situation which would constitute a public or private nuisance to other residents or guests will be permitted.

4. FIREARMS

No firearms, fireworks, explosives, air rifles, BB guns, paintball guns/rifles, crossbows, or destructive devices shall be discharged within the boundaries of Arrowhead. Archery practice, using other than live targets and considering the safety of neighbors, may be permitted with prior approval of Arrowhead Patrol personnel¹.

5. USE OF CHEMICALS

The use of poisons or pesticides outside of a residence to control pests or vermin is prohibited. This is not to be construed to prohibit the use of Association approved herbicides or insecticides outside a residence to control noxious weeds or insects.

6. FIRES

No fires are permitted outside a residence except for cooking or campfires, and then only if properly and safely contained in an appropriate fire pit or barbecue grill. Annual approval of fire pits must be obtained from Arrowhead Patrol personnel. Outdoor Fire Permits are required for a camp fire, chimera and other device for containing fires. When weather conditions and fire danger dictate, the Board and the Fire Chief may impose fire bans, which shall be complied with by all owners and their guests. Property owners will abide by the requirements of fire bans issued for this area by governmental agencies.

7. TRASH

Household trash or garbage must be kept in bear-proof containers or in secure buildings. No junk or trash shall be permitted to accumulate and must be regularly removed to an approved disposal site. The Association may provide a dumpster for household trash only for a nominal monthly fee. No corrugated cardboard, toxic materials (paint, herbicides, pesticides, electronics), building materials, construction debris, appliances, furniture, bikes, or noxious weeds are allowed to be disposed in the Association dumpster. Trash or garbage may not be burned on any site or within the boundaries of Arrowhead.

¹ The term "Arrowhead Patrol personnel" encompasses both the personnel referred to in the Covenants as "Arrowhead security personnel" and the personnel referred to in other rules, regulations, policies and procedures of Arrowhead as "Courtesy Patrol". Arrowhead Patrol personnel have assumed all responsibilities and functions assigned to Arrowhead Security and Courtesy Patrol in any Arrowhead covenant, declaration, rule, regulation, policy or procedure.

8. HUNTING

No hunting or trapping will be permitted on the sites or within the boundaries of Arrowhead.

9. LAWN WATERING

No lawn watering is permitted as it may impede fire-fighting capabilities and alter the rural natural character of the area.

10. CONSTRUCTION VEHICLES

A property owner shall not permit any construction vehicle including but not limited to front end loaders, bulldozers, dump trucks, back-hoes, compressors, trailers, and related equipment to be parked on his/her site except during active on-site construction. Construction equipment is not permitted to be parked or stored on filing roads or in common areas except while work is in progress and only in a manner approved by Arrowhead Patrol personnel. This shall not preclude parking of Association or utility company equipment in an area approved by the Association.

11. FESTIVALS AND CORPORATE GATHERINGS

Gatherings such as religious gatherings, corporate gatherings, family reunions and similar activities require an advance written request by the property owner and approval of the Board. Included with this request should be a site map showing the location of trailers, tents, and vehicle parking. Parking vehicles on filing roads is not permitted without prior approval of Arrowhead Patrol personnel.

12. SITE MAINTENANCE

The Association, upon the failure of the owner of any site to maintain the site and improvements, and the payment of any taxes assessed thereon, in a reasonable satisfactory manner as determined by the Association, or upon use by the owner in a manner inconsistent with the Covenants and these Regulations, after notice to the owner, may enter upon the site and repair, maintain, rehabilitate, and restore the premises and/or improvements or abate the improper use or pay the taxes thereon. Any costs including reasonable attorney fees shall be charged against the owner of said site and collected in accordance with normal Association collection procedures.

13. TREES – LOT CLEAN UP

It is permissible for property owners to clean up dead and down trees and timber on their sites for use as firewood or to remove the same to an Association approved collection point for such material or to an approved county landfill. Owners may likewise obtain dead and down trees and timber from the common areas, but shall not encroach upon private property sites to gain access to such common areas. Live trees may be removed for defensible space and mitigation purposes as authorized by the Forest Manager or certified designee. The Association may

provide a dump trailer for local use only. The dump trailer may be obtained by contacting Arrowhead Patrol personnel.

14. ABANDONED OR INOPERATIVE VEHICLES

No abandoned vehicle shall be permitted on any site or the common areas. An unregistered or inoperative vehicle will be considered abandoned. This will include excessive vehicles on a lot that are not used by the lot owner.

15. UNDER AGE DRIVERS

No person under the age of ten (10) years may operate an off-highway vehicle within the boundaries of the Arrowhead in Gunnison Country Subdivision. No person ten (10) years of age or older may operate an off-highway vehicle within the boundaries of the Arrowhead in Gunnison Country Subdivision, unless:

- (1) The person has in his possession a valid driver's license issued by the State of Colorado or another state; or
- (2) The person is accompanied by and under the immediate supervision of a person who has in his possession a valid driver's license issued by the State of Colorado or another state. The phrase "under immediate supervision" shall mean that, at a minimum, the unlicensed operator is within direct visual contact of the licensed supervisor.

16. VEHICLE REGISTRATION

All vehicles including but not limited to cars, trucks, ATVs, UTVs, snowmobiles, and trailers are to be registered and display the numbered yellow Arrowhead stickers. Registration forms are available from Arrowhead Patrol personnel or on the Arrowhead website. Stickers are available from Arrowhead Patrol personnel. Visitors and contractors are required to have temporary vehicle passes obtained by the homeowner from Arrowhead Patrol.

ARTICLE 2. – COMMON AREAS

The following rules, regulations, and restrictions are hereby established for the purpose of governing the usage of the common areas within the boundaries of Arrowhead.

1. RESTRICTIONS ON USE

The use of the common areas will be determined and regulated by the Association according to the Covenants and these Regulations. Use may be limited to such recreational and other activities as will preserve the character of the land within Arrowhead. Restrictions may be made on use:

- (1) By those other than the immediate families of property owners,
- (2) By temporary limitation on use or access to portions thereof in order that improvements or repairs may be accomplished,
- (3) By horseback riding or access by household pets or motorized vehicles.

2. TRAFFIC CONTROL

- (1) The Board established a speed limit for the roads in Arrowhead of twenty (20) miles per hour. All motorized vehicles shall be operated in a manner deemed reasonable and prudent for existing road conditions and pedestrian traffic. Snowmobiles shall be utilized in a safe manner at posted speed limits and in conformance with the applicable Federal and State laws and regulations.
- (2) Vehicle parking on Arrowhead filing roads is prohibited except with the permission of Arrowhead Patrol personnel.
- (3) The Board will annually establish a date to close Arrowhead roads to all motorized vehicle traffic except snowmobiles and all-terrain vehicles (ATVs and UTVs) with snow tracks that leave a light footprint.
 - a. The maximum weight of the tracked vehicle and load capacity will not be more than 2,500 pounds. The maximum width will not be more than seventy-two (72) inches. Prior approval from Arrowhead Patrol is required before utilizing the above snow tracked vehicle at Arrowhead. Tracked vehicles that weigh more than 2,500 pounds must only be transported on a trailer throughout the subdivision.
 - b. After the established closing date, it will not be permissible to operate cars, trucks, or any other motorized vehicles, except snowmobiles and the approved tracked ATVs, UTVs, on the roads.
 - c. Snowmobiles and tracked ATVs, UTVs must stay on marked trails within the filings. This does not preclude Association vehicles or utility maintenance vehicles from entering on the roads to make emergency repairs on water or utility systems.
 - d. Pedestrian traffic has the right of way over vehicular traffic at all times.
- (4) Operators of ATVs, UTVs are subject to the same traffic regulations and rules for safe operation as those required for larger vehicles. All motorized vehicles such as cars, trucks, vans, ATVs, UTVs, motorcycles, dirt bikes, and like type vehicles shall not be operated off the filing roads or approved parking areas.
- (5) Appropriate traffic control signs will be posted at the direction of the Board for the safety of all property owners and their guests.

