

SECTION 8 POLICIES

8.01 Policies. As Board Policies are adopted they are compiled and provided for insertion into the handbook. Please maintain these for an up-to-date reference of policy matters (see index next page).

Policy	Acceptance Date
Certificate of Resale	(3/12/88)
Committees	(3/12/88)
Identification Cards	(3/12/88)
Maximum Occupancy	(Revised 7/13/91)
Member Mailing List	(Revised 6/13/15)
Pet Policy	(3/12/88)
ADA Service Animal Policy	(9/09/17)
Comfort Animals Policy	(9/09/17)
Reimbursement	(Revised 3/25/13)
Rental and Registration	(5/14/88)
Investment Policy	(Revised 6/9/12)
Forfeiture of Exchange/Redemption Rights	(Revised 5/11/92)
Advance Payment for Exchange	(5/14/89)
Trash Compactors	(3/11/89)
Inspection/Distribution of Corporate Records	(Revised 5/11/92)
Record Keeping	(Revised 5/11/92)
Special Authorization to Occupy a Time Share Unit	(6/12/04)
Non-Smoking Policy	(11/11/06)
Board Plaque Policy	(3/24/07)
CEC Collection Procedures	(11/7/08)
Advertising Policy	(11/7/08)
Reserve Fund Policy	(3/23/13)
Reserve Analysis Policy	(9/06/14)
Drone Policy	(11/11/16)

SECTION 9 CERTIFICATE OF RESALE

9.01 Certificate of Resale. A resale certificate shall be made available to owners upon written request and receipt of \$50.00 from an owner per Virginia Real Estate Time-Share Act 55-380, and within thirty (30) days.

SECTION 10 COMMITTEES

10.01 Committees. Conduct of the MVOA Board of Directors business requires the implementation of certain standing committees. This policy is hereby established to define the charter and membership of said committees. Every attempt should be made to install these significant working bodies as indicated below:

- A. **Executive Committee:** Chair (President); Members: The Executive Committee shall consist of members of the Board of Directors who have been elected by the general MVOA membership, as prescribed by the By-Laws. The Executive Committee consists of the principle officers of the Association are the President, Vice President, Treasurer and Secretary.

Function - Act on behalf of the Board of Directors (who retains after-the-fact review and approval rights) for official decisions or activities requiring Board commitment or action between scheduled or called Board meetings.

- B. **Nominating Committee:** The Nominating Committee will consist of three persons: Two current Board members, who are not candidates for re-election, and one Owner, at large, in good standing, without a relationship to any current Board member. The Chairperson will be selected by the Board President at the Annual Organizational meeting in November. The Chairperson, in turn, will select the other two members and present their names to the Board for approval at the following March Board meeting.

Function – Solicit, review resumes, and nominate candidates for vacancies on the Board of Directors. Candidates will be presented to the Board at the September Board meeting.

- C. **Budget Committee:** Chair (Treasurer); Members (At least two other Directors; and preferably one individual from the general membership with aspirations to serve on the Board).

Function - This group shall assist the Treasurer and the Management Company in the performance of their assigned financial responsibilities, particularly budget preparation and tracking. Since the total Board cannot be expected to absorb the numerous financial details, this group is responsible for overseeing these

transactions in sufficient depth to assure the Board of compliance to its directives, policies, and instructions in this area of activity.

- D. Membership Committee: Chair (Any present elected Board member); Members (Two or more individuals from the general membership).

Function - To monitor owner complaints, concerns, perceived Management Company or Massanutten Village problems with performance or services. This group will also coordinate special activities involving the general membership (i.e. annual meeting, special meetings, dedications, etc.). To provide input/review for content of newsletter and for timely publication. To review and dispose of the formal grievances from owners received and researched by the Management Company. (Note: Dissatisfied owners can always appeal to the full Board).

- F. Operations and Maintenance: Chair (Any present or past officer of the Board); Members (Two or more individuals from the general membership one of whom shall serve as Vice Chair to provide continuity to the various personnel that are involved in this activity).

Function - Coordinate the acquisition or implementation by the Management Company of specific projects authorized by the Board. O & M can perform the financial tracking of the specific projects; however, overall financial data must be integrated into the Budget activity so that total receipts and disbursements can be reconciled.

- G. Policy Committee: Chair (A present elected Board member). Members (Drawn from other committees as necessary to support specific areas).

Function - To review existing policy and controlling documents (By-Laws, etc.) for adequacy and recommend any changes or new policy to the Board for approval.

Since the Subject Committee members serve at the pleasure of the President of the Association, the normal procedure for their selection, unless predefined as being held by a certain office, will be the appointment of Chairman by the President at the Organizational Meeting following the Annual Membership Meeting. These Chairpersons are then responsible for submitting their recommendations for the remaining committee posts at the next full Board of Directors meeting.

Further, the Chairperson should indicate an anticipated schedule of activities and assure that suitable documentation (minutes, procedure committee notebooks, etc.) be passed

on at the conclusion of the committee activity. Note: All committee reports to the Board will be formally submitted in writing at the time of presentation.

