

AMENDED AND RESTATED WILLOWS CONDOMINIUMS AT VAIL GOVERNANCE POLICIES AND PROCEDURES

THESE AMENDED AND RESTATED GOVERNANCE POLICIES (these "**Policies**") amend and restate the Willows Condominiums at Vail Governance Policies and Procedures that were promulgated in October of 2008, and such amendment and restatement is effective as of the 11th day of January, 2024 (the "**Effective Date**").

ARTICLE I INTRODUCTION

These Policies constitute the amended and restated responsible governance policies, as contemplated by the Colorado Common Interest Ownership Act, for Willows Condominiums at Vail (the "**Project**"). They shall remain in effect until amended by the Board of Directors of the Willows at Vail Condominium Owners Association, Inc., a Colorado nonprofit corporation (the "**Association**"). Unless otherwise specifically defined in these Policies, all terms used in these Policies have the meanings given to them in the Condominium Declaration and Plan of Quarter Share Ownership for the Willows Condominiums at Vail (the "**Declaration**") and the Amended and Restated Bylaws of the Willows at Vail Condominium Association, Inc. (the "**Bylaws**").

ARTICLE II GOVERNANCE POLICIES

Section 2.1. Conduct of Meetings. The Bylaws include provisions for the holding of Board meetings and meetings of the Owners. Where the Bylaws are silent on a question of the procedures for such meetings, the provisions of Part 2 of Article 128 of the Nonprofit Act shall govern. In the event that the Bylaws and the provisions of the Nonprofit Act do not provide adequate direction, then the most recent edition of Roberts Rules of Order shall govern. If a meeting of the Board of Directors (other than an executive session as described in Section 4.13 of the Bylaws) is to be held by telephone, electronic conferencing or similar communications equipment, then (in order to effectuate the open meetings provisions of the Bylaws) the Board shall notify the Owners of a dial-in number or other electronic conferencing information that will allow the Owners, if desired, to listen and (at appropriate times) communicate.

Section 2.2. Conflicts of Interest In the event of a conflict of interest, members of the Board of Directors (each, a "**Director**") shall adhere to the provisions of the Act and the Nonprofit Act, and specifically those set forth in C.R.S. § 7-128-501 (as required by §38-33.3-310.5 of the Act) governing conflicts of interest involving Directors (the "**CCIOA Conflicts Regulations**"). The CCIOA Conflicts Regulations apply to "conflicting interest transactions" which are contracts, transactions, or other financial relationships between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a member of the Board is a director or officer or has a financial interest. It shall be incumbent upon each Director to disclose any conflict of interest they may have to the President of the Association prior to any discussion of, or action on a conflicting interest transaction, if possible. Such disclosure shall also be made at any Board meeting where the conflicting interest transaction is discussed or voted on, and such Director shall recuse themselves from all discussion of, and action on such conflicting interest transaction. In observing the CCIOA Conflicts Regulations, the Directors should be aware of the following guidelines and limitations:

- (a) No loans may be made by the Association to its Directors or officers, and

any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

(b) Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes, approves, or ratifies a conflicting interest transaction.

(c) No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an Owner or by or in the right of the Association, solely because (x) the conflicting interest transaction involves a Director; a party related to a Director; or an entity in which a Director is a director or officer or has a financial interest, or solely because (y) the Director is present at or participates in the meeting of the Association's Board of Directors or of any committee of the Board of Directors that authorizes, approves, or ratifies the conflicting interest transaction; or (z) solely because the Director's vote is counted, if:

(i) the material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board of Directors or the relevant committee (if any), and the Board of Directors or such committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; or

(ii) the material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the requisite percentage of the Members entitled to vote thereon; or

(iii) the conflicting interest transaction is fair (as to the Association).

The Association will review its policies, rules and procedures regarding conflicts of interest at the first Board Meeting following every Annual Meeting of Members.

Section 2.3. Collection of Unpaid Assessments.

(a) Assessments Generally. Assessments are due in quarterly installments and must be paid when due, as further detailed in the Declaration and in the Rules and Regulations.

