

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.
RESERVE FUND INVESTMENT POLICY

Adopted 1/1/, 2006

The following reserve fund investment policy has been adopted by the Arrowhead Filing #1 Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process and to further provide guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, savings institutions, and custodians.

The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal investment management of the Association's reserve funds. This policy does not set forth: (1) the minimum reserve fund balance required of the Association; (2) any mandate for an annual reserve fund study; or (3) the tax consequences of the investment options contained herein.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association's reserve funds:

I. Investment Objectives

All funds which are held for capital expenditures as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado State Statutes and resolutions enacted by the Association's Board of Directors in a manner to accomplish the following objectives:

- A. Safety of Funds: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.
 1. Credit Risk: The Association will minimize credit risk, the risk of loss due to the failure of the financial institution, by:
 - a. Limiting investments to the safest types of investments as provided for herein;
 - b. Pre-qualifying the financial institutions, brokers/dealers, and advisors with which the Association does business; and

- c. Subject to the limitations herein, diversifying the investment portfolio so that potential losses on individual investments will be minimized.
 - 2. Interest Rate Risk: The Association will minimize the risk of the market value of investments in the portfolio due to changes in general interest rates by:
 - a. Structuring the investment portfolio so that investments mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell investments prior to maturity; and
 - b. Investing all funds primarily in short- to intermediate-term investments, and approved money market mutual funds.
- B. Liquidity of Funds: The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year. To ensure that adequate reserve funds are available to pay the Association's reserve expenditures, annual reserve fund investments shall reasonably match the planned reserve fund expenditures for the following fiscal year.
- C. Types of Investments: The reserve fund portfolio shall consist largely of Money Market Accounts and/or Certificates of Deposit.
- D. Yield: Subject to the restrictions on the types of investments, the Association's portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, the Association, through the Board of Directors, will take into account the Association's investment risk, constraints, and cash flow needs.

II. Delegation of Authority

Responsibility for conducting investment transactions for the Association resides with the Treasurer. The President of the Board of Directors will be considered an authorized person to assist the Treasurer in performing investment management, cash management, or treasury functions. Persons authorized to transact investment business for the Association are limited to these two officers. The Treasurer will provide a copy of this investment policy to all of the Association's investment service providers. Association Members will receive a copy of this investment policy from the Treasurer upon request. The Treasurer may engage the support services of outside professionals, subject to the availability of budgeted funds and approval from the Board of Directors. The Board of Directors shall provide a copy of this policy to the newly elected Treasurer at the assumption of office.

III. Ineligible Investments and Transactions

The Association shall not invest in the following asset class(es):

- A. Individual stocks;
- B. Equity mutual funds, domestic or foreign;
- C. Mutual funds consisting of bonds or mortgages and or derivatives;
- D. Options on equity, debt or commodities;
- E. Floating rate securities or floating rate certificates of deposit; and
- F. Investment in a single institution in excess of FDIC insurance limits.

IV. Selection of Banks as Depositories and Providers of General Banking Services

Banks and savings institutions shall be approved by written resolution by the Board of Directors to provide depository and other banking services for the Association. To be eligible for authorization, a bank must be domiciled in the United States and have physical facilities for doing business in the State of Colorado, a member of the FDIC and must meet the minimum credit criteria of credit analysis provided by commercially available bank rating services. Banks failing to meet the minimum criteria, or, in the judgment of the Treasurer or Board of Directors, no longer offering adequate safety to the Association funds, shall be unauthorized to provide depository and other banking services for the Association.

V. Reporting

On an annual basis, an investment report shall be prepared and submitted by the Treasurer or an outside advisor, who will provide such report to the Board of Directors in a timely manner, listing the reserve fund investments held by the Association and the current market valuation of the investments. The report shall include a summary of investment earnings during the prior fiscal year. The Association members shall have access to the list of Association reserve fund portfolio holdings.

VI. Policy Revisions

The Board of Directors shall review this reserve fund investment policy periodically and may amend the policy as conditions warrant. The Treasurer may recommend amendments to this policy as necessary.

Arrowhead Filing #1 Homeowners
Association, Inc.