SECTION 11 IDENTIFICATION CARDS

11.01 Eligibility.

- A. Owner I.D. Cards: Unless restricted by a maximum number requirement, (See Section 11.04), the following individuals shall be entitled to MVOA owner I.D. cards.
 - 1. Individuals whose names appear on the recorded Mountainside Villas timeshare deed as owners.
 - 2. Dependents of individuals as claimed on Federal Tax Returns. Generally this includes:
 - a. Spouse
 - b. Children under the age of eighteen (18)
 - c. Children over the age of eighteen (18) attending college
 - 3. Principals, employees or officers of a corporation or other business entity as designated in writing to MVOA by the appropriate authorized officer, partner or proprietor of said business entity holding title to a timeshare in the Mountainside Villas. This may also include dependents of principals, employees or officers to the entity, as defined in 11.01.A.2.
- B. Guest I.D. Cards: Unless restricted by maximum number requirements or as noted under "exchange cards" hereafter, all individuals occupying a Mountainside Villa in conjunction with or in lieu of any individuals listed in 11.01.A. hereof (with said individual's written permission) will be entitled to receive a guest card valid for the duration of their current occupancy.
- C. Exchange Cards: Unless restricted by maximum number requirements, all individuals occupying a Mountainside Villa in lieu of the owner(s) via exchange through RCI, II or similar exchange organization shall be entitled to exchange cards for the duration of their current occupancy. During the valid term, the exchange card

entitles bearer to all rights normally associated with and enjoyed by the holder of an owner I.D. card.

- D. Temporary Owner I.D.: When deemed appropriate, based on circumstances as interpreted by the Management Company, individuals noted in 11.01.A. hereof may from time to time be issued temporary owner I.D.'s. The imposition of a fee for such issuance shall be at the discretion of the Management Company based on said circumstances.

11.02 Issuance.

- A. The original owner I.D.'s shall be issued upon proof of identity and request to those entitled to receive same following verification of ownership or other entitlement. Verification shall be the submittal to the Management Company of the appropriate document as noted hereafter:
 - 1. A copy of a recorded deed or will.
 - 2. A signed statement by the owner signifying the qualification of the dependent.
 - 3. A duly executed resolution or statement by the appropriately authorized officer, partner or proprietor as noted in 11.01.A.3. designating the individuals entitled to receive the cards and attesting that said individuals are principals, employees or officers (or their dependents) of the entity.
- B. Reissued owner I.D.'s shall be provided upon request to those entitled in accordance with the appropriate fee. (See 11.05)
- C. Guest and exchange cards shall be issued upon check-in following proof of identity and proper authorization.

11.03 Validation.

- A. Owners shall be entitled to current calendar year validation at the MVOA Front Desk at any time that the owner's account for the timeshare reflects no past due balances due the Association. All validations of owner I.D.'s expire on December 31, of each year or as soon as an account balance becomes past due.
- B. Guest and Exchange cards shall be valid from the time of issuance at check-in until the end of the scheduled period of occupancy in the

Mountainside Villa. An expiration date shall be noted on the card upon issuance.

- C. Temporary owner I.D.'s shall be valid for whatever time deemed appropriate for the circumstances by the Management Company. An expiration date shall be noted on the card upon issuance.

11.04 Maximum Number of Cards.

- A. In no instance shall more than eight (8) owner cards of any combination be issued at the same time for each timeshare.
- B. In no instance shall more than eight (8) cards of any combination (owner cards-in residence, guest cards or exchange cards) be issued at the same time for each timeshare.

11.05 Fees.

- A. Owner I.D. Cards:
 - 1. Original issuance - No charge.
 - 2. Re-issuance:
 - a. More than 5 years after most recent issuance - no charge.
 - b. Less than 5 years since most recent issuance - \$10.00.
- B. Guest I.D. Cards - no charge.
- C. Temporary I.D. Cards
 - 1. prior to original issuance of owner I.D. – no charge.
 - 2. Following original issuance of owner I.D. - \$5.00*.
 - 3. Subject to waiver at the discretion of the Management Company.

SECTION 12
MVOA MAXIMUM OCCUPANCY POLICY

12.01 MVOA Maximum Occupancy Policy. No Mountainside Villa's Unit shall be occupied by more than eight (8) persons at any one time.

SECTION 13
MEMBER MAILING LIST

This policy is consistent with Virginia Time-Share Law Section § 55-370.01. Time-share owners' association books and records; meetings; use of e-mail

13.01 Member (MV Owner) contact information (i.e., Name, Address, Telephone Number and E-mail Address(s)). The contact information of MVOA Members cannot be released to anyone without the member's written approval. The Association will not actively solicit Member approval. If a member provides written approval then the following conditions will apply:

- A. Individual members, in good standing (i.e., no outstanding debt owed MVOA), may request MV member contact information with understanding and agreement that the contact information will not be utilized for solicitation purposes of any kind, as indicated on the exhibit titled, "MVOA Membership Information Application and Affidavit." The requesting member must sign the written Affidavit agreement acknowledging the understanding.
- B. Requested Contact information will be produced from the most current data available in the MVOA Owner Database. MVOA will not guarantee the accuracy of the data.
- C. Requesting member will be charged a flat rate of \$500.00 for a full list of all Owners who have agreed to permit their Contact Information to be released to other Owners (fee paid payable in advance). Partial lists (i.e., specific Owner information) will be provided upon request as long as such a list is available within the computer system's logical sequence of information retrieval. The charge will be \$1.00 per name, with a minimum fee of \$25.00 and a maximum of \$500.00

13.02 Alternatively, a Member, in good standing, may request, in writing, that the Board of Directors forward to all or some Members, information pertaining to the business of MVOA. MVOA shall mail to those persons listed on the list materials provided by any member in good standing, if the purpose of the mailing is to advance legitimate

Association business. The use of any proxies solicited in this manner must comply with the provisions of the VA time share laws. A mailing requested for the purpose of advancing legitimate association business shall occur within 45 days after receipt of a request from a member. The board of directors of MVOA shall be responsible for determining the appropriateness of any mailing requested pursuant to this subsection and whose decision in this regard shall be final. The Association shall be paid in advance for the association's actual costs in performing the mailing, including but not limited to postage, supplies, reasonable labor, and attorney fees.