3. CAMPER DUMP STATION

- (1) Discharge of black and/or gray water from RVs, motor homes, tents, trailers, or camping vehicles onto sites, common areas, into lakes or streams, onto roads, or anywhere within the boundaries of Arrowhead is prohibited.
- (2) A Camper Dump Station located adjacent to the Association maintenance building is provided and maintained by the Association for the use of property owners and shall be used to dispose of sewage.

4. LAKES AND FISHING

- (1) The Association shall maintain the lakes and regulate the stocking, fishing limits, improvements, posting, and access to the lakes made available for the use of property owners and their guests.
 - a. Parking of vehicles at the lakes shall be in conformance with posted signs and Arrowhead Patrol personnel direction.
 - b. Fishing limits for the Flint Lakes, Hazel Lake, and Evergreen Lake are three (3) fish per day, per person unless otherwise determined by the Board.
 - c. The Flint Lakes and Evergreen Lake are located on private property; however, Arrowhead property owners are authorized to fish in these lakes. The Association is not liable in the event of damage to property owner vehicles while they are on private property. Guests of property owners must be accompanied by property owner or member of owners' family or must have a Guest Fishing Permit while fishing on any of the lakes. Guest Permits are available from Arrowhead Patrol personnel. Daily Fishing Permits shall be required for guests at the Inn at Arrowhead.
 - d. Disposing of any litter, trash, fishing line, etc., in or around the fishing lakes is prohibited and can endanger the horses.
 - e. Cleaning fish in or around the lakes is also prohibited as it can attract bears.
 - f. Fish feeders or aerators located at the lakes must not be tampered with.
 - g. Property owners shall be responsible for assuring the safe activities of themselves, their children and guests while at the lakes.
 - h. The Association is not liable for damages or injuries at any of the fishing areas.

5. WINTER PARKING LOT – See Appendix B

The winter parking lot is located south of the Inn at Arrowhead on the west side of Alpine Plateau Road. It is for the use of owners and their guests only.

- (1) Every parked vehicle and snowmobile should have either an Arrowhead vehicle sticker or a guest pass. Both are available from Arrowhead Patrol personnel.
- (2) A master timer controls the lights. The electrical outlets at the base of each light may be used for emergencies only.
- (3) The lot is closed during the summer. All private vehicles, trailers, and snowmobiles must be removed by a date specified by the Board each year.

SECTION III – ARROWHEAD IN GUNNISON COUNTRY ENFORCEMENT POLICIES AND PROCEDURES

ARTICLE 1. – ARROWHEAD PATROL ENFORCEMENT

The Association acting through its Board has delegated to Arrowhead Patrol personnel the power to monitor the rules and regulations of Arrowhead as contained in the Covenants and General regulations.

1. Arrowhead Patrol personnel may issue verbal warnings and/or violation notification notices to violators as required. All such actions shall be reported to the Board.
2. Arrowhead Patrol personnel have the authority to request assistance from law enforcement authorities when issues warrant.
3. Arrowhead Patrol personnel shall have the right to go on any site, private property, or common areas for the purpose of checking buildings, property, or construction in progress for security purposes to assure their safety.

ARTICLE 2. – ENFORCEMENT POLICIES AND PROCEDURES

1. DISCRETIONARY WARNING PROCEDURE

- (1) The Board of Directors of the Association (the “Board of Directors”) may issue a Warning Letter notifying an alleged violator of an alleged violation observed by any agent of the Association, including without limitation all Arrowhead Patrol officers working for or on behalf of the Association. A Warning Letter shall inform the alleged violator:
 - a. Of the violation or violations,
 - b. In the event the violation is a continuing violation, provide the violator with 14 calendar days from the date of the warning letter to cease such violation, and
 - c. In the event the violation is a continuing violation, inform the violator that if the cause of the continuing violation is not removed, stopped or otherwise rectified, the violator will be subject to fines (the “Warning Letter”).
- (2) The Warning Letter may be given by hand delivery, posting in a conspicuous location on the property of an Owner that is the alleged violator, and/or mailing the same via certified mail return receipt requested to the Owner. An alleged violator who is given a Warning Letter and is found to have committed a subsequent violation of the covenant, bylaw, guideline, rule or regulation identified as violated in the Warning Letter or to have failed to cease a continuing violation within the time period provided will automatically be subjected to increased fines pursuant to Section III: Article 2.3. (3) below. The issuance of a Warning Letter is not a prerequisite to any enforcement action, including the lodging of a Complaint under Section III: Article 2.2. (1) below.

2. ENFORCEMENT PROCEDURE.

The Association shall not impose fines for any violation of any covenant, bylaw, guideline, rule or regulation of the Association until such time as the Association has complied with the following procedures:

(1) COMPLAINT

- a. Any owner of any lot or parcel of real property within Arrowhead (any "Owner") may send or deliver to the Association via hand delivery, regular mail or email written notice of any violation of any covenant or rule or regulation of the Association or Arrowhead (the "Complaint"). The Complaint shall, at a minimum:
 - i. describe the covenant, bylaw, guideline, rule or regulation violated,
 - ii. identify the alleged violator to the best of the complaining Owner's knowledge, and
 - iii. provide a short and plain statement of the facts giving rise to the violation such that, if the facts stated in the Complaint are true, the alleged violation would exist.
- b. The Board of Directors, upon the discovery of any violation of any covenant, bylaw, guideline, rule or regulation of the Association or Arrowhead, may lodge its own Complaint by approving the same, which Complaint shall meet the same minimum requirements for content set forth above.

(2) ASSOCIATION'S INITIAL REVIEW OF COMPLAINT BY OWNER.

Within 15 calendar days of receipt by the Association, the Association shall perform an initial review of any Complaint provided by any Owner to determine whether the Complaint meets the minimum requirements set forth in Section III: Article 2.2.(1) above. If the Complaint does not meet these minimum requirements, the Association shall reject the Complaint and notify the Owner who filed the Complaint that the Complaint does not meet the requirements of Section III: Article 2.2.(1). The Association may, but need not, provide to the Owner a written explanation of why the Complaint does not satisfy the requirements of Section III: Article 2.2. (1). If the Board of Directors believes, in its sole discretion, that the Complaint is adequate, but that it is in the best interests of the Association to resolve the matter without imposing a fine, the Association may mail to the alleged violator a Warning Letter regarding the matters in the Complaint.

(3) NOTICE OF ALLEGED VIOLATION.

Within 15 calendar days of the Board of Directors lodging a Complaint or the satisfactory completion of the Association's initial review of a Complaint by an Owner that does not result in a Warning Letter, the Association shall mail to the alleged violator the following via regular mail:

- a. A copy of the Complaint;
- b. A copy of these policies and procedures; and

- c. A notice of Complaint (a “Notice of Complaint”), which shall state, at a minimum, that:
 - i. Complaint has been made,
 - ii. Whether, based upon the allegations in the Complaint, any of the alleged violations appear to be continuing violations,
 - iii. The amount of the possible fine or other action the Association may take if the alleged violation or violations occurred or are occurring, and
 - iv. That the alleged violator has a right to a hearing and such other rights as provided by the governing documents for the Association and Arrowhead.

(4) REQUEST FOR HEARING.

If the alleged violator desires a hearing on the Complaint, including any possible action that the Association may take if the violation or violations alleged in the Complaint occurred or are occurring, the alleged violator must provide a written request for a hearing (the “Request for a Hearing”) to the Association by certified mail, return receipt requested. The Request for a Hearing must be post marked no later than 15 calendar days of the date of the Notice of Complaint. The Request for a Hearing shall not be effective unless it is actually received by the Association. The Request for a Hearing shall include, at a minimum:

- a. a statement of any allegations in the Complaint which the alleged violator disputes,
- b. with respect to any defense other than a denial of the facts alleged in the Complaint, a short and plain statement of any grounds or bases for any defense, and
- c. to the extent that the alleged violator believes that the fine or other action identified by the Association in the Notice of Complaint would not be the correct fine or other action, a short and plain statement of why it is incorrect and what the correct fine or other action would be.

(5) NOTICE OF HEARING.