By: Howard W. Smiley
President

Attest

KC P Marshall
Secretary

This Reserve Fund Investment Policy was adopted by the Board of Directors on the 1st
day of Jan, 2006 and is attested to by the Secretary of the Arrowhead Filing #1
Homeowners Association, Inc.

Ke P Marshall
Secretary

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING THE ADOPTION AND AMENDMENT OF POLICIES

Adopted Jan 1, 2006

The following procedures have been adopted by the Arrowhead Filing #1 Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To adopt a policy setting forth procedures for the adoption and amendment of policies, procedures, and rules.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing adoption and amendment of policies, procedures and rules:

1. Pursuant to the Association's governing documents and Colorado Revised Statutes 38-33.3-302, the authority to create, adopt, enforce, amend and repeal policies, procedures, rules and regulations (hereinafter collectively referred to as a "Rule") lies with the Board of Directors of the Association.

2. When the Board, in the exercise of its discretion, determines that a Rule should be adopted, amended or repealed, as appropriate, it shall do so either at a meeting of the Board or by written consent in lieu of a meeting, or by any other method authorized by the Association's governing documents or pursuant to Colorado law.

3. The Board shall then give notice of the adoption, amendment, or repeal of the Rule in writing by first class mail, postage prepaid, to each Member of the Association at the address for notices to Members as provided for in the Association's Declaration or Bylaws, and shall publish the Rule by any reasonable means available, including but not limited to posting the Rule in the community or on its website, if any, by e-mail, mail, newsletter, or personal delivery. notice of the adoption, amendment, or repeal of a Rule shall be considered routine in accordance with Article XI, Section 7, of the Amended Declaration of Covenants, Conditions and Restrictions of Arrowhead. The Rule, along with all other Rules of the Association, shall be available for inspection and copying in accordance with the Association's policy regarding inspection and copying of Association records. The Board has the right, but not the obligation, prior to adopting any new Rule, to conduct an informational meeting of the owners and solicit their input regarding any new or existing Rule.

4. Any owner's failure to receive the Rule shall not be a defense to any attempt by the Association to enforce the Rule or to levy fines, expenses, or attorneys' fees as a result of a violation of the Rule.

Arrowhead Filing #1 Homeowners
Association, Inc.

By: Howard W. Finley President
Title

Attest

Kc P Marshall
Secretary

This Policy Regarding the Adoption and Amendment of Policies was adopted by the Board of Directors on the 1st day of January, 2006, effective the 1st day of January, 2006, and is attested to by the Secretary of the Arrowhead Filing #1 Homeowners Association, Inc.

Kc P Marshall
Secretary

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.
COLLECTION POLICY

Adopted Jan 1, 2006

The following procedures have been adopted by the Arrowhead Filing #1 Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic procedure for collecting assessments and other charges of the Association, thus ensuring the financial well being of the Association.

Collection Philosophy: All members are obligated by the Declaration of Covenants Concerning the Maintenance of Certain Improvements to Real Property, Arrowhead Subdivision Filing #1 ("Declaration") to pay all dues and assessments in a timely manner. Failure to do so jeopardizes the Association's ability to pay its bills. Failure of members to pay assessments in a timely manner is also unfair to its other members who do. Accordingly, the Association, acting through the Board of Directors must take steps to ensure timely payment of assessments.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. Due Dates. The annual assessment as determined by the Association shall be due and payable on the first day of the January and the first day of July. Assessments or other charges not paid to the Association by the tenth day of the month in which they are due shall be considered past due and delinquent.

2. Late Charges and Interest Charges. The Association shall be entitled to impose a late charge of Twenty Five Dollars (\$25.00) on each past due and delinquent installment. If any assessment is not paid within ten (10) days after its due date, the amount due shall bear interest at a rate of six percent (6%) per annum from the due date until paid. All late charges and interest charges shall be due and payable immediately, without notice, in the manner provided for payment of assessments.

3. Return Check Charges. A twenty dollar (\$20.00) fee shall be assessed against an owner in the event any check or other instrument attributable to or payable for the benefit of such owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to, insufficient funds. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of an owner's checks are returned unpaid by the bank within any twelve month period, the association may require that all of the owner's future payments, for a period of one year, be made by certified check or money order.