SECTION 14

PET POLICY/SERVICE ANIMALS POLICY/COMFORT ANIMALS POLICY

14.01 Pet Policy. For individuals found having pets in their units, there will be a fee levied of \$250.00 for the first offense and \$500.00 for each additional offense.

This policy will be distributed to all owners' attention along with their pre-registration form. If a fee is levied, the owner will be required to pay said fee prior to being able to utilize his unit upon his next scheduled occupancy.

14.02 ADA Service Animal Policy. The following will apply for Owners/guests with a service animal(s) covered under the ADA service animals provision:

1. The service animal(s) must be under the control of the owner at all times and cannot be left alone or unattended in any unit or any Massanutten property.
2. The service animal(s) cannot be left alone on any balcony.
3. If the owner/guest doesn't take effective control of the service animal(s) or if the service animal(s) poses a direct threat to the health and safety of others that cannot be eliminated or reduced to an acceptable level, the service animal's owner/guest may be requested to remove the service animal(s) from the premises. However, the owner/guest will be allowed to return to the property without the service animal(s).
4. The service animal(s) must be leashed or carried by hand at all times when outside a Unit.
5. The owner/guest must clean up all wastes of their service animal(s).
6. The owner/guest will be responsible for any maintenance or repair to the unit(s) caused by the service animal(s) in accordance with the By-Laws of Mountainside Villas Article X Section 2.
7. The service animal(s) must be registered as follows:

Service Animal Registry:

Is this a service animal that is required because of a disability? Yes ____ No ____

What work or task has the service animal(s) been trained to perform? _____

Service _____	Animal _____	One	Name _____
Breed _____	Weight _____	Color _____	
Service _____	Animal _____	Two	Name _____
Breed _____	Weight _____	Color _____	

Period of Stay: From _____ to _____

Unregistered service animals will be considered pets and covered under the pet policy.

14.03 Comfort Animals Policy. Emotional support animal, comfort animals, and therapy dogs are not service animals under Title II and Title III of the ADA. Other species of animals, whether wild or domestic, trained or untrained, are not considered service animals either. The work or tasks performed by a service animal must be directly related to the individual's disability. It does not matter if a person has a note from a doctor that states that the person has a disability and needs to have the animal for emotional support. A doctor's letter does not turn an animal into a service animal.

Therefore, emotional support, comfort and/or therapy animals will be considered pets and covered under the pet policy.

SECTION 15 REIMBURSEMENT

15.01 Reimbursement Policy. It is the policy of MVOA to reimburse its Board and Committee Members for expenses incurred in performance of their duties (primarily to attend and support Board and Committee meetings) as noted herein.

15.02 Travel.

- A. Privately owned vehicle mileage in direct support of Board activity at currently authorized IRS rates established for business mileage.
- B. Other transportation at cost properly vouchered.
- C. Meals occurring away from home base for self and business associates (receipt and names required for cost exceeding \$5.00).
- D. Total of the above (for any one trip) is subject to a cap of \$300.00 unless authorized by prior Board approval.

15.03 Other.

- A. Postage (receipts for items in excess of \$5.00)
- B. Telephone (furnish copy of bills and a written identification of purpose).

15.04 Lodging. Overnight accommodations will be arranged by the Management Company (timeshares if available) including local hotels if necessary. This is intended to cover Board and Committee members only for lodging required by early (prior to 10:00 A.M.) or late (after 5:00 p.m.) meetings. Also accommodations will be provided in extreme weather conditions and for multiple meetings (i.e. Friday night Committee and Saturday Board meetings).

15.05 Reimbursement Procedure. Expense reimbursement forms should be filled out and returned to the General Manager within ten (10) days. General Manager will approve payment of travel reimbursement within thirty (30) days. Should there be any dispute or question in the travel or reimbursement request, the General Manager will forward the said voucher and information to the MVOA Treasurer for final disposition.

SECTION 16 MVOA RENTAL AND GUEST REGISTRATION POLICY

16.01 MVOA Rental and Guest Registration Policy. All renters of Mountainside Villas or guests of Mountainside Villas Owners checking into or occupying a Mountainside Villa without being accompanied by the owner must:

- A. Have written authorization from the owner to obtain a key from the MVOA Front Desk.
- B. Register and checkout directly at the MVOA Front Desk and obtain the unit key at that location. No keys will be released to rental agents for distribution to renters. An exception to this policy is made for time-shares owned by Great Eastern Resort Corporation (GERC). This entity is authorized to obtain keys to its owned timeshares for occupancy by other than corporate designated parties.
- C. "A" and "B" preceding are waived for GERC. However, the registration data on actual occupancy shall be supplied to the MVOA Front Desk within a reasonable amount of time, usually within 24 hours.

SECTION 17

MVOA INVESTMENT POLICY

17.01 MVOA Investment Policy. In addition to carrying funds in the MVOA General Accounts, subject to the periodic overview of the MVOA Budget Committee, MVOA's Funds may be invested as mutually agreeable to the MVOA Investment Advisor and MVOA Treasurer as follows:

- A. Insured Certificates of Deposit not to exceed the maximum insurability total of investments and deposits at any one Bank.
- B. Insured Money Market Accounts not to exceed the maximum insurability total (collected funds) of investments and deposits at any one Bank.
- C. Securities backed by the United States Government.