Within 7 calendar days of the receipt of a Request for a Hearing, the Association shall provide written notice to the alleged violator via regular mail of the date, time and location of the hearing (the “Notice of Hearing”). The hearing shall be held no less than 15 calendar days from the date of mailing the Notice of Hearing. Unless the alleged violator and the Association agree otherwise, the hearing shall be held no more than 25 calendar days from the date of mailing the Notice of Hearing.

(6) BOARD OF DIRECTORS TO ACT AS DECISION MAKERS.

The Board of Directors shall act as the decision makers at the hearing unless any one or more member of the Board of Directors will not be an impartial decision maker, in which case the other Board of Directors, or such members thereof as they so choose, shall serve as the decision makers; provided, however, that in their sole discretion, the Board of Directors may appoint an Owner or Owners to serve as the decision makers in lieu of the Board of Directors or any member of the Board of Directors. In no event shall there be

more decision makers at a hearing than there are members of the Board of Directors, but the Board of Directors may have any number of decision makers less than the total number of Board of Directors if desired; provided, however, that there shall always be an odd number of decision makers. Regardless of whether the Complaint was lodged by the Association, there may be only one decision maker if the Board of Directors, in its sole discretion, elects to have only one decision maker.

(7) ALL DECISION MAKERS SHALL BE IMPARTIAL.

All decision makers at the hearing shall be impartial decision makers. A person cannot be an impartial decision maker if he or she has any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. Any person who cannot serve as an impartial decision maker shall, sufficiently prior to the hearing to enable the appointment of a substitute decision maker if desired by the Board of Directors, inform the Board of Directors and recuse himself or herself from serving as a decision maker at the hearing.

(8) CONDUCT OF HEARING.

The scope of the hearing shall include, at a minimum, those subjects to be included in the Notice of Decision. The decision makers may, by majority vote at the hearing, elect one decision maker to serve as the presiding officer for the hearing. If a presiding officer is elected, the presiding officer will be responsible for the efficient administration of the hearing. In the absence of a presiding officer, the decision makers shall be responsible for the efficient administration of the hearing. The hearing shall be conducted in such a manner that provides the party filing the Complaint and the alleged violator with an opportunity to be heard, to present any witnesses with testimony relevant to the alleged violation or violations, and to present any other evidence relevant to the alleged violation or violations. The party filing the Complaint, if unable to be present, may submit a letter or other documentary evidence to the decision makers for review, and the alleged violator shall have the opportunity to review the documentary evidence and respond to such at the hearing. In the interest of efficiency, the presiding officer or, in the absence thereof, the decision makers, may stop the presentation of evidence and argument that is duplicative or irrelevant. Unless otherwise determined by the Board of Directors in accordance with Colorado law, all hearings shall be open to attendance by all members of the Association. Any party, the Association, and the decision makers may record the hearing if so desired.

(9) NOTICE OF DECISION.

a. After the hearing, the decision makers for such hearing shall make their decision by majority vote. The decision makers shall, in rendering their decision, take into account the Complaint, the Request for a Hearing, and the evidence and argument

presented at the hearing. The written decision shall be mailed via regular mail to the alleged violator and the party making the Complaint no later than 15 calendar days after the hearing (the "Notice of Decision"). The Notice of Decision shall include:

- i. a finding of whether the violation or violations alleged in the Complaint occurred or are occurring,
 - ii. a finding of whether the alleged violator is the one who should be held responsible for the violation,
 - iii. if such violation or violations exist, a finding of whether the violation or violations are a continuing violation, and
 - iv. a finding of what, if any, fine or other action shall be imposed by the Association as a result of any violation or violations, if any.
- b. The decision makers may also determine, based upon the evidence presented at the hearing that additional, separate or different violations from those alleged in the Complaint occurred or are occurring provided that such evidence was relevant to the alleged facts or violations in the Complaint and the same violator is responsible. If such finding of additional, separate or different violations is made, the Notice of Decision shall also:
- i. identify those violations,
 - ii. state whether such violations are continuing violations, and
 - iii. state what, if any, fine or other action shall be imposed by the Association as a result of such violations.

(10) FAILURE TO MAKE REQUEST FOR A HEARING.

Upon the failure of an alleged violator to make a timely Request for a Hearing, the Association may, within 30 calendar days of the date of the Notice of Complaint, consider all allegations in the Complaint as true and shall assess the fine or take such other action as was identified in the Notice of Complaint. Alternatively, if no timely Request for a Hearing is made, the Association may conduct its own independent investigation and, following such investigation, assess the fine or take such other action as was identified in the Notice of Complaint or impose a lesser fine or take such lesser action that the Association, in its sole discretion, believes appropriate. The Association shall mail to the violator via regular mail a written notice of the fine or other action imposed by the Association as a result of the violation or violations, if any.

3. FINE SCHEDULE

(1) FINE SCHEDULE

Except as otherwise set forth in these policies and procedures or the covenants and bylaws, the following are the minimum fines for violations of the provisions of any covenant, bylaw, guideline, rule or regulation of the Association and Arrowhead:

a. Category 1:

- i. Shed or detached garage used as dwelling or with utilities other than electricity and/or propane. (Section I: Article 2.7.(6)-(7)) (a continuing violation) **\$1,000.00 Fine for First Violation.**
- ii. Failure to obtain approval of plan changes or failure to follow approved plan. (Section I: Article 1.8(6)) **\$1,000.00 Fine for First Violation.**
- iii. Removing a living tree over 2 inches in diameter without approval from the appropriate authority. (Section I: Article 2.18.) **\$1,000.00 Fine for First Violation.**
- iv. Use of a site for other than a single-family residence or campsite. (Section I: Article 2.1.) **\$1,000.00 Fine for First Violation.**
- v. Failure to comply with ten-foot setbacks. (Section I: Article 2.6.(1)) (a continuing violation) **\$1,000.00 Fine for First Violation.**
- vi. Failure to complete Dry-In within 3 years. (Section I: Article 1.8.(8)) (a continuing violation) **\$500.00 Fine for First Violation.**
- vii. Starting a fire outside an approved fire pit. (Section II. Article 1.6.) **\$500.00 Fine for First Violation.**
- viii. Violating a fire ban. (Section II. Article 1.6.) **\$500.00 Fine for First Violation.**
- ix. Setting off fireworks. (Section II: Article 1.4.) **\$200.00 Fine for First Violation.**
- x. Discharging firearms. (Section II: Article 1.4.) **\$200.00 Fine for First Violation.**
- xi. Discharging black and/or gray water within Arrowhead. (Section I: Article 2.2.) and (Section II: Article 2.3.(1)) **\$100.00 Fine for First Violation.**

b. Category 2: **\$150.00 Fine for First Violation:**

- i. Moving an existing structure onto a site. (Section I: Article 2.3.)(a continuing violation)
- ii. Failure of an owner to maintain his/her site. (Section II: Article 1.12.) (a continuing violation)
- iii. Use of unapproved materials in building. (Section I: Article 1.6.(3)) (a continuing violation)
- iv. Existence of a pit toilet. (Section I: Article 2.2.) (a continuing violation)
- v. Building a fence without approval. (Section I: Article 2.16.) (a continuing violation)
- vi. Hunting or trapping on private lots or common area. (Section II: Article 1.8.)

