

## 2011 SUPPLEMENT TO RESPONSIBLE GOVERNANCE POLICIES

These policies are hereby promulgated by the Board of Directors of the Westermere Condominium Association, Inc., effective immediately, and shall supplement the existing Responsible Governance Policies of the Association.

### 1. Reserve Fund and Reserve Study Policies

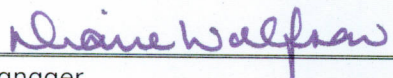
- a. Reserve funds may be held either in a savings deposit account or certificate of deposit as recommended by the Association's manager and directed by the Board.
- b. The Association will provide for the regular maintenance and repair of common elements through its regular annual operating budget.
- c. At least every three years the Board will consider whether to conduct an internal reserve study for those portions of the community that the Association will eventually be responsible for replacing. Such reserve study shall:
  - i. List the major improvements for which the Association is responsible
  - ii. Assign to each improvement an estimated useful life based on information available to the board, including a physical inspection where possible and appropriate
  - iii. Assign to each improvement an estimated replacement cost in current dollars
  - iv. Assess at least 5% of such estimated replacement cost each fiscal year and deposit such assessments in the Association's reserve fund
- d. To the extent that there are insufficient operating funds or reserve funds available to pay for a necessary repair or replacement, then the Association will fund such repair or replacement through a special assessment to the owners or an association loan.

### 2. Additional Policies Concerning Board Conflicts of Interest

- a. C.R.S. § 38-33.3-310.5, as same may be amended, shall apply to conflicting interest transactions.
- b. A conflict of interest exists under the circumstances described in C.R.S. § 7-128-501 (Colorado Nonprofit Corporation Act), as same may be amended.
- c. The Board shall comply with the following procedures when a conflict of interest exists:
  1. The Conflict must be disclosed to the other Board members in a meeting or in writing, and

2. The conflicted Board member may discuss the issue and may vote on the issue, subject to the requirements of C.R.S. C.R.S. § 7-128-501 (Colorado Nonprofit Corporation Act), as same may be amended.
- d. The Board shall periodically review the Association's conflict of interest policies, procedures, and Rules & Regulations.

The foregoing Supplement to the Association's Collection and Responsible Governance Policies are hereby adopted by the directors at their meeting held July 22, 2011.

  
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Manager