(b) Unpaid Assessments. If an Owner fails to pay any Assessment when due, the Owner shall be liable for unpaid assessments ("**Unpaid Assessments**"), which shall be deemed to include the Assessments and charges, fines, penalties, interest or fees attributable to a Unit, Quarter Share Interest, and/or Owner, and any reasonable attorney's fees or costs of collection associated therewith to the fullest extent allowed by the Condominium Documents and the Act. Unpaid Assessments shall accrue interest at the rate as set forth in the Rules and Regulations. Interest shall begin to accrue on the later of day following the date that the Unpaid Assessments became due or the first date that interest is allowed to accrue under the Act. Returned checks shall incur a returned check fee of \$50.

- (c) Notice and Enforcement. In the event any Unpaid Assessment becomes past due, the Board of Directors may pursue any and all remedies set forth in the Condominium Documents and permitted by the Act or otherwise available at law or in equity. At least 30 days prior to (i) hiring or engaging an attorney or collection agent, (ii) suspending the delinquent Owner's voting rights, and/or (iii) instituting any foreclosure proceeding, the Board shall deliver a delinquency notice ("**Delinquency Notice**") to the Owner responsible for the Unpaid Assessment, setting forth the amounts due through the date set forth in the notice and stating whether such amounts are assessments, fines, lates charges, interest, attorneys fees or collection costs (collectively, the "**Unpaid Charges**"). The Delinquency Notice shall also state:
- (1) that the opportunity to enter into a payment plan exists, and the name and contact information of the person to contact for the purposes of entering into a payment plan and/or to obtain a copy of the Owner's ledger to verify the amount of the debt;
 - (2) the method by which payments may be applied on the delinquent account of the Owner;
 - (3) a statement that action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquent account being turned over to a collection agency or attorney, and the filing and foreclosure of a lien against the Owner's property;
 - (4) the steps the Association must take before the Association may take legal action against the Owner and a description of what legal action the Association may take against the Owner, including a description of the types of matters that the Association or Owner may take to small claims court, including injunctive matters for which the Association seeks an order requiring the Owner to comply with the Condominium Documents.

The Association shall maintain a record of any contacts, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made. An Owner may by written communication to the Association, identify the name, telephone number and electronic and first-class mailing address of another person to serve as a designated contact for the Owner (a "**Designated Contact**"), and all notices sent to Owner shall also be sent to the Owner's Designated Contact. In the event such delinquent Owner is a Quarter Share Owner, the letter shall also be delivered to the Manager of the Willows Quarter Share Condominium Owners, LLC as set forth in Section 9.9 of the Declaration. An Owner may also ask the Association to provide correspondence and notices from the Association in a language other than English; provided that the Owner pays any translation cost incurred by the Association.

Any notice of delinquency and collection of Unpaid Charges will be conducted in accordance with the Act, including Sections 38-33.3-209.5 and 38-33.3-316.3. If Unpaid Assessments are not paid within 30 days after delivery of such notice, then the Board of Directors may elect, at its option, to pursue all legal means available to collect the Unpaid Charges and/or all remedies available to the Association, as set forth in the Condominium Documents and permitted by the Act or as may otherwise be available at law or in equity, including, without limitation, suspension of voting and use rights, collection proceedings and/or foreclosure proceedings. The Association is entitled to collect Unpaid Assessments (including reasonable attorneys' fees and collection costs) from a delinquent Owner, even if the Association declines to initiate formal legal proceedings.

(d) Discretionary Measures. The Board will allow payment of Unpaid Assessments in installments pursuant to Sections 38-33.3-209.5 and 38-33.3-316.3 of the Act; provided that administrative costs and fees may be added to and included in the Unpaid Assessments in such cases. Without limiting the generality of the foregoing, the Board of Directors may elect, at any time after an Owner's Unpaid Assessments become more than 60 days past due, to enter into an escrow agreement with the holder of any mortgage on the Unit or Quarter Share Interest that is subject to the Unpaid Charges to combine the entire amount of the Unpaid Charges with the Owner's mortgage payment, pursuant to §38-33.3-315(7) of the Act.