- vii. Any motorized vehicles being operated off the filing roads or approved parking areas. The assessment will range from \$150 to \$500 according to the amount of damage caused by the violation. (Section II: Article 2.4.)
- viii. Failure to obtain design review permits. (Section I: Article 2.4.(1)) (a continuing violation)
- ix. Lawn Watering. (Section II: Article 1.9.)
- x. Elevated fuel tanks that violate size and placement requirements. (Section I: Article 2.17.) (a continuing violation)
- xi. Advertising signs installed on a site. (Section I: Article 2.1.) (a continuing violation)
- xii. Construction vehicles parked on a site without active construction. (Section II: Article 1.10.) (a continuing violation)
- xiii. Animals off site not under control. (Section II: Article 1.2.)
- xiv. Vehicle abandoned on common areas, roads, or parking lot. (Section II: Article 1.14.) (a continuing violation)
- xv. Inadequate screening of garbage cans or storage areas. (Section I: Article 2.10.) (a continuing violation)
- xvi. Not removing camping equipment including RVs by designated date. (Section II: Article 1.1.(11)) (a continuing violation)
- xvii. Not having a valid RV registration, failure to register, violating the 14 day limit, or otherwise failing to comply with the covenants, bylaws, rules, regulations, policies and procedures with respect to RV usage. (Section II: Article 1.1.(6)-(7)) (a continuing violation)
- xviii. Failure to remove vehicles, trailers, snowmobiles, and sleds from the winter parking lot by designated date. (Section II: Article 2.5. and Appendix B, 6.)(a continuing violation)
- xix. Not cleaning a lot. (Section II: Article 1.12.)
- xx. Horseback riding in prohibited areas or maintaining a horse on a site. (Covenants: Article V: 3.)
- xxi. Any other violation of any other covenant, bylaw, guideline, rule or regulation not specifically identified or otherwise provided for.
- xxii. Speeding in excess of the posted speed limit. (Section II: Article 2.1.)
- xxiii. Trash or garbage not properly stored or removed. (Section II: Article 1.7.)
- xxiv. Creating a public nuisance. (Section II: Article 1.3.)
- xxv. Using unapproved poisons or pesticides outside of buildings. (Section II: Article 1.5.)
- xxvi. Fishing violations. (Section II: Article 2.4.1.)
- xxvii. Operation of off-highway vehicles by persons under the age of ten (10), or failure to provide immediate supervision of underage drivers of off-highway vehicles. (Section II: Article 1.15.)
- xxviii. Failure to register vehicles, snowmobiles, ATVs, UTVs, or trailers with the Association. (Section II: Article 1.16.) (a continuing violation)

(2) SCHEDULE OF FINES FOR SECOND AND SUBSEQUENT VIOLATIONS.

Upon the occurrence of a second violation of the same covenant, bylaw, guideline, rule or regulation by the same violator, the amount of the fine shall be double the amount of the initial fine and, for every violation thereafter of the same covenant, bylaw, guideline, rule or regulation by the same violator, it shall be triple the amount of the initial fine.

(3) INCREASED FINES

The decision makers at any hearing, if one occurs, and the Association, if a hearing does not occur, may impose up to triple the amount of the fine as shown on the schedule of fines set forth above if the decision makers or Association find:

- a. That the violator acted with an intentional disregard of the covenant, bylaw, guideline, rule or regulation violated, or
- b. That the violation created a substantial risk to the health or safety of persons other than the violator, or
- c. That the violator was issued a Warning Letter warning of a violation and the violator either:
 - i. committed a subsequent violation of the same covenant, bylaw, guideline, rule or regulation warned of in the Warning Letter, or
 - ii. failed to cease a continuing violation within the time period stated in the Warning Letter.

(4) CONTINUING VIOLATIONS

Continuing violations are a separate violation for each day the violation exists. If the violation is a continuing violation, a separate finding of a violation for each day that the violation continues is not necessary and the fines will automatically escalate pursuant to Section III. Article 2. 3 (2) above. A continuing violation will not be considered to have ceased until the violation in fact ceases and the Association issues a written statement that the violation has in fact ceased.

(5) DEFINITION OF CONTINUING VIOLATION

A continuing violation is any violation which by its nature will continue unless the violator or some other person removes, stops, or otherwise rectifies the cause for the violation. By way of example and not limitation, a continuing violation would include placing a prohibited number of recreational vehicles on a lot. Section III: Article 2.3. (1). provides a non-exhaustive and non-exclusive list of potential violations of the Regulations for the Association and, where applicable, identifies whether such violations will generally be considered continuing violations. Section III: Article 2. 3. (1). does not identify certain violations of the Regulations as continuing violations where the violation will not generally be a continuing violation. However, though a particular violation is not designated in Section III: Article 2.3. (1). as a continuing violation, the

actual violation may be a continuing violation notwithstanding the absence of such designation in Section III: Article 2.3.(1).

(6) COSTS OF PROSECUTION

The Association is entitled to recover from a violator all costs incurred by the Association in the successful prosecution of a Complaint lodged by the Association, including the Association's reasonable attorneys' fees. The Association shall have engaged in the successful prosecution of a Complaint lodged by the Association if the decision maker or decision makers at the hearing determine that any one or more of the alleged violations occurred or are occurring.

(7) DUE AND PAYABLE; DELINQUENCY

All fines shall be due and payable at the date the fine is imposed and delinquent if not paid within 30 days of the Association mailing to the violator notice thereof via regular mail. All delinquent fines shall be treated the same as other delinquent assessments and shall incur late fees and interest as set forth in the Association's Dues Collection Policy with respect to delinquent assessments.

(8) NON-COMPLIANCE ASSESSMENTS

All fines, attorneys' fees, late charges and other amounts owed by an Owner that was given a Warning Letter and failed to cease a continuing violation within the time period provided in the Warning Letter shall be a non-compliance assessment. The non-compliance assessment may be collected as set forth in the Covenants and Colorado law, including without limitation the Association's right to collect attorneys' fees as authorized by Colorado Law and the Covenants.

4. ADDITIONAL ENFORCEMENT RIGHTS

(1) NOT SUBJECT TO DISPUTE RESOLUTION POLICY

Except with respect to violations allegedly committed by the Association, the Policy of Dispute Resolution Between the Association and Owners (the "Dispute Resolution Policy") does not apply to violations or alleged violations by any Owner or other alleged violator of any covenant, bylaw, guideline, rule or regulation, which alleged violation or violations shall be governed exclusively by these Arrowhead Enforcement Policies and Procedures subject to Section III: Article 2.4. (2) below. To the extent of any conflict between these policies and the Dispute Resolution Policy, the Dispute Resolution Policy is hereby amended such that it does not apply to violations or alleged violations by any Owner or other alleged violator of any covenant, bylaw, guideline, rule or regulation except with respect to violations allegedly committed by the Association.

(2) LEGAL ACTION

Notwithstanding any other provision of these policies and procedures, the Association, at any time, may pursue legal action to enforce any covenant, bylaw, guideline, rule or regulation without first following the procedures set forth above if the Board of Directors determines, in its sole discretion that such action is in the Association's best interests. Without limitation, the Association may also institute legal action to recover unpaid fines, attorneys' fees, and interest.

(3) INDIVIDUAL ASSESSMENTS

In addition to fines, the Board of Directors may levy assessments, including non-compliance assessments, as set forth in the Covenants.

(4) SUSPENSION OF RIGHTS

The right of an Owner to vote may be suspended as set forth in the bylaws for the Association and as set forth in the Covenants. In addition, the right of an Owner to vote shall be automatically suspended if the Owner is more than 30 days delinquent in payment of any assessment, fee, or other charges by the Association. Further, the Association may suspend the right of an Owner to vote in the event that the Owner has committed a second or subsequent violation of any covenant, bylaw, rule or regulation of the Association or Arrowhead.

(5) SERVICE OF NOTICES

Whenever mailing of any document or notice to an Owner is appropriate under these policies and procedures, such document or notice shall be mailed to the most current address of the Owner that is in the Association's records. Similarly, whenever mailing of any document or notice to the Association is appropriate under these policies and procedures, such document or notice shall be mailed to the Association at the most current address the Owner is advised of in writing or, if no such address has been provided, at the most current address for the Association with the Colorado Secretary of State.

(6) FAILURE TO ENFORCE

Failure of the Association to enforce any covenant, bylaw, rule or regulation shall not be deemed a waiver of the right to do so for any subsequent violations of such covenant, bylaw, rule or regulation. Nor shall the failure of the Association to enforce any covenant, bylaw, rule or regulation be deemed a waiver of the right to enforce any other covenant, bylaw, rule or regulation.