4. Attorney Fees on Delinquent Accounts. The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent owner.

5. Application for payments made to the Association. The Association reserves the right to apply all payments received on account of any owner first to payment of any and all legal fees and costs (including attorney fees), then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such owner, and any remaining amounts shall be applied to the assessments due with respect to such owner.

6. Collection Letters.

- (a) After an installment of the common assessment or other charge owed to the Association becomes 30 days past due, the Association shall cause a notice of delinquency to be sent to the unit owner who is delinquent in payment.
- (b) If payment in full is not received within 30 days after the notice of delinquency, the Association may, but shall not be required to send a notice of default to the owner.

7. Liens. Within 60 days after an owner's failure to pay any assessment or other charge, the Association shall cause to be filed a notice of lien against the property of the delinquent owner. The lien shall include fees, charges, late charges, attorney fees, fines and interest owed by the delinquent owner.

8. Acceleration of Assessments. The Association reserves the right to accelerate and call due all assessments remaining in the current year from a delinquent owner.

9. Referral of Delinquent Accounts to Attorneys. The Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. After consultation with the Board of Directors or the Association's managing agent, the attorneys shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent owner's property.

10. Referral of Delinquent Accounts to Collection Agencies. The Association may, but shall not be required to assign delinquent accounts to one or more collection agencies for collection.

11. Waivers. Nothing in this Resolution shall require the Association to take specific actions other than to notify homeowners of the adoption of these policies and procedures. The Association has the option and right to continue to evaluate each delinquency on a case by case basis. The Association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association may determine appropriate under the circumstances.

12. Delinquencies Constitute Covenant Violations. Any delinquency in the payment of assessments shall constitute a violation of the covenants contained in the Declaration, and following notice and an opportunity to be heard, the Association shall be entitled to impose sanctions on the delinquent owner consistent with the Association's Notice and Hearing and Enforcement Policy and Procedures.

Arrowhead Filing #1 Homeowners
Association, Inc.

By: Howard W. Smiley President
Title

Attest

K. P. Marshall
Secretary

This Collection Policy was adopted by the Board of Directors on the 1st day of Jan, 2006, effective the 1st day of Jan, 2006, and is attested to by the Secretary of the Arrowhead Filing #1 Homeowners Association, Inc.

K. P. Marshall
Secretary

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING CONDUCT OF MEETINGS

Adopted Jan 1, 2006

The following procedures have been adopted by the Arrowhead Filing #1 Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic protocol for conducting meetings of the Association, including Members' meetings and Board meetings; to ensure equitable participation by Members while permitting the Board to conduct the business of the Association; and to memorialize the circumstances under which the Board may convene into executive session.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the conduct of meetings of the Members and meetings of the Board:

1. Member Meetings. All meetings of the Association are open to every Member, or to any person designated by a Member in writing as the Member's representative, and Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board, Members who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board.

2. Member Participation at Member Meetings. The Board may place reasonable time restrictions on those persons speaking during the meeting of the Association but shall permit a Member or a Member's designated representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

3. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

4. Board Meetings. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Members or to any person designated by a Member in writing. At regular and special meetings of the Board, Members who are not members of the Board may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board.

5. Member Participation at Board Meetings. The Board may place reasonable time restrictions on those persons speaking during the Board meeting but shall permit Members or

their designated representatives to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

6. The agenda for all meetings shall follow the order of business specified by the Association's Bylaws, and if none, in accordance with the order of business determined by the Board, which shall include a Member Open Forum during which any Member or Member's designated representative who wishes to speak will have the opportunity to do so, subject to the remaining provisions of this policy.

7. The Board shall have the right to determine the length of time of the Open Forum. The President or acting chair of the meeting may place reasonable limitations upon the time given to each member seeking to comment, to allow sufficient time for as many members as possible to comment within the time permitted. Unless otherwise determined by the President or acting chair, the time limit will be three minutes per member. Members will only be allowed to speak more than once during Open Forum at the discretion of the Board. No member may speak a second time until all members wishing to speak have had an opportunity to speak once.

