

## Elk Springs Homeowners Association, Inc.

### Policy and Procedure for Increases in Assessments

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Pursuant to the authority granted by Article 4.14 (A) and Article 7 of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Elk Springs, Garfield County (the “Declaration”), the Board of Directors of Elk Springs Homeowners Association, Inc. (the “Association”) adopts the following policy and procedures for increases in Regular and Special Assessments. Unless otherwise defined in this Policy and Procedure, initially capitalized or terms defined in the Declaration shall have the same meaning herein. This Policy and Procedure may be amended at any time by the Board of Directors of the Association (the “Board”).

**Regular Assessments:** Regular assessments are calculated annually based upon the Association’s annual budget, which is prepared under the direction of the Board in the fourth quarter of the prior year. The Board shall estimate the costs and expenses to be incurred by the Association during such fiscal year in performing the functions pursuant to the Declaration, the Articles and Bylaws, including reasonable reserves for contingencies, replacements and other proper purposes and shall subtract from such estimate an amount equal to the anticipated balance (exclusive of any reserves) in the operating fund at the start of such fiscal year which is attributable to the Regular Assessments for the prior fiscal year. Within ninety (90) days after the Board’s adoption of the proposed budget, the Board shall deliver a summary of the proposed budget to all Members and set a date for a meeting of the Members to consider the proposed budget (the “budget meeting”). At the budget meeting, unless Unit Owners holding a majority of the votes in the Association vote to reject the proposed budget, the proposed budget becomes the approved budget of the Association. In the event the proposed budget is rejected, the budget last ratified is continued until such time as a subsequent budget proposed by the Board is ratified.

If the proposed budget is approved by the Unit Owners and such budget reflects the need for an increase in the Regular Assessment, such increase will be billed to all Unit Owners and subject to the Association’s Policy and Procedure for Collection of Unpaid Assessments, Fines and Other Charges.

**Special Assessments:** If, at any time during the year, the Regular Assessment proves inadequate for any reason or the need to raise funds to construct or reconstruct, repair or replace capital improvements on Common Elements or to provide for necessary facilities and equipment to provide the services authorized in the Declaration, the Board will call a meeting of the Members to discuss the need for a special assessment and review documentation (reserve study reports, construction quotes, etc.) supporting the need for a special assessment. After receiving input from the Members, the Board may (1) call for a vote of the Members to approve such Special Assessment or (2) in its sole discretion, levy a special assessment in the amount of such actual or estimated expenditure. Any such Special Assessment shall be due at such times and in

such installments as may be determined by the Board; provided, however, that the Board shall give each Unit Owner at least thirty (30) days written notice of the amount and due date(s) for any such Special Assessment. All Special Assessments are subject to the Association's Policy and Procedure for Collection of Unpaid Assessments, Fines and Other Charges.

**PRESIDENTS CERTIFICATION:**

The undersigned, being the President of the Elk Springs Homeowners Association, Inc. Board of Directors certifies that the foregoing Policy and Procedures for increases in assessments was adopted by the Board of Directors at a duly called and noticed meeting of the Board of Directors held on June 12, 2017 and in witness thereof, the undersigned has subscribed her name.

**/s/ Evelyn L. Cole**

President, Elk Springs Homeowners  
Association, Inc. Board of Directors

**June 12, 2017**

Date Adopted