(7) CONSTRUCTION AND INTERPRETATION

To the extent of any conflict or apparent conflict between these Arrowhead Improvements Association, Inc. Enforcement Policies and Procedures (these "Policies and Procedures") and the Covenants or other rules or regulations of the Association, the

Association hereby exercises its authority pursuant to the Covenants to interpret and clarify the Covenants and other rules and regulations of the Association such that the same are consistent with these Policies and Procedures. Pursuant to its power and authority to interpret, the Association hereby interprets the Covenants and other rules and regulations such that, to the fullest extent possible, the Covenants and other rules and regulations are harmonious with and not in conflict with these Policies and Procedures. Pursuant to its power and authority to clarify, the Association hereby clarifies that in the event of any conflict between these Policies and Procedures and the Covenants or any other rule or regulation of the Association, the position adopted by the Association, expressly or impliedly, in these Policies and Procedures is the correct and accurate interpretation and position.

(8) ALTERNATE SERVICE

Notwithstanding any other provision in these Policies and Procedures, any document, including without limitation any notice, required to be given by the Association may be given by hand delivery, posting, or any form of mailing. Any such alternate form of delivery may be in addition to or in lieu of any method otherwise stated in these Policies and Procedures and any such alternate delivery shall be effective upon receipt.

(9) SEVERABILITY

If any provision or portion of any provision in these Policies and Procedures is invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of the provision or any other provision, which shall to the fullest extent permitted by law be valid and enforceable.

Appendix A: Mitigation and Defensible Space

Arrowhead is a mixture of open meadows, aspen stands and high elevation mixed conifer forest consisting of Douglas fir, spruce and subalpine fir. The interval between natural fires is over 100 years in this forest type which results in a natural condition of multi-level dense stands of trees. Man has inserted houses, RV's, and roads into this environment and created the potential for more frequent fires that also present more risk to man made improvements.

In these multi-level dense stands there is increased competition for water, nutrients and sun light which makes the trees more susceptible to mortality from insects and disease. These dense stands of trees with dead material and low branches greatly increase the likelihood that a small ground fire could climb into the crowns and spread from tree to tree burning a much larger area. Fires of this type are much more difficult, if not impossible, for fire fighters to control.

Since 2000, Arrowhead has been conducting forest fuel reduction on both common land and individual lots to reduce the risk of uncontrollable wildfire. This program has two basic parts: Mitigation, which can also be called thinning, and Defensible Space.

MITIGATION

At Arrowhead, mitigation refers to the removal of forest vegetation that is done on the common land and on lots with neither a structure nor a developed RV site.

The objectives of mitigation are to: 1) keep a wildfire on the ground and of low to moderate intensity to increase the likelihood of control by fire fighters; and 2) thin the forest to maintain or increase the vigor of remaining trees to make them more resistant to attack by insects or disease.

Mitigation has five basic elements:

- 1) Removal of ladder fuels. - Ladder fuels are defined as live or dead vegetation within 6' of the ground and under the drip line of conifers that will be retained. This can be small trees or the limbs of larger trees that in event of a fire could carry that fire into the crowns of the larger trees.
- 2) Tree spacing – Retained trees should have some space between crowns. In some cases 2 or 3 trees of equal condition could be retained in a closer group and thought of as one tree from a fire perspective.
- 3) Replacement trees – Small trees that are not within 10' of the drip line of larger conifers. These trees should be limbed to no higher than 1/3 of the tree height to maintain the vigor of the tree.
- 4) Standing dead trees – Remove all standing dead trees under 6" DBH (Diameter Breast Height) and remove limbs from the lower 6' of larger trees. Retention of 2 to 4 larger dead trees per acre is good for wildlife but removal of additional larger dead should be considered for fire reasons.
- 5) Down dead – Down logs that do not crush under foot should be removed. Logs that are in more advanced stages of decay will retain fire but make little contribution to the spread of fire.

Live aspen trees are not a fire risk and do not need to be removed when doing mitigation.

DEFENSIBLE SPACE

At Arrowhead, Defensible Space refers to forest vegetation removal on individual lots that have a structure or developed RV site.

In addition to the mitigation objectives of keeping a wildfire on the ground and maintaining or improving forest health, Defensible Space is intended to provide a situation where wild fire can burn past a structure without igniting it and to provide an area for fire fighters to safely work while fighting a fire.

Defensible Space consists of 4 circular (or, on slopes, elliptical) zones with the structure or RV site at the center.

Zone #1 – This is the first 5 feet out from the structure or RV pad (including decks, posts and steps). This area should consist of non-flammable material such as concrete, gravel or dirt. Flammable materials such as gasoline, lumber or firewood should not be stored under or on decks during the wildfire season. Firewood storage should be a minimum of 45’ from the structure or RV pad and preferably on the uphill side.

Zone #2 – The next 30 feet (more on the downhill side). This is the area of the most aggressive thinning. All ladder fuels should be removed. All conifers should be limbed so that tips of branches are 8 feet above the ground. There should be 10 feet of separation between crowns of conifers. Branches on conifers near the structure should be limbed above the eaves. Grass height should not exceed 4 inches during fire season.

Zone #3 – The next 30 feet. The same principles apply but not quite as aggressively. Ladder fuels should be removed although limbing to 6 feet is sufficient. Crown spacing of 8 feet is also sufficient and grass should be kept to less than 4 inches during fire season.

Zone #4 – The remainder of the lot to the property line. Here the prescription is the same as the mitigation prescription discussed above.

For both mitigation and defensible space these are basic guidelines and the Arrowhead Forest Manager should be consulted to assist with adjustments for variations in species composition, slope, arrangement, insect and disease concerns, fire risk from adjacent areas, and to retain dust and visual screens from nearby roads and neighboring properties.

While the measures described here cannot guarantee complete protection from wild land fire, they have been shown to markedly improve the chances of successfully protecting structures and residents.

Appendix B: WINTER PARKING RULES

- 1. Property Owners must have a yellow numbered sticker on their motor vehicles, trailers, snowmobiles, ATV's and UTV's in order to use the winter parking lot.** There is a sign in the parking lot, "Vehicles without an AIA numbered sticker will be towed at the owner's expense". Arrowhead Patrol personnel will patrol the lot for rule infractions and take appropriate action. Do not leave a vehicle in the main parking lot for an extended period of time that cannot be moved if the lot needs plowed. Leave a spare key(s) with Arrowhead Patrol for vehicles remaining in parking lot for any extended period. Each owner is allowed two (2) non-paid spaces in the parking lot.
2. Paid spaces are available for open/enclosed trailers. Enclosed trailers will park in the designated far west side. Snow removal will not be provided to this area; thus, these trailers will not be required to move when the lot is plowed. Open trailers will park on the northwest corner of the main parking lot. Spaces are available for a fee of \$50.00 per space. Contact Arrowhead Patrol personnel to secure a long-term trailer space.
3. Snowmobiles will be parked on the elevated West side area of the parking lot. Short-term parking of snowmobiles and UTV's will be allowed for a maximum of three (3) nights in the main area of the parking lot. Chaining multiple snowmobiles together in the vehicle parking area is not allowed.
4. Guest parking will be provided on a limited basis. Two (2) guest passes will be provided to each lot owner and are available from Arrowhead Patrol personnel. Guest passes are to be placed on the dashboard of the guest vehicles. Property owners are responsible for their guests and should inform their guests that a telephone is available in the warming hut for local calls only.
5. Weekend vehicles with trailers are to park in the designated area, which is the first row south of the diesel parking. The vehicle and trailer both must have an Association numbered sticker or guest pass. No parking will be allowed on the East side of the parking lot. The snowplow must have clear access through this area to dispose of snow during routine grooming and to provide emergency egress.
6. Vehicles, snowmobiles and trailers may be parked in the parking lot no earlier than October 15th and must be removed from the parking lot no later than May 31st each year (per our County Use Permit). Vehicles, trailers, snowmobiles, ATV's & UTV's left in the parking lot after May 31st will be impounded and charged a \$100 fee unless other arrangements have been made. Vehicles remaining past 90 days in the impound area will be removed at the owner's expense.
7. Vehicles with diesel engines have priority for diesel parking spaces. There are now 30 diesel parking spaces. Assignment of a parking space to a diesel vehicle must be reserved and paid for

by October 1st. After Oct. 1st, if space is available, assignments will be made on a first come basis. The fee is \$265 for the season, \$50 per week or \$10.00 for the weekend (if space is still available). See Arrowhead Patrol personnel to reserve a space and pay the fee.