8. Sign-Up Sheets. A sign-up sheet will be made available to members immediately prior to the meeting. Any Member wishing to comment at the ensuing meeting may add his/her name to the sign-up sheet. Members will be recognized for comment at the meeting in the same order as their names appear on the sign-up sheet. All Members wishing to comment who have not placed their names on the sign-up sheet will nonetheless be permitted to speak, time permitting. The President of the Board or acting chair shall, to the best of his/her ability, allocate time to each Member for comment so as to allow as many Members as possible to speak.

9. Recording of Meetings. Note taking is permitted, however, video or audio recording of all or any portion of any meeting by Members is prohibited.

10. Member Conduct. No Member is entitled to speak until recognized by the chair. There shall be no interruption of anyone who has been recognized by the chair, except by the chair. Specific time limits set for speakers shall be strictly observed. Personal attacks, whether physical or verbal, and offensive language will not be tolerated. All comments are to be directed to the chair and not other individual participants. All comments are to be restricted to the agenda item being discussed. Behave courteously.

11. Curtailed Member Conduct. Should the President or acting chair determine that any Member has spoken for the allocated amount of time or longer, or determine that the Member is in violation of the provisions of this policy, the President or acting chair shall have the authority to instruct that member to yield the floor, and that member will be obligated to comply with the President's or acting chair's instruction.

12. Executive Session. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed door session and may restrict attendance to Board

members and other persons specified by the Board; provided that any such executive or closed door session may only be held in accordance with the provisions and requirements of the Act, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session are limited to:

- (a) Matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
- (b) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) Investigative proceedings concerning possible or actual criminal misconduct;
- (d) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (f) Review of or discussion relating to any written or oral communication from legal counsel.

Prior to the time the members of the Board convene in executive session, the President or acting chair shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above. No rule or regulation of the Board shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the Board goes back into regular session following an executive session.

13. Disruptive or Unruly Behavior. If a member refuses to stop talking after his/her allotted time has ended, or otherwise disrupts the meeting, or is otherwise in violation of the provisions of this policy, the following procedure will be followed:

- (a) The President or acting chair will issue an oral warning that if the member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, either the meeting will be adjourned or law enforcement/security will be called to remove the individual.
- (b) If the member continues to speak, disrupt the meeting, or otherwise act in violation of the provisions of this policy, the President or acting chair will call a recess and speak directly to the member, reiterating that either the

meeting will be adjourned or law enforcement/security will be called to remove the individual.

- (c) If the member still refuses to cooperate, the President or acting chair may choose whether to adjourn the meeting to another time or to call law enforcement/security.

Arrowhead Filing #1 Homeowners
Association, Inc.

By: Howard W. Smiley President
Title

Attest

Ka P. Marshall
Secretary

This policy regarding conduct of meetings was adopted by the Board of Directors at a regular meeting held on the 1st day of Jan, 2006, and is effective the 1st day of Jan, 2006, and is attested to by the Secretary of the Arrowhead Filing #1 Homeowners Association, Inc.

Ka P Marshall
Secretary

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.
DIRECTOR CONFLICT OF INTEREST POLICY

Adopted Jan 1, 2006

The following procedures have been adopted by the Arrowhead Filing #1 Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To adopt a policy governing the handling of conflicts of interest among Board members;

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy to govern the handling of conflicts of interest among Board members:

1. If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a Board member, or a parent or spouse of any of those persons, then, in advance of entering into that contract, making the decision or taking the action, that interested Board member shall declare at an open meeting of the Board, that a conflict of interest exists and shall describe in detail all of the particular facts of the conflict of interest.

2. The interested Board member may deliver to the Board a letter setting forth a detailed summary of the conflict of interest, which letter shall be read out loud by a non-interested Board member at an open meeting of the Board.

3. After the interested Board member makes such a declaration, the interested Board member may participate in a discussion of the matter giving rise to the conflict of interest. However, the interested Board member may not vote on the issue giving rise to the conflict of interest. If there is compliance with the terms of this policy, a majority of the disinterested Board members, or any higher number required by the Association's governing documents, may in good faith authorize, approve, or ratify the conflicting interest transaction.

4. The interested Board member may be counted as present when determining whether a quorum of the Board exists.

5. Any contract entered into in violation of this policy is void and unenforceable.

Arrowhead Filing #1 Homeowners
Association, Inc.

