

FIRST AMENDMENT TO
COLLECTION AND RESPONSIBLE GOVERNANCE POLICIES
PACIFIC STREET TOWNHOMES OWNER'S ASSOCIATION, INC.

The Board of Directors of the Pacific Street Townhomes Owner's Association, Inc., hereby amends and supplements its Collection and Responsible Governance policies to add the following policies. These policies shall replace and supersede all previous policies of the Association with respect to the particular topic/policy addressed below.

1. Reserve Fund and Reserve Study Policies

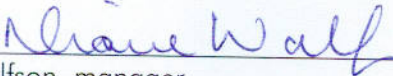
- a. Reserve funds may be held either in a savings deposit account or certificate of deposit at the discretion of the Association's manager.
- b. The Association will provide for the regular maintenance and repair of common elements through its regular annual operating budget.
- c. At least every three 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. Determine whether there is a funding plan for any work recommended by the reserve study, and, if so, the projected sources of funding for the work
- 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 undersigned certifies that the foregoing Collection and Responsible Governance Policies have been adopted by the Board of Directors at their duly noticed meeting held on September 21, 2012, at which a quorum of the directors were present and a majority of those present voted in favor of adoption.


Diane Wolfson, manager

10-1, 2012