

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.
ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES
POLICY AND PROCEDURES**

EFFECTIVE JANUARY 1, 2006

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for adoption and amendment of policies, procedures and rules.

1. The Board of Directors, in its sole discretion, shall determine if a policy, procedure or rule is necessary for an issue, which has an effect on the community.
2. The Board of Directors may, but is not obligated to, provide notice to the Unit Owners of the meeting when the issue and the proposed policy, procedure or rule will be discussed.
3. Prior to adopting or amending a policy, procedure or rule, the Board of Directors shall consider the following criteria:
 - a. Necessity and reasonableness
 - b. Contribution to the protection, enhancement and preservation of property values.
 - c. Clarity of definition
 - d. Enforceability
 - e. Absence of conflict with Association's governing documents and applicable local, state or federal regulations or statutes.
4. Any adoption or amendment of a policy, procedure or rule shall be performed at a Board of Directors meeting open to all members or their representatives.
5. An affirmative vote from a majority of the Board of Directors in attendance when a quorum is present at the meeting shall be required to adopt or amend a policy, procedure or rule.
6. Any policy, procedure or rule shall become effective per the date determined by the Board of Directors but not less than 15 calendar days after the mailing of such policy, procedure or rule in writing to each member of the Association.
7. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES POLICY AND PROCEDURES was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the _____ day of _____, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: _____
President

ATTEST:

By: _____