By: Howard W. Family President
Title

Attest

Ke P Marshall
Secretary

This Director Conflict of Interest Policy was adopted by the Board of Directors on the 1st day of Jan, 2006, effective the 1st day of Jan, 2006, and is attested to by the Secretary of the Arrowhead Filing #1 Homeowners Association, Inc.

Ke P Marshall
Secretary

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.
POLICY REGARDING INSPECTION AND COPYING OF ASSOCIATION RECORDS

Adopted Jan 1, 2006

The following procedures have been adopted by the Arrowhead Filing #1 Homeowners Association, Inc. ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish uniform procedures for the inspection and copying of Association records by Association Members; to establish the type of records kept by the Association or its agent; and to establish the cost of copying Association records.

WHEREAS, the Colorado Common Interest Ownership Act, in C.R.S. 38-33.3-317 gives all Members the right to examine and copy the financial and other records of the Association for a proper purpose.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the inspection and copying of Association records:

1. The Association shall keep as permanent records the following documents:
 - (a) Minutes of all meetings of Owners and the Board.
 - (b) A record of all actions taken by the Owners or the Board by written ballot or written consent in lieu of a meeting.
 - (c) A record of all actions taken by a committee of the Board in place of the Board on behalf of the Association.
 - (d) A record of all waivers of notices of meetings of Owners and of the Board or any committee of the Board.
 - (e) A record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the number of votes each Owner is entitled to vote.

In addition to the above, the Association shall keep a copy of each of the following records at its principal office:

- (a) Articles of Incorporation, Declaration, Covenants and Bylaws.
- (b) Resolutions adopted by the Board.

- (c) The minutes of all Owners meetings and records of all actions taken by Owners without a meeting for the past three (3) years.
- (d) All written communications within the past three (3) years to Owners generally as Owners.
- (e) A list of the names and business or home addresses of the Association's current directors and officers.
- (f) The Association's most recent annual report.
- (g) All financial audits or reviews conducted pursuant to Section 38-33.3-303(4)(b) during the immediately preceding three years.

2. So the Association can have the desired books, records and personnel available, a written Notice of Intent to Inspect must be submitted to the Association's Manager or to the Board of Directors at least five (5) business days prior to the planned inspection. The Notice must describe with reasonable particularity which records are to be inspected and the purpose of the inspection.

3. All records shall be inspected at the principal office of the Association located at Hast & Company, 525 Canyon Blvd., Boulder, Colorado 80302, between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday.

4. At the discretion of the Association's Manager, certain records may only be inspected in the presence of a Board member or employee of the Manager. No records may be removed from the office without the express written consent of the Board of Directors. Further, if a Member requests to inspect records, the Association may photocopy and provide the requested records to the Member in lieu of the Member's inspection of the records if consented to by the Member.

5. The Association may charge a fee, not to exceed the Association's actual cost per page for copies of the Association records.

6. Consistent with individual Member's right to privacy, attorney-client confidentiality and other considerations, the following records will not be made available without the express written consent of the Board of Directors:

- (a) Confidential personnel records.
- (b) Confidential litigation files and matters covering consultation with legal counsel concerning disputes that are subject of pending or imminent court proceedings or are privileged or confidential between attorney and client

- (c) Files dealing with investigative proceedings concerning possible or actual criminal misconduct.
- (d) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.
- (e) Inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by the Board of Directors.

7. In determining whether records may be inspected, the Association shall consider, among other things:

- (a) Whether the request is made in good faith and for a proper purpose;
- (b) Whether the records requested are relevant to the purpose of the request;
- (c) Whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy; and
- (d) Whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information as set forth above.

8. The Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorneys fees, for abuse of these rights, including, but not limited to, use of any records for a purpose other than what is stated in the Notice of Intent to Inspect.

Arrowhead Filing #1 Homeowners
Association, Inc.

By: Howard W. Amely President
Title

Attest

Kc O Marshall
Secretary

This policy regarding inspection and copying of Association records was adopted by the Board of Directors at a regular meeting held on the 1st day of Jan, 2006, and is effective the 15th day of Jan, 2006, and is attested to by the Secretary of the Arrowhead Filing #1 Homeowners Association, Inc.

Kc O Marshall
Secretary