8. When leaving the lot on snowmobile, **please stay on marked trails and observe traffic regulations.**

Appendix C: CONFLICT OF INTEREST POLICY

Any Board member having a potential conflict of interest with the Association shall disclose this to the Board and refrain from voting on that matter if the Board determines there is a conflict of interest.

The Association and all directors of the Association are subject to the conflicting interest transaction statute of the Colorado Revised Nonprofit Corporation Act, which is Part 5 DIRECTORS' CONFLICTING INTEREST TRANSACTIONS – 7-128-501.

A “conflicting interest transaction” is a contract, transaction, or other financial relationship between:

1. A nonprofit corporation and a director of the corporation, or
2. Between the nonprofit corporation and a party related to a director, or
3. Between the nonprofit corporation and an entity in which a director of the nonprofit corporation is a director or officer or has a financial interest.

A “party related to a director” shall mean a spouse, a cohabitant, a descendent, an ancestor, a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

If a relationship or interest exists that could result in a conflicting interest transaction, the director must disclose the facts concerning the relationship or interest and as to the conflicting interest transaction to other board members entitled to vote thereon.

The interested director will not participate in any discussion regarding the transaction or vote thereon.

An interested director will still be counted in determining whether a quorum exists.

The Board shall review the Association’s conflict of interest policy, procedures, and rules and regulations on an annual basis. Such review shall include a check for compliance with current Colorado law, as well as the effectiveness and implementation of the policy procedures and rules. Amendments shall be approved by a majority vote of the Board.

Appendix D: CONDUCT OF MEETING POLICY

As property owners in Arrowhead, you are welcome to attend all meetings of the Board except executive sessions. We encourage your attendance and participation. In order for the meetings to progress smoothly through the agenda items, here are some courtesies that we ask you to observe:

1. All meetings will start promptly at the designated time. If you arrive after the meeting has started, please enter quietly and find a seat.
2. Please mute cell phones and keep disruptive noises such as chatter and so forth to a minimum.
3. While the Board is conducting business, please do not interrupt the deliberations of the Board.
4. Prior to the Board taking formal action on an issue (after a motion is made and seconded), a reasonable number of Owners will be allowed to speak for and against an Issue.
5. The "Call for Owner Comments" agenda item is a time when owners may voice their concerns, ask questions and discuss items of interest. If you plan to speak, please complete a form (provided at the meeting) stating your name and Arrowhead address along with the topic you wish to address. Give this to the board secretary before the allotted time.
6. If you do not complete a form indicating your desire to speak and if time permits, you may still be allowed to voice your comments or questions after those owners who did complete a form have spoken.
7. Any point needs to be made only once. It is not necessary that points be repeated by several individuals to have impact. If a prior owner has made your point, it is sufficient to inform the Board of your agreement with the prior testimony.
8. Because Board agendas are usually pretty full, your comments must be no more than 3-5 minutes in length.
9. All questions and comments should be made directly to the Board, unless you are advised by the Presiding Officer that you may ask questions of a guest speaker or other presenter.
10. Limit yourself to one topic or question. If time permits, you will have the opportunity to speak again after others have been allowed to speak.
11. Please be respectful of others' opinions and do not interrupt someone who is speaking.
12. Comments regarding a particular issue which could cause embarrassment or be hurtful to another person should be discussed with the Board President before the meeting. In this manner, it can be determined if your comments may be better resolved at an executive session.
13. If you want to bring a matter to the Board that will take longer than the time allotted for "Owner Comments," please notify the Board President ahead of time as to the nature of your

presentation and the approximate time you may need. If at all possible, your request will be permitted, but it may need to be deferred to a later Board meeting.

14. Whenever possible, prepare a written copy of your concerns or questions, and give it to the Board Secretary either before or after you address the Board.

15. Personal attacks, use of profanity or any behavior that disrupts a meeting or creates an adversarial confrontation is not permitted and will be grounds for immediate dismissal from the meeting room.

Appendix E: POLICY OF DISPUTE RESOLUTION BETWEEN ASSOCIATION AND OWNERS

1. **General Policy.** It is the general policy of the Association to encourage the use of Alternative Dispute Resolution (ADR) to resolve disputes involving the Association and an Owner. For the purposes of this policy, ADR is defined as an alternative procedure for settling a dispute through mediation, rather than through litigation. In the event of any dispute between the Association and an Owner, except for Exempt Claims as defined below, the Association and the Owner shall make every reasonable effort to resolve the dispute in good faith through mediation by following the procedures set forth below prior to filing suit in any court. Nothing in this policy shall prohibit the parties from mutually agreeing to resolve a dispute through informal voluntary negotiations without the use of a mediator at any time.
2. **Exempt Claims.** The following claims shall be exempt from the provisions of this policy (Exempt Claims):
 - a. Any action by the Association against an Owner to collect regular, special, or noncompliance assessments or other sums due to the Association, including by way of example and not limitation, filing a Notice of Lien, commencing litigation, or foreclosing a statutory or judgment lien, and except with respect to claims of violations committed by the Association, any and all claims of violations by any Owner or other alleged violator of any covenant, bylaw, guidelines, rules or regulations.
 - b. Any claim that would be deemed barred due to the running of the applicable statute of limitations as of the date of the Notice of Claim.
 - c. Any claim arising from a situation that involves an imminent threat to the peace, health, or safety of the community.
3. **Procedure for All Other Claims.** The Association and any Owner must attempt to resolve a dispute, other than an Exempt Claim, through mediation following the procedures below as a precondition to filing litigation.
 - a. **Mandatory Mediation.**
 - i. **Notice of Claim.** The Association or any Owner having a claim (Claimant) against the other party (Respondent) shall notify each Respondent in writing of the claim (Notice). The Notice shall state:
 - (1) The nature of the claim, including all the factual details supporting the claim, including the date, time, location, and names and contact information for all persons known to be involved as a party or witness to any event;

- (2) The basis of the claim (i.e., the provisions of the Declaration, the Bylaws, the Articles, rules or regulations, statute, or other authority out of which the claim arises); and
 - (3) The Claimant's proposed resolution of the dispute.
 - (4) The Notice shall be mailed to each Respondent by Certified Mail™ with Return Receipt and a Certificate of Mailing. The date of mailing shall be as evidenced by the Certificate of Mailing obtained from the U.S. Postal Service.
- ii. **Response to Notice of Claim.** Within fifteen (15) days of the date of mailing of the Notice, the Respondent shall submit to the Claimant a written response (Response) to the Notice that shall state:
- (1) The Respondent's position and any defenses to the claim alleged in the Notice or any counterclaims, including any factual details supporting Respondent's position, including the date, time, location, and names and contact information for all persons known to involved as a party or witness to any event; and
 - (2) The Respondent's proposed resolution of the dispute.
 - (3) The Response shall be mailed to each Claimant by Certified Mail™ with Return Receipt and a Certificate of Mailing. The date of mailing shall be as evidenced by the Certificate of Mailing obtained from the U.S. Postal Service.
- iii. **Selection of Mediator.** Upon Claimant's receipt of Respondent's Response, the Claimant shall contact the State of Colorado Office of Dispute Resolution ([http:// www.courts.state.co.us/Administration /Unit.cfm?Unit=odr](http://www.courts.state.co.us/Administration/Unit.cfm?Unit=odr)) to locate an approved mediator for Gunnison County. Alternatively, the parties may use any other mediator mutually agreed upon by the parties.
- iv. **Mediator Fees.** The fee of the mediator shall be shared on an equal basis between the parties.
- v. **Scheduling of Mediation.** The mediator shall contact the parties and schedule a date for mediation with the parties that shall be within thirty (30) days of the date of the mailing of the Notice. If the Mediator is unable to schedule the mediation within the thirty-day period, the parties may mutually agree to extend the deadline for conducting the mediation or select another mediator.
- vi. **Failure of to Participate in Mediation.** If the Claimant fails to participate in mediation, the claim shall be deemed waived and the Respondent released from any future liability based upon the facts of the original claim.