Section 2.4. Fines: Notice and Hearings. Pursuant to Section 38-33.3-302 of the Act, the Association may enforce the Condominium Documents of the Association and may levy reasonable fines for violations of the Declaration, Bylaws and Rules and Regulations of the Association and the Association may recover reasonable attorney fees and other legal costs for any action it takes to enforce the power of the Association, subject to Section 38-33.3-209.5 of the Act. The Association has adopted the following written policy with regard to the imposition of fines and the cost of levying and collecting such fines:

(a) Complaints by Owners or Association. Complaints by Owners against other Owners or by Directors against an Owner shall be in writing, identify the complainant, and the alleged violation of the Condominium Documents, when observed and any other pertinent information and submitted to the Board of Directors of the Association.

(b) Complaints by Board or Manager. Complaints may also be initiated by the Association Manager, a Director or officer of the Association. Such complaints may be made in writing or by any other means if such violation was observed by an individual.

(c) Notice of Violation. A Notice of Violation of any provisions of the Declaration, Bylaws or Rules and Regulations shall be provided to the applicable Owner (the “**Violator**”) as soon as reasonably practicable following discovery by the Board of such violation. The notice shall describe the nature of the violation (the “**Violation**”) and shall further state that the alleged Violator will have at least thirty (30) days (or seventy-two (72) hours for health and safety violations) from the date of the Notice of Violation to come into compliance (the “**Compliance Deadline**”) and the action or actions required to cure or abate the Violation. The notice will also describe any fines and/or sanctions that may be imposed, the right to request a hearing to contest the Violation or possible fine and if a hearing is requested, the date by which the request must be received and a timeline for the hearing process. Non-monetary sanctions may include, without limitation, suspension of voting privileges on Association matters until the Violation has been cured. An Owner may ask the Association to provide correspondence and notices from the Association in a language other than English; provided that the Owner pays any translation costs incurred by the Association. All notices sent to the Owner will also be sent to any Designated Contact of the Owner.

(i) After thirty (30) days, the Association will inspect the property within seven (7) days of the initial thirty (30) day cure period. After inspection, if the Association determines that the violation has not been cured, the Association may impose the fine or sanction stated in the Notice of Violation and will send a second Notice of Violation with a second thirty (30) day cure period.

(ii) After the second thirty (30) day cure period, the Association will

inspect the property within seven (7) days after the end of the second thirty (30) day cure period. After inspection, if the Association determines that the violation has not been cured, the Association may impose a second fine stated in accordance with the fine schedule below, send additional notices with opportunity to cure and/or commence legal action. The Association may not commence legal action until the second thirty (30) day cure period has elapsed.

(d) Violations that Threaten the Public Safety or Health. If the Association reasonably determines that a violation threatens public safety or health, the Association will send the Owner a written Notice of violation informing the Owner that the Owner has seventy-two (72) hours to cure the Violation, or the Association may impose a fine. The written Notice of Violation must be sent by first-class, registered or certified mail and the Association will send additional notice by email, text message or hand delivery, if the Association has an email address or telephone number for the Owner. After seventy-two (72) hours from receipt of notice, the Association will inspect the property and determine whether the Violation has been cured. If the Owner has not cured the violation, the Association may impose fines on the Unit Owner every other day in accordance with the fine schedule below and/or commence legal action to enforce the governing documents and cure the Violation.

(e) Violation is Cured. If an Owner cures the Violation within the required cure period, the Owner may notify the Association in writing, including visual evidence that the Violation has been corrected. If the visual evidence is insufficient for the Association to determine if a Violation has been cured, the Association may inspect the property to verify the Violation has been cured. If a Violation has been cured, the Association will notify the Owner of any outstanding fine balance owed to the Association and that the Owner will not be further fined with regard to the Violation.

(f) Continued Violation. If the alleged Violator does not come into compliance on or before the Compliance Deadline, a fine may be imposed after notice and an opportunity for a hearing is provided the alleged Violator. In addition, the Association may collect its reasonable attorney fees and other costs incurred in levying and collecting fine(s) for the Violation and any continuing Violation. A letter (“**Second Notice**”) will be sent to the alleged Violator stating that a fine will be imposed pursuant to this policy and the amount of the fine. The Second Notice shall further state that the alleged Violator is entitled to a hearing on the merits of the matter, provided that such hearing is requested in writing within ten (10) days of the date of the Second Notice. If the alleged Violator does not timely request a hearing, they shall be deemed to have waived any and all rights to a hearing with respect to the matter.

