

RESOLUTION OF BOARD OF DIRECTORS
THE BROWN HOMESTEAD CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC.
March 21, 2011

The Board of Directors ("**Board**") of the Brown Homestead Condominiums Homeowners Association, Inc., a Colorado nonprofit corporation ("**Association**"), does hereby consent to and approve this resolution as the act of the Board of Directors.

WHEREAS, at an Owner meeting on March 12, 2010, the Owners approved a major remodel of the Brown Homestead Condominiums ("**Remodel**") for a cost of up to \$1.3 million ("**Remodel Costs**"). The Association further approved an Association bank loan of up to \$1.255 million to pay for remodel project costs ("**Association Loan**").

WHEREAS, in addition to the Association Loan, to pay for the Remodel Costs and in lieu of imposing a special assessment, the Board desires to allow Owners to prepay their estimated proportionate share of Remodel Costs, including estimated costs of replacing unit windows and doors. To the extent Owners do not prepay, they will be subject to an ongoing increased regular monthly operating assessment in proportion to the amount of the Remodel Costs and Association Loan Costs that are allocable to that Unit. The Board has expressly decided not to impose a lump sum special assessment because it would create an Association lien that could potentially be extinguished in a foreclosure.

NOW THEREFORE, the Board resolves as follows.

1. Currently, the estimated allocated share of Remodel Costs are \$59,409 for an upper unit, and \$44,091 for a lower unit.
2. Each Owner shall have one opportunity to pre-pay part or all of his or her Unit's estimated allocated share of Remodel Costs on or before April 15, 2011. Owners who prepay by this date shall not be responsible for the respective allocated share of the Remodel Loan origination fee.
3. Owners may pay in part or in full their Unit's estimated share of Remodel Costs at any time after April 15, 2011, subject to those Owners paying the respective allocated share of the Remodel Loan origination fee, and an administrative pre-payment fee payable to the Association's manager of \$80 for each instance of pre-payment. Any such Owner payments that are made during the time the Association Loan is a construction line of credit, will be held by the Association as set forth in the next paragraph. Any such Owner payments that are made after the Association Loan is converted to a term loan will be deposited by the Association in its regular operating bank account and shall be used to pay accrued interest and outstanding principal on the Association Loan.
4. Of the pre-payments received by April 15, 2011, the first two hundred twenty-five thousand (\$225,000) shall be deposited by the Association into one or more interest bearing Association bank accounts at Alpine Bank. The remaining pre-payments received by April 15, 2011, if any, and those additional payments made during the time the association has a construction loan, will be deposited by the Association into one or more non-interest bearing Association bank accounts at Alpine Bank. All such funds are intended to be fully FDIC insured. All such deposits will be subject to a written escrow

agreement that each pre-paying Owner will have the right to enforce. The escrow agreement shall provide that the escrow agent shall disburse the pre-payments to pay for Remodel Costs as follows:

- a. If the Association Loan is not funded by September 1, 2011, then the escrow agent shall promptly disburse pre-payments to each Owner who made a pre-payment in the amount of the original pre-payment plus any proportionate interest earned on the first \$225,000 in pre-payments made.
 - b. No pre-payments may be disbursed until the Association has expended its existing funds budgeted for purposes of Remodel Costs (estimated to be \$175,000, comprised of \$76,000 from the remodel fund and an estimated \$99,000 from the proceeds of the Boyd sale).
 - c. All disbursements of pre-payments shall be made in tandem with the Association Loan proceeds according to the proportionate share of pre-payments. For example, if the total pre-payments are \$300,000 and the Association Loan is \$700,000, then disbursements to pay for Remodel Costs shall be made 30% from the pre-payments and 70% from the Association Loan proceeds.
 - d. To the extent payments are made by Owners after the April 15, 2011, deadline during the time that the Association Loan is a construction line of credit, the first disbursement of those funds to pay for Remodel Costs shall be in an amount that includes what would have been the proportionate share of that payment had it been made by April 15, 2011. For example, if a \$50,000 payment is made on June 15, 2011, and to date the pre-payment fund of \$300,000 has paid \$30,000 (10%) for Remodel Costs, then the next disbursement of funds by the escrow agent will include 10% of (\$5,000) of that Owner's June 15, 2011, payment.
 - e. At the completion of the Remodel, the pre-payment amount (which is an estimate) will be compared to the final actual Remodel Costs (including for windows and doors) that are allocated to each Unit that prepaid. If the final actual Remodel Costs allocated to a Unit are less than the pre-payment amount, then the escrow agent shall promptly refund an amount equal to that difference to the person or entity who is the Owner of the Unit at the time of the refund.
5. There will be no interest paid by the Association on any pre-payments except as provided in subsection 4(a) above.
 6. If the final actual Remodel Costs are greater than the pre-payment amount, then the Association may a) impose a lump sum special assessment for the difference and/or b) increase that Unit's regular monthly operating assessment by the difference.

The undersigned hereby certifies that the foregoing resolution was approved by at least a majority of the Board members at a validly noticed meeting at which a quorum of the Board was present held on March 21, 2011.

Signed: Diane Wolfson, association counsel