- vii. **Failure of Respondent to Participate in Mediation.** If the Respondent fails to participate in mediation, the Claimant may proceed with litigating the claim.
 - viii. **Failure to Resolve Dispute through Mediation.** If the parties do not settle the matter through mediation, either party may proceed with litigating any claim or counterclaim raised in the Notice or Response.
4. **Notices.** If a Notice or Response is given by the Association, the Notice or Response shall be mailed, postage prepaid, by first class mail addressed to the involved Owner(s) of the Association at the address(es) shown in the records of the office manager in the manner provided by this agreement. If given by an Owner, notice shall be mailed, postage prepaid, by first class mail addressed to Arrowhead Improvements Association, Inc., at P.O. Box 89, Montrose, CO 81402 in the manner provided by this agreement. The office manager shall promptly deliver copies of the Notice or Response to the President and Secretary of the Association.
 5. **Settlement Agreement.** Any settlement between the parties shall be in writing and signed by both parties and the mediator, if any.
 6. **Costs.** Each party shall bear his own costs incurred in resolving the claim through mediation, including any attorney fees and any other expenses.
 7. **Failure to Comply with Settlement.** If a party fails to abide by the terms of a settlement agreement reached through mediation, then the other party may file suit or initiate administrative proceedings to enforce such agreement without need to further comply with the provisions of this policy. In such event, the party taking action to enforce the agreement shall be entitled to recover from the non-complying party all costs incurred in enforcing such agreement, including without limitation, attorney fees and costs.
 8. **Amendment.** This policy may be amended from time to time by the Board.

Appendix F: RECORDS INSPECTION AND PRODUCTION POLICY

The Association adopts the following policies concerning inspection and copying of Association records by Owners² of the Association.

1. **Maintenance of Records.** The Association shall keep and maintain those records that the Colorado Common Interest Ownership Act, as amended (the “CCIOA”), specifically mandates the Association shall keep and maintain. The Association may, in the sole discretion of its board of directors, keep or maintain records not required to be kept or maintained by the CCIOA. The Association may, in the sole discretion of its board of directors, keep or maintain records for a longer duration than required by the CCIOA.
2. **Inspection and Copying of Records.** The Association’s records shall be subject to inspection and copying by any Owner to the fullest extent required by the CCIOA. As set forth in the CCIOA, certain records, including without limitation attorney-client privileged documents, may or shall be withheld by the Association. In the event that the Association erroneously or otherwise accidentally produces any record to any Owner which record should have been withheld, the Owner shall immediately destroy the record together with all copies and images of such record.
3. **Request for Inspection and Copying.** An Owner must submit a written request, describing with reasonable particularity the records sought, at least ten days prior to the requested inspection or production of the documents. Inspection and copying shall occur during normal business hours. In the sole discretion of the Board, the inspection or production may be deferred until the next regularly scheduled executive Board meeting if the meeting occurs within thirty days after the request.
4. **Costs.** The Association shall impose a reasonable charge to cover all costs of labor and material for copies of the Association’s records. The charge shall include costs of production and reproduction of the records. The Association is not obligated to compile or synthesize information, but to the extent that the Association responds to any request by compiling or synthesizing its information, the requesting Owner shall be responsible for all costs, fees and charges incurred by the Association in responding to the request. Broad requests will require more time to respond to by the Association and its agents and therefore result in larger fees and costs to the Association, which will be passed on to the Owner. By way of illustration only, and not by way of limitation, a request for all Association records for a period of time covering many months relating to a specific topic will result in substantially more cost to the Association than a request to the Association of a list of specific records identified by date and title. The Association shall require the Owner to pay the invoice for his, her or its record request prior to delivery of any records. Records may be provided to an Owner electronically if agreed to by an Owner.
5. **No Commercial Purposes.** Association records and the information contained within those records shall not be used for commercial purposes.

² The term “Owner” as used herein shall have the same meaning as set forth in the Arrowhead in Gunnison Country Subdivision Declaration of Protective Covenants and Restrictions as recorded at Reception No. 419911 of the real property records of Gunnison County, Colorado, which definition is incorporated herein by this reference.

6. **Reconciliation with Other Governing Documents.** To the extent of any conflict between any provision in these policies and any provision in any other rule, regulation, bylaw, or policy of the Association, these policies shall supersede and replace those provisions in such other governing documents, which are in conflict with the provisions in these policies.

Appendix G: INVESTMENT POLICY

Goals & Objectives. The reserve assets shall be invested to achieve these objectives:

- Not risk loss of principal;
- Ensure that adequate liquid funds will be available for each coming year for or to meet the reserve needs;
- Achieve highest long-term investment performance

Investment Strategy:

A. Base Liquid Funds: On an annual basis, the Board will review the reserve schedule for the upcoming year to determine anticipated funds required for expected reserve expenses are met. This amount constitutes the "Base Liquid Funds."

B. Non-Liquid Funds: Funds over and above the Base Liquid Funds will be invested as follows:

- Laddering Strategy - Invest in federally insured accounts and maturities of three months or more if interest rates are desirable. If Certificate of Deposits are used, the Certificates should be with varying maturity dates (laddering strategy).
- The Association has a Money Market Account and should maintain this to place maturing Certificates of Deposits that have low return.
- If interest yields are relatively low, the Board will invest for shorter terms with the anticipation that rates will rise in coming months.
- If rates are relatively high, the Board will invest for longer terms to take advantage of the higher yield.
- Saving accounts may be used to roll excess cash into from the standard checking account if directed to do so.

Approved FDIC Non Risk Investment Vehicles

- Savings accounts
- Money market accounts
- Certificates of deposit in FDIC-insured financial institutions with no more than \$100,000 in any such institution, unless additional private deposit insurance is provided by the bank or the FIDC.

Review & Control

- All investments will be purchased in the name of Arrowhead Improvements Association, Inc.
- The signatures of the President and Treasurer are required for all withdrawals or transfers of reserve funds with Board approval.
- The Board will review regular financial statements and make adjustments as needed to ensure goals & objectives are being met.
- The Association may from time to time consult with our banking partners and their planners for advice and strategies.

Appendix H: DUES COLLECTION POLICY

Payments for assessments are to be mailed to the Association office at P.O. Box 89, Montrose, CO 81402.

1. Dues assessments are sent quarterly to each owner at the beginning of each quarter (January, April, July, and October).
2. All assessed amounts are due by the end of the first month of the quarter (January 31, April 30, July 31, and October 31).
3. A reminder notice is sent in the second month of the quarter (February, May, August, November).
4. Any returned checks are subject to a \$25.00 returned check charge.
5. Any unpaid amounts are included in the next billing cycle.
6. An account is considered delinquent if unpaid four months after the due date (five months from the time the first billing was mailed, i.e. unpaid 1st quarter dues are delinquent on May 31; unpaid 2nd quarter dues are delinquent on August 31; unpaid 3rd quarter dues are delinquent on November 30; unpaid 4th quarter dues are delinquent February 28) .
7. Delinquent accounts are charged a late fee of thirty-five dollars (\$35.00), plus interest at a rate of 12% (1% per month).
8. The Association's attorney, on behalf of the Association, and in accordance with C.R.S. 38-33.3-209.5, will cause a Notice of Delinquency to be mailed to each owner with a delinquent account. The Notice of Delinquency will specify the total amount due, include a copy of the ledger that accounts for how the total was determined, state whether the owner is eligible to enter into a payment plan, and provide instructions for contacting the Association to enter into such a payment plan. The notice will further inform the owner that action to cure the delinquency is required to be taken within thirty (30) days and that failure to do so may result in the account being turned over to a collection agency, a lawsuit being filed against the owner, the filing and foreclosure of a lien against the owner's property, or other remedies available under Colorado law.
9. Unless the owner cures the delinquency in full within thirty (30) days, the Association's attorney, on behalf of the Association, will cause a Notice of Lien for Past Due Assessments to be recorded in Gunnison County, Colorado.
10. If the owner is unwilling or unable to cure the delinquency in full within thirty (30) days, the Association's attorney, on behalf of the Association, will make a good faith effort to set up a payment plan with an owner for the payment of delinquent assessments, UNLESS the owner does not occupy the property and has acquired the property as a

result of the foreclosure of a security interest encumbering the property OR the lot owner has previously entered into a payment plan for the payment of delinquent assessments, in which case the owner is not entitled to enter into a payment plan.