(g) Services of Notices. Service of all notices required or permitted to be given hereunder shall be made as follows:

If to an Owner: By personal delivery to the Owner; or by First-class certified or registered U.S. Mail, postage prepaid, addressed to the last registered address of the Owner as contained in the Association's records and via email or text if the Owner has provided its email address and/or cellular number to the Association.

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

Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed with first-class postage, shall be deemed received on the earlier of the date received or the fifth day following the date of mailing.

(h) Request for Hearing. In the event any Owner desires to have and attend a hearing or Board meeting to challenge or contest any alleged violation and possible fine, said Owner must request such hearing by notifying the Association, in writing, of such hearing request prior to the deadline stated in the Notice of Violation. In requesting a hearing before the Association, an Owner shall state and describe the grounds and basis for challenging or denying the alleged violation, as well as such other relevant information the Owner would like the Board to consider. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived. If a hearing is not timely requested, the Board shall determine if there was a violation, and if so, assess a reasonable fine within the guidelines contained in these Policies. The fine shall be due and payable immediately upon receipt of notice of the said assessment. The Association shall give notice of said assessment to the applicable Owner as provided in these Policies.

(i) Discovery. Upon written request to the Association, not later than five days prior to the date of hearing, the Owner shall be entitled to: (a) obtain the names and addresses of witnesses, to the extent known to the Association, and (b) inspect and make copies of any statements, writings and investigative reports relative to the case contained in the Association's records. Nothing in this section shall, however, authorize the inspection or copying of any writing or other thing which is privileged from disclosure by law or otherwise made confidential or protected, such as attorney work product.

(j) Board to Conduct Hearing. The Board shall hear and decide cases set for hearing pursuant to these Policies. The Board may appoint an officer or other Owner to act as the presiding officer (the "**Presiding Officer**") at any of the hearings.

(k) Conflicts. It shall be incumbent upon each Board member to make a determination as to whether they are able to function as an impartial decision maker in consideration on each hearing before the Board. An impartial decision maker does not have 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 Board member that is not an impartial decision maker on any hearing before the Association shall disclose such to the President of the Association prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and said Board member shall be recused from all proceedings with regard to the hearing. If the recusal of any Board member(s) results in fewer than three (3) remaining Board members that are impartial decision makers to hear a case, the Presiding Officer shall appoint Association members, who are in good standing and who are impartial decision makers to serve as voting members of the hearing board, so that there at least three (3) members of the hearing board.

(l) Hearing. Each hearing shall be held at the scheduled time, place and date, by the Board in Executive Session provided that the Presiding officer may grant continuances for good cause. Hearings may be held during any applicable cure period. At the beginning of each hearing, the Presiding officer shall explain the rules, procedures and guidelines

by which the hearing shall be conducted and shall introduce the case before the Board by reading the notice of hearing. The general procedure for hearing shall consist of opening statements by each party; presentation of testimony and evidence, including cross-examination of witnesses by each party; and closing statements by each party. Notwithstanding the foregoing, the Board may exercise its discretion as to the specific manner in which a hearing shall be conducted and shall be authorized to question witnesses, review evidence and take such other reasonable action during the course of the hearing which it may deem appropriate or desirable to permit the Board to reach a just decision in the case. Rules of law regarding trials and presentation of evidence and witnesses shall be applicable to the hearing insofar as the Presiding Officer deems adherence to such rules of law to be in the interests of justice; provided that any relevant evidence should be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the course of serious affairs. Neither the complaining parties nor the Owner must be in attendance at the hearing. However, the decision of the Board at each hearing shall be based on the matters set forth in the notice of hearing, request for hearing and such evidence as may be presented at the hearing. Hearings shall be open to attendance by all Members of the Association unless the Board elects to hold the hearing in executive session for an allowed reason, such as an unwarranted invasion of individual privacy.

(m) Decision. After all testimony and other evidence have been presented to the hearing board, the hearing board shall render its decision thereon in writing after the hearing and after the expiration of any applicable cure period. A decision, either a finding for or against the Owner, shall be by a majority of the hearing board by clear and convincing evidence and may be reflected in Minutes of the meeting. The hearing board shall issue written findings of fact and conclusions, and, if applicable, shall impose a reasonable fine and/or sanctions as provided in these Policies. The decision of the hearing board will be final.