Any investments per the previous list for longer than two (2) years must be approved by the MVOA Budget Committee. Any other investments must be specifically approved by the MVOA Board of Directors.

SECTION 18

FORFEITURE TO MVOA OF EXCHANGE PRIVILEGES OWNER REDEMPTION RIGHTS ASSOCIATED THERETO

18.01 Policy. Upon receipt of a space banking request, the Exchange Company shall place it into a pending status until verification has been received from the resort staff of acceptance or denial. Acceptance or denial shall be determined utilizing the following criteria:

- A. If all fees have been paid (including advance payment for future years usage being deposited), the space banking deposit will be verified for acceptance.
- B. If fees have not been paid for a future year's deposit, the deposit will be denied and a notification will be mailed to the owner of the unit indicating that the fees for the year being deposited must be paid. Future fee payments must be equal to or exceed the current year amount. In addition, owners must have paid all fees up to and including the projected amount due for that future year being deposited and all intervening years.

- C. If fees have not been paid for a current year deposit and the ownership week start date falls within twenty-one (21) days of the deposit date, the deposit shall be placed into a bulk-bank holding account. The owner of the unit will be notified by letter that his unit is in a holding status and it will state the amount of past due fees. The owner shall be allowed twenty-one (21) days from the date of the letter in which to remit the total balance. If the balance due has not been paid upon the expiration of this period, the timeshare shall be transferred permanently to the MVOA bulk-bank account. MVOA shall have no obligation to provide any usage of timeshare or exchange privileges to the owner in the future relative to that timeshare unit week. Irrespective of that fact, the fees in question remain the responsibility of the owner and must be paid prior to any future usage. MVOA may attempt to dispose of any timeshare usage obtained pursuant to this policy in any fashion which would generate funds which would be applied to the balance due on that owner's account. However, MVOA shall have no obligation whatsoever to do so.
- D. Any owner whose unit is three (3) months or more past due on any current year fee or who has a remaining balance from a previous year shall be subject to having their activity privileges blocked. Such owner's exchange membership shall remain active, but any space bank time for which an exchange has not been made shall be blocked until such time as the MVOA fees are paid. In addition, such owner shall be ineligible to make space bank deposits until said fees are paid.

SECTION 19

PAYMENT OF MVOA FEES PRIOR TO EXCHANGE VERIFICATION OR OTHER USAGE

19.01 Policy and Procedure. All fees (CEC's, Special Assessments, etc.) applicable to a timeshare must be paid to MVOA prior to the exchange, rental, loan or usage of said timeshare. In addition to applying to the current year, this policy shall specifically include the requirement that all fees applicable to future (beyond the current year) usage which is promised in exchange for current or future usage of another timeshare or which is being placed into a rental program must be paid to MVOA, in advance, in order for MVOA to provide owner verification to the appropriate exchange or rental organization.

SECTION 20 PHASING OUT OF TRASH COMPACTORS FROM UNITS

20.01 Trash Compactors. As a trash compactor ends its useful life within a unit, it will be phased out and not replaced.

SECTION 21 INSPECTION & DISTRIBUTION OF CORPORATE RECORDS

21.01 Policy. MVOA's policy for the Inspection and Distribution of Corporate Records shall be consistent with Virginia Code 13.1 - 933 and 13.1 - 934 as cited hereafter.

Pursuant to subsection C of 13.1, the right and duty to determine whether or not an owner's request is in compliance with this section and to respond accordingly shall lie with MVOA's Management Company, he or she may appeal the decision of said agent to the MVOA Board of Directors at its next regularly scheduled meeting. Pursuant to subsection C of 13.1 - 934, the charge for obtaining copies of any records not covered by another specific policy shall be \$.75 per page copied. Copies shall be made by the MVOA staff.

21.02 Reprint of the Code of Virginia - Article 15 Records & Reports: 13.1-933 Inspection of Records by Members

- A. Subject to subsection C of 13.1-934, a member of a corporation is entitled to inspect and copy, during regular business hours at the corporation's principal office, any of the records of the Corporation described in subsection D of 13.1-932 if he gives the corporation written notice of his demand at least five (5) business days before the date on which he wishes to inspect and copy.
- B. A member of a corporation is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation if the member meets the requirements of subsection C of this section and gives the corporation written notice of his demand at least five (5) business days before the date on which he wishes to inspect and copy:
 - 1. Excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors while acting in place of members, and records of action taken by the members or board of directors without a meeting, to the extent not subject to inspection under subsection A of this section;

2. Accounting records of the corporation; and
 3. The record of members.
- C. A member may inspect and copy the records identified in subsection B of this section only if:
1. He has been a member for at least six months immediately preceding his demand;
 2. His demand is made in good faith and for proper purpose;
 3. He describes with reasonable particularity his purpose and the records he desires to inspect; and
 4. The records are directly connected with his purpose.
- D. The right of inspection granted by this section may not be abolished or limited by a corporation's articles of incorporation or by-laws.
- E. This section does not affect:
1. The right of a member to inspect records if the member is in litigation with the corporation, to the same extent as any other litigant; or
 2. The power of a court, independently of this Act, to compel the production of corporate records for examination. (1985, c.522.)

13.1-934 Scope of Inspection Right

- A. A member's agent or attorney has the same inspection and copying rights as the member he represents.
- B. The right to copy records under 13.1-933 includes, if reasonable, the right to receive copies made by photographic or other means.
- C. The corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the member. The charge may not exceed the estimated cost of production or reproduction of the records.