11. Any payment plan entered into with an owner shall permit the owner to pay off the deficiency in equal installments over a period of at least six months. The owner must remain current with regular assessments as they come due during the six-month period, or such longer period as the Board may agree. If the owner fails to comply with the terms of the payment plan, including the failure to remit payment of an agreed upon installment or to remain current with regular assessments, the owner shall be in default and the Association may, without further notice to the owner, pursue legal action to collect the delinquent assessments.
12. Legal remedies available to the Association to collect a delinquent account pursuant to the Declaration and Colorado Law include filing suit to recover a money judgment personally against the owner and foreclosure of the Association's statutory lien for assessments, which remedies may be pursued simultaneously.
13. The Association may only foreclose its lien for assessments if the balance of the assessments and charges secured by its lien equals or exceeds six months of common expense assessments based on a periodic budget adopted by the Association (currently \$240.00) and the Executive Board has formally resolved, by a recorded vote, to authorize the foreclosure against the specific property on an individual basis.
14. The Board may elect to refer a delinquent account to the Association's attorney or a collection agency.
15. Unless the Association instructs the Association's attorney to pursue foreclosure of its lien for assessments, and provides the requisite resolution approving such action, when an account is turned over to the Association's attorney for legal action, the attorney will file suit to recover a money judgment against the owner in Gunnison County Court.
16. Upon a judgment being entered, the attorney shall cause a Transcript of Judgment to be recorded in Gunnison County and any other Colorado county in which the Association believes the owner might possibly own or acquire real property.
17. The attorney may pursue all such other post-judgment collection remedies as permitted under Colorado law, including service of interrogatories, garnishment of wages or bank accounts, or foreclosure of its judgment lien. If the attorney recommends foreclosing on the judgment lien, the attorney shall first obtain an ownership and encumbrance report from a title company to get an initial determination as to the Association's lien priority and provide the Board with a copy of the report. The Association's attorney shall not initiate foreclosure of a judgment lien, unless the Executive Board has formally resolved, by a recorded vote, to authorize the foreclosure against the specific property on an individual basis.
18. The Association's attorney may negotiate a payment plan for the payment of a judgment on the same terms as set forth in Paragraph 11 of this collection policy.

19. The attorney will provide the Board with a monthly status report of its collection efforts.
20. The accounting office will provide the Association's attorney with a monthly past due aging report.
21. All attorney fees and costs incurred in pursuing legal remedies to collect a delinquent account, including but not limited to, negotiating and drafting payment plan agreements, preparing and recording of any notice of lien and release of lien, court filing fees, and service of process fees, shall be assessed to the owner .
22. All payments received on a delinquent account are applied in the following order: first to interest, then to late fees, court costs, and attorney fees, and then to dues assessments.

Late Fees and Interest Charged

1. A late fee of \$35 is assessed for unpaid dues four months after the due date (five months from the time the first billing was mailed).
2. Interest at 1% per month is charged beginning when the account is delinquent.
3. Additional attorney fees and costs paid by the Association are charged to the owner.

Appendix I: PROCEDURES FOR THE ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, RULES AND REGULATIONS

1. **Purpose.** This procedure outlines the procedures for the adoption and amendment by the Board of policies, procedures, rules and regulations that apply to the property within Arrowhead and the Association.
2. **Power to Adopt or Amend.** Pursuant to the Covenants and CCIOA, the Board shall have the exclusive power to adopt and amend any policies, procedures, rules and regulations applicable to Arrowhead or the Association. The Board has the discretion to determine if a policy, procedure, rule or regulation is necessary for governance of Arrowhead and, or, the Association, or to address issues effecting Arrowhead and, or, the Association.
3. **Considerations.** In developing a proposed policy, procedure, rule or regulation, the Board shall consider the following:
 - a. Whether the current documents governing Arrowhead and, or the Association and, or Colorado law grants the Board authority to adopt a proposed policy, procedure, rule or regulation.
 - b. The need for the proposed policy, procedure, rule, or regulation, based upon the scope and importance of the issue effecting Arrowhead and, or Association.
 - c. The immediate and long-term impacts and implications of the proposed policy, procedure, rule, or regulation; and
 - d. Whether a conflict exists between with the Association's governing documents, applicable local, state or federal regulations and statutes and the proposed policy, procedure, rule, or regulation.
4. **Notice and Comment.** Prior to the adoption or amendment of a policy, procedure, rule, or regulation, the Board shall provide notice of the proposed adoption or amendment to all Owners. Notice shall include the subject matter of the proposed policy, procedure, rule or regulation, the proposed text of the proposed policy, procedure, rule or regulation, if drafted, and the time and place of the Board meeting at which the proposed policy, procedure, or rule will be discussed and whether action may be taken. Notice of the meeting shall be posted on the Association's website at least five (5) days prior to the meeting. Owners may submit written comments or attend the meeting and provide comments prior to the Board's vote.

Prior to adopting or amending any proposed policy, procedure, rule, or regulation, the Board may, at its sole option, discuss the proposed policy, procedure, rule, or regulation at any meeting of the Owners; provided that proper notice has been given to the Owners in accordance with this procedure. Notice shall be 1) mailed to the Owners at least ten (10) days but not more than fifty (50) days prior to the meeting 2) emailed to Owners who have requested such electronic notice and provided their email addresses and 3) posted on the bulletin board at the Arrowhead fire station and the Association's website

at least ten (10) days prior to the meeting. Notice shall include subject matter of the proposed policy, procedure, or rule and the text, if it has been drafted.

5. **Action**. After notice as required by this procedure, the Board may adopt any policy, procedure, rule, or regulation at a meeting of the Board by affirmative vote of a majority of the Board in attendance when a quorum is present or by any other method authorized by the Association's governing documents or pursuant to Colorado law.
6. **Emergency**. The Board may forego the notice and opportunity to comment in the event the Board determines in its sole discretion that an emergency policy, procedure or rule is imperatively necessary to comply with state or local law or for the preservation of public health, safety, or welfare. Emergency policies, procedures or rules shall become effective upon adoption. Any emergency policy, procedure or rule shall terminate after one hundred twenty days after adoption or at the next Board meeting following adoption, whichever occurs first, unless adopted by the Board in accordance with the procedures in paragraphs 4 and 5.
7. **Publication after Adoption**. A copy of all policies, procedures, or rules adopted or amended by the Board shall be posted on the Association's website and, if appropriate, will be incorporated into the Board of Director's Handbook. Unless otherwise provided, any policy, rules, or procedure shall be in full force and effect and subject to enforcement by the Association upon publication on the Association's website.
8. **Amendment of this Policy**. This policy may be amended from time to time by the Board in accordance with the procedure detailed in this policy.
9. **Previous Policies**. This policy supersedes any previously adopted policy on the same subject matter.

Appendix J: RESERVE STUDY

Per §38-33.3-209.4(2) of CCIOA, the Association (AIA) must make the following information available to unit owners, on an annual basis:

1. Any amounts held in reserves for the fiscal year immediately preceding the current annual disclosure.
2. The Association's responsible governance policies adopted under section 38-33.3-209.5, which includes the reserve study policy discussed above.
3. This Review complies with §38-33.3-308 of the Colorado Common Interest Community Act ("CCIOA")

The review includes the oversight and reporting per §38-33.3-209.4(2) and §38-33.3-209.5 of CCIOA.

1. Amounts held in reserve for the fiscal year immediately preceding the current annual disclosure.
2. The status of the Association's responsibility to establish and implement the (9) governance policies adopted under CCIOA.

The Reserve Study is reviewed annually and published on the AIA website.