(n) Schedule of Fines. The following fine schedule has been adopted for all recurring covenant violations and shall be applicable to all violations except to the extent that the Board determines a more specific Regulation and fine schedule controls:

(i) First violation: Notice of Violation will be sent; if the alleged Violator comes into compliance, no fine will be levied or costs assessed.

(ii) Continued Violation (of same covenant or rule): \$100 fine and costs associated with levying the fine – drafting and sending Second Notice, postage, reasonable attorney fees, holding the hearing (if the Association prevails), and other costs incurred related to enforcement of the Declaration, Bylaws or these Policies will be assessed by the Association.

(iii) Continued Violation (of same covenant or rule): If the alleged Violator does not come into compliance within thirty days of the hearing or date of Second Notice, whichever is last to occur, a \$400 fine will be levied. The alleged Violator shall not be entitled to advance notice that this fine will begin to accrue or an opportunity for a hearing because in connection with delivery of the Second Notice, the alleged Violator shall have either not requested a hearing and therefore waived any right thereto or shall have had a hearing at which the merits of the matter were determined against the alleged Violator. Said fine as accrued will be billed as a Default Assessment and may be collected by the Association in an action at law or in equity against the alleged Violator personally. With the exception of Violations which threaten public health or safety, the Act provides that the total amount of fines imposed for each Violation may not exceed \$500. However, the Association reserves the right

to impose fines greater than \$500 for Violations that threaten public health or safety.

(o) Enforcement and Attorney's Fees. In accordance with the Declaration, Bylaws, Rules and Regulations, the Act and other Colorado law, the Association is entitled to recover its reasonable attorney's fees and costs incurred in enforcing the Declaration, Bylaws and Rules and Regulations. The Association hereby declares that it is the intention of the Association to enforce the provisions by of the Condominium Documents by any and all means available to the Association at law or in equity, and to seek recovery and reimbursement of all attorney's fees, Association expenses and costs incurred by the Association in connection therewith.

(p) Modification. Amendments. Repeal and Re-Enactment. Notwithstanding anything to the contrary contained in these Policies, the Association hereby reserves the right, at any time and from time to time hereafter, to modify, amend, repeal and/or re-enact these Policies in accordance with the Declaration, Bylaws and applicable law. In addition, the Board reserves the right to vacate any fine at any time after a fine has been levied. The Board and the Manager, are empowered to enforce these Polices. These Policies shall be in effect at all times.

Section 2.5. Inspection and Copying of Records. The provisions of the Bylaws and of Section 38-33.3-317 of the Act shall govern inspection and copying of Association records by and/or on behalf of Owners.

Section 2.6. Investment of Reserve Funds. Any reserve funds approved by the Board of Directors and collected by means of Assessments (including any Special Assessments for reserves), or otherwise, shall be deposited into a segregated interest bearing account and shall be administered at the discretion of the Board of Directors, subject to applicable requirements of the Condominium Documents, the Act and applicable tax and/or other laws/regulations. In addition, any withdrawal from the reserve account will require two signatures, one of which will be an officer of the Association, and no such withdrawal will be made without approval by the Board.

Section 2.7. Dispute Procedure. In the event of a dispute between the Association and an Owner, the parties shall attempt in good faith to resolve the dispute with direct communication and negotiation. The parties may also agree, at their discretion, to submit the dispute to mediation, with appointment of a neutral and properly credentialed mediator with expert knowledge and experience regarding the subject of the dispute. Unless otherwise mutually agreed to by the parties, the mediation shall be conducted in the Vail area, and the cost of mediation shall be divided equally among the parties.

Section 2.8 Insurance. If a Unit incurs damage that is covered by an Association insurance policy and the Owner wishes to file a claim against the Association's insurance policy for such damage, the claim must be submitted in writing to the Association, with appropriate proof of damage (e.g. photographs) and in sufficient detail to permit the Association to file an insurance claim, if the damage is covered by insurance. All such claims to be filed within 30 days of incurring the damage or discovering the damage.

Section 2.8. Adoption and Amendment of Policies, Procedures and Rules. Adoption of new policies, and amendments to these Policies, may be appropriate from time-to-time. Any new policies, or amendments to policies, may be undertaken and adopted by the Board of

Directors, subject to any applicable requirements of the Project Documents and/or the Act.