- D. The corporation may comply with a member's demand to inspect records of members under paragraph 3 of subsection B of 13.1-933 by providing him with a list of its members that was compiled no earlier than the date of the member's demand. (1985, c.522.)

SECTION 22

MVOA RECORD KEEPING POLICY

22.01 Record Keeping Policy. Records of the Association shall be prepared and maintained in keeping with applicable Federal and State Laws, the Association's By-laws, Statement of Mutual Ownership Agreements, Policies and the following guidelines. Among other things, it shall be the responsibility of the Association's Secretary to assure compliance with said following guidelines:

22.02 Minutes.

- A. Board of Directors Meetings and Organizational Meetings:
1. Recording and preparation are to be handled by the Management Company. Every attempt shall be made to have drafts prepared and submitted to the Secretary for comment within 14 days of the meeting.
 2. Copies are to be distributed to Board Members by the Management Company along with the notice of the next meeting.
 3. Once approved, the approved original will be placed into the Minute Books which are to be maintained by the Management Company.
- B. Committee Meetings are to be handled the same as Board Meetings except that minutes will be submitted to the Committee Chairman for comment instead of the Secretary. (Committee meeting minutes do not require review by the Association's attorney).
- C. Annual Meetings. The recap of the annual meeting prepared for the MVOA Newsletter shall constitute the minutes of the meeting. Said recap shall be prepared by the Management Company, approved by the Board at its next regular Board meeting, and maintained in the Board Meeting minute books.

22.03 Proxies and Ballots.

- A. Preparation and distribution will be the responsibility of the Management Company in accordance with the directions of the Board of Directors.
- B. Tallying shall be performed by the Management Company or such other individuals appointed by the President.
- C. All procedures for handling proxies and ballots shall be reviewed by the Secretary to assure accuracy and compliance with the association documents.
- D. The Secretary will prepare and sign an affidavit indicating the dates of all notices for meetings of the membership at which votes are to be cast.

22.04 Record Storage and Retention.

- A. Originals of all documents shall remain the property of MVOA and shall be stored on behalf of the Association by the Management Company.
- B. Copies of all Board minutes, By-laws, Covenants and the Articles of Incorporation shall be stored by the current Secretary.
- C. Copies of all Committee Minutes shall be stored by the then current Committee Chair.
- D. The Retention Schedule for MVOA records shall be as follows.

22.05 Retention Schedule.

NAME OF FILE	CURRENT FILE	STORAGE
Annual Reports	2 years	permanently
Articles of Incorporation		Permanently
As Built Specifications Plans		Permanently
Assessment Information	1 year	7 years
Assessment Status	1 year	7 years
Bank Reconciliation's	1 year	1 year
Budget	1 year	permanently
Canceled Checks & Bank Statements	1 year	7 years
Cash Disbursements Journal	1 year	permanently

Cash Receipts Journal	1 year	permanently
Certificates of Insurance	1 year	7 years
Committee Reports	1 year	3 years
Contracts	1 year	7 years
Correspondence-General Matters	1 year	3 years
Correspondence-Legal & Contract	1 year	permanently

22.05 Retention Schedule continued.

NAME OF FILE	CURRENT FILE	STORAGE
Declaration		Permanently
Deeds		Permanently
Duplicate Deposit Tickets	1 year	1 year
Employee Applications	1 year	1 year
Employee Files-Separated	1 year	7 years
Federal Income Tax Returns	3 years	permanently
Financial Statements-Monthly	1 year	7 years
General Ledgers	1 year	permanently
General Journals	1 year	permanently
Identification Numbers-Fed. & State		Permanently
Insurance Policies	1 year	7 years
Insurance Claims-Open	Until Settled	
Insurance Claims-Settled	1 year	7 years
Investments-Statements	1 year	7 years
Invoices from Suppliers	1 year	7 years
Leases-Unexpired	Until Expired	
Leases-Expired		7 years
Legal Files-Open Matters	Until Closed	
Legal-Closed	1 year	permanently
Lists-Mailing, etc.	1 year	
Management Notices	1 year	3 years
Minutes-Board of Director	1 year	permanently
Newsletters	1 year	3 years
Payroll Records	1 year	7 years
Plat or Survey		Permanently
Proposals	1 year	7 years
Purchase Orders	1 year	1 year
Real Estate Taxes	1 year	7 years
Right of First Refusal Letters	1 year	permanently
Rules and Regulations		Permanently
State Income Tax Returns	3 years	permanently
Unemployment Taxes-State & Fed.	3 years	permanently
Warranties-Unexpired	Until Expired	
Warranties-Expired		7 years
Withholding Tax Returns-State/Fed.	3 years	permanently

SECTION 23

SPECIAL AUTHORIZATION TO OCCUPY A TIMESHARE UNIT

23.01 Special Authorization to Occupy a Timeshare Unit

There are times when it is to the advantage of the Association to allow an individual(s), other than the owners and authorized guests, to occupy a Time Share Unit (Unit). The objective of this policy is not to avoid occupation of Association Units, but to avoid use of Units unless it clearly, in Management's judgment, provides actual or potential cost savings to the Association.

The General Manager has broad authority to authorize an individual(s) to occupy a Unit. Examples of when Management is authorized to offer housing in a Unit(s):

- (1) If it is necessary to obtain a bid on MVOA proposed contracted work, where a potential high quality low bidder will not come to the property because of its remoteness and the estimate would require the company to house their person or team overnight or a more extended period and they are unwilling to make that investment in order to provide the bid.
- (2) If contracted work extends for a full day or longer period and the cost of allowing the contractor(s) to occupy an MVOA unit while the works performed, is considerably less than the increase in contract price where the contractor provides their own housing during the contract period.

However, any person(s) who is (are) not an owner and/or are not engaged in official business with the Association are not permitted to stay in a Unit without pre-approval by a member of the Executive Committee. A summary of all occupancies permitted under this policy will be part of the General Manager's report at each Board Meeting. As a minimum this report will include:

- number of units occupied
- the number of individuals
- reason for authorizing occupancy
- the length of stay
- the amount paid

The cost for the use of the unit will be determined by the General Manager and agreed to be paid by the occupant(s). The minimum cost per unit, will be the current cost of the weekly cleaning fee. The cleaning cost will be charged for any week or fraction thereof that the unit is occupied.

The occupant(s) are responsible for the proper care of the Unit. The Unit(s) would be inspected prior to checkout by Management to ensure that the Unit(s) is left just as an owner would leave it. The occupant will be responsible for the replacement or repair of any furnishings, fixtures, or equipment necessary by his/her act, neglect or carelessness.

The General Manager will require a credit card imprint as a condition for occupying a Unit. If the occupant does not pay any charges incurred at the time of departure, the charges will be placed on his/her Credit Card.

Each individual occupying a Time Share Unit, under this policy will sign a document agreeing to the requirements set forth in this policy prior to occupying a Unit.

Policy adopted by the Board of Directors on June 12, 2004.

SECTION 24 NON-SMOKING POLICY

Section 24.01 Non-Smoking Policy Mountainside Villas has adopted a non-smoking policy effective January 1, 2007. A fine to equal the cost of conducting a special cleaning of a unit after smoking occurs will be levied on any owner or occupant of a unit in which smoking is detected.

This policy will be distributed to all owners' attention along with their pre-registration form. If a fee is levied, the owner will be required to pay said fee prior to being able to utilize his unit upon his next scheduled occupancy.

SECTION 25 BOARD PLAQUE POLICY

Section 25.01 Board Plaque Policy A member of the Association who served as an officer on the Board of Directors for one (1) full term or more and leaves or is not re-elected, shall receive a plaque. Anyone not completing at least one (1) full term shall receive a certificate of appreciation.

A member of the Board of Directors who served for one (1) full term or more and leaves or is not reelected shall receive a plaque. Anyone not completing at least one (1) full term shall receive a certificate of appreciation.

A member of a standing committee who has served for three (3) terms or more shall receive a plaque. Anyone not completing at least one (1) full term shall receive a certificate of appreciation.

Any officer of the board, board member or member of a standing committee who dies while in office shall receive a plaque.

Final authority to award remains with the Board of Directors.

SECTION 26 COMMON EXPENSE CHARGE COLLECTION PROCEDURES

1. Purpose:

To establish policy for the Mountainside Villas Board of Directors to follow to collect each owner's annual common expense charge (CEC) and to pursue foreclosure proceeding on Timeshare Owners that have failed to pay the CEC in the allotted time period.

2. References:

2.1 Time Share Instrument for Mountainside Villas, a Time Share Project, recorded at Rockingham County Circuit Court Clerk's Office in Deed Book 527, Page 442, as amended.

2.2 Code of Virginia, §55-360 to §55-400. The "Virginia Real Estate Time-Share Act." (N.B.; CECs are equivalent to maintenance fees referenced in the Act.)

2.3 By-Laws of Mountainside Villas Owners Association, Inc. as amended through November 13, 2004. Relevant provisions pertaining to CEC collection:

- Article IX, Section 5 (c): Each Time Period owner's CEC charge (CEC) shall be due and payable thirty days prior to the commencement of his Time Period in the year of purchase of such Time Period and thereafter shall be due and payable on January 1 of each succeeding year. Such charge shall be payable to the Association which shall upon request provide a receipt.
- Article IX, Section 5 (f): In addition to any remedies that are provided for hereinafter in the By-Laws, in the event that a Time Period owner fails to pay his CEC the Board may terminate all service, utility and otherwise to such unit during the owner's Time Period (N.B.; this Article will be implemented by denying the Time Period owner use of his/her Time Share unit until the CEC is paid in full including all assessed expenses).
- Article IX, Section 9: Default in Payment of Charges of Assessments. (a) If a Time Period owner fails to pay any charge or assessment provided for by this Article, the Board of Directors or the Managing Agent shall on behalf of the Association institute such action against the Time Period

Owner obligated to pay the said charge and shall foreclose any judgment on the Time Period or periods owned by said individual or individuals. Any judgment entered against a Time Period shall include interest on the charge or assessment at the maximum rate allowed by law, costs and a reasonable attorney's fee for collection.

3. MVOA Annual CEC Billing & Late Fee Procedure:

- An annual CEC statement (Exhibit A) is sent to each owner via first class mail. These statements are sent the week immediately following the Saturday Annual Meeting of Members where the following year's budget is approved.
- The annual CEC is due on the 1st day of January and a grace period is given until January 31st. If the owner's time period begins in January the owner will be required to pay the annual CEC prior to use or banking.
- If payment is not received by January 31 (31st day) a \$25.00 late fee is assessed and a 2nd statement is generated and sent, and the account goes into "Internal Collections" status (Exhibit B) and the owner will be denied the right to use his/her time period until payment is received.
- If payment is not received by March 1st (60 days past due) a collections letter will be sent (Exhibit C) notifying the owner that if payment is not received by March 31st the account balance due (including late assessed late fees) will be turned over to a third party collections agency.
- If payment is not received by March 31st (90 days past due) the account will be sent to the Collection Agency. Interest will be assessed on the unpaid balance at the rate of 1% every 30 days (12% APR). All expenses associated with the collection of the past due annual CEC will be the responsibility of the time share unit owner.

4. Procedure for Foreclosure of Delinquent Time Period Owners:

The following steps will be taken when the assessment becomes overdue and collection efforts by the Collection Agency have not been successful:

- If no payment has been made by September 1st (240 days from the initial due date) then a US Postal service certified, return receipt, letter will be sent to the owner giving notice of "intent to lien." (Exhibit D).
- 30 days after the "intent to lien" letter is sent (October 1st), if the owner has not contacted the Association with full payment the owner's Time Period will be turned over to the Association's attorney.

- The Association's attorney will begin foreclosure procedures in accordance with the Commonwealth of Virginia Code of Virginia, The Virginia Real-Estate Time-share Act, with objective of transferring ownership of the week/unit (property) to MVOA for its use and/or disposition. In accordance with the Act a lien will be filed with Rockingham County Clerk's Office. Upon "perfecting the lien" pursuant to Time-share Act, MVOA may sell the time-share unit at public sale, subject to prior liens. At anytime during this process and prior to final judgment/sale, the owner may pay in full the annual CEC plus all fees, costs of foreclosure/collection and interest assessed thereby retaining ownership.
- Prior to offering the timeshare unit public sale, MVOA will coordinate and negotiate with other lien holders of record to determine the viability of public sale. The MVOA Board of Directors will review all properties with multiple liens to determine the cost benefit of selling.

5. Changes to this Policy:

This policy remains at the discretion of the Board of Directors of the MVOA and subject to change from time-to-time by the Board. Such changes may be made via official Board of Directors action or on an operational basis by the Board officers in cooperation with Association management officials. All policies set forth herein are not intended to create any independent rights on the part of Owners may be modified, supplemented or waived for any particular unit or units at the full discretion of the Board of Directors. Changes to the policy will be posted on the MVOA website and Owners will be informed of the change(s).

6. Approval: This policy approved by the MVOA BOD on November 7, 2008 and is effective immediately.

Attached: Exhibits A, B, C, D & E

Exhibit E: Code of Virginia: Extract of Virginia Real-estate Time-share Act

§ 55-370. Time-share estate owners' association control liens.

A. The board of directors of the association shall have the authority to adopt regular annual assessments and to levy periodic special assessments against each of the time-share estate unit owners and to collect the same from such owners according to law, if the purpose in so doing is determined by the board of directors to be in the best interest of the project and the proceeds are used to pay time-share expenses. In addition, the board of directors of the association shall have the authority to collect, on behalf of the developer or on its own account, the maintenance fee imposed by the developer pursuant to § 55-369. The authority hereby granted and conferred upon the association shall exist notwithstanding any covenants and restrictions of record applicable to the project stated to the contrary and any such covenants and restrictions are hereby declared void.

B. The developer may provide that it not be obligated to pay all or a portion of any assessment, dues, or other charges of the association, however denominated, passed, or adopted, pursuant to subsection A, if such developer so provides, in bold type, in the time-share instrument for the time-share estate project. If no such provision exists, the developer shall be responsible to pay the same assessment, dues, or other charges that a time-share estate owner is obligated to pay for each of its unsold time-shares existing at the end of the fiscal year of the association and no more if the board of directors of the association so determines. In no event shall either a time-share expense or the dues, assessment, or charges of the association discriminate against the developer.

C. The association shall have a lien on every time-share estate within its project for unpaid and past due regular or special assessments levied against that estate in accordance with the provisions of this chapter and for all unpaid and past due maintenance fees.

The association, in order to perfect the lien given by this subsection, shall file, before the expiration of four years from the time such special or regular assessment or maintenance fee became due and payable, in the clerk's office of the county or city in which the project is situated, a memorandum verified by the oath of any officer of the association or its managing agent and containing the following information:

1. The name and location of the project;
2. The name and address of each owner of the time-share on which the lien exists and a description of the unit in which the time-share is situate;

3. The amount of unpaid and past due special or regular assessments or unpaid and past due maintenance fees applicable to the time-share, together with the date when each became due;
4. The amount of any other charges owing occasioned by the failure of the owner to pay the assessments or maintenance fees, including late charges, interest, postage and handling, attorneys' fees, recording costs and release fees;
5. The name, address and telephone number of the association's trustee, if known at the time, who will be called upon by the association to foreclose on the lien upon the owner's failure to pay as provided in this subsection; and
6. The date of issuance of the memorandum.

Notwithstanding any other provision of this chapter, or any other provision of law requiring documents to be recorded in the deed books of the clerk's office of any court, from July 1, 1981, all memoranda of liens arising under this subsection shall be recorded in the deed books in such clerk's office. Any such memorandum shall be indexed in the general index to deeds, and such general index shall identify the lien as a lien for time-share estate regular or special assessments or maintenance fees.

It shall be the duty of the clerk in whose office such memorandum shall be filed as provided herein to record and index the same as provided in this subsection, in the names of the persons identified therein as well as in the name of the time-share estates owners' association. The cost of recording such memorandum shall be taxed against the owner of the time-share on which the lien is placed. The filing with the clerk of one memorandum on which is listed two or more delinquent time-share estate unit owners is permitted in order to perfect the lien hereby allowed and the cost of filing in this event shall be the clerk's fee as prescribed in subdivision A. 2. of § 17.1-275.

D. At any time after perfecting the lien pursuant to this section, the association may sell the time-share estate at public sale, subject to prior liens. For purposes of this section, the association shall have the power both to sell and convey the time-share estate, and shall be deemed the time-share estate owner's statutory agent for the purpose of transferring title to the time-share estate. A nonjudicial foreclosure sale shall be conducted by a trustee and in accordance with the following:

1. The association shall give notice to the time-share estate owner, prior to advertisement, as required by subdivision 4. The notice shall specify (i) the debt secured by the perfected lien; (ii) the action required to satisfy the debt

secured by the perfected lien; (iii) the date, not less than 60 days from the date the notice is given to the time-share estate owner, by which the debt secured by the lien must be satisfied; and (iv) that failure to satisfy the debt secured by the lien on or before the date specified in the notice may result in the sale of the time-share estate. The notice shall further inform the time-share estate owner of the right to bring a court action in the circuit court of the county or city where the time-share project is located to assert the nonexistence of a debt or any other defenses of the time-share estate owner to the sale.

2. After expiration of the 60-day notice period provided in subdivision 1, the association may appoint a trustee to conduct the sale. The appointment of the trustee shall be filed in the clerk's office of the circuit court in the county or city in which the time-share project is located. It shall be the duty of the clerk in whose office such appointment is filed to record and index the same, as provided in this subsection, in the names of the persons identified therein as well as in the name of the association. The association, at its option, may from time to time remove the trustee and appoint a successor trustee.

3. If the time-share estate owner meets the conditions specified in this subdivision prior to the date of the foreclosure sale, the time-share estate owner shall have the right to have enforcement of the perfected lien discontinued prior to the sale of the time-share estate. Such conditions are that the time-share estate owner: (i) satisfy the debt secured by lien that is the subject of the nonjudicial foreclosure sale and (ii) pay all expenses and costs incurred in perfecting and enforcing the lien, including but not limited to advertising costs and reasonable attorney fees.

4. In addition to the advertisement required by subdivision 5, the association shall give written notice of the time, date, and place of any proposed sale in execution of the lien, including the name, address, and telephone number of the trustee, by personal delivery or by mail to (i) the present owner of the time-share estate to be sold at his last known address as such owner and address appear in the records of the association, (ii) any lienholder who holds a note against the time-share estate secured by a deed of trust recorded at least 30 days prior to the proposed sale and whose address is recorded with the deed of trust, and (iii) any assignee of such a note secured by a deed of trust provided the assignment and address of the assignee are likewise recorded at least 30 days prior to the proposed sale. Mailing a copy of the advertisement or the notice containing the same information to the owner by certified or registered mail no less than 14 days prior to such sale and to the lienholders and their assigns, at the addresses noted in the memorandum of lien, by ordinary mail no less than 14 days prior to such sale shall be a sufficient compliance with the requirement of notice.

5. The advertisement of sale by the association shall be in a newspaper having a general circulation in the city or county wherein the time-share estate to be sold and the time-share project, or any portion thereof, lies pursuant to the following provisions:

a. The association shall advertise once a week for four successive weeks; however, if the time-share estate and the time-share project or some portion thereof is located in a city or in a county immediately contiguous to a city, publication of the advertisement five different days, which may be consecutive days, shall be deemed adequate. The sale shall be held on any day following the day of the last advertisement that is no earlier than eight days following the first advertisement nor more than 30 days following the last advertisement.

b. Such advertisement shall be placed in that section of the newspaper where legal notices appear or where the type of time-share estate being sold is generally advertised for sale. The advertisement of sale, in addition to such other matters as the association finds appropriate, shall set forth a description of the time-share estate to be sold, which description need not be as extensive as that contained in the deed of trust, but shall identify the time-share project by street address, if any, or, if none, shall give the general location of such time-share project with reference to streets, routes, or known landmarks with further identification of the time-share estate to be sold. Where available, tax map identification may be used but is not required. The advertisement shall also include the date, time, place, and terms of sale and the name of the association. It shall set forth the name, address, and telephone number of the representative, agent, or attorney who may be able to respond to inquiries concerning the sale.

c. In addition to the advertisement required by subdivisions 5a and 5b, the association may give such other further and different advertisement as the association finds appropriate.

6. In the event of postponement of the sale, which postponement shall be at the discretion of the association, advertisement of the postponed sale shall be in the same manner as the original advertisement of sale.

7. Failure to comply with the requirements for advertisement contained in this section shall, upon petition, render a sale of the property voidable by the court. Such petition shall be filed within 60 days of the sale or the right to do so shall lapse.

8. In the event of a sale, the association shall have the following powers and duties:

a. The association may sell two or more time-share estates at the sale. Written one-price bids may be made and shall be received by the trustee from the association or any person for entry by announcement at the sale. Any person other than the trustee may bid at the foreclosure sale, including a person who has submitted a written one-price bid. Upon request to the trustee, any other bidder in attendance at a foreclosure sale shall be permitted to inspect written bids. Unless otherwise provided in the time-share instrument, the association may bid to purchase the time-share estate at a foreclosure sale. The association may own, lease, encumber, exchange, sell, or convey the time-share estate. Whenever the written bid of the association is the highest bid submitted at the sale, such written bid shall be filed by the trustee with his account of sale required under subdivision D 10 of this section and § 26-15. The written bid submitted pursuant to this subsection may be prepared by the association, its agent or attorney.

b. The association may require of any bidder at any sale a cash deposit of as much as 33.33% of the sale price before his bid is received, which shall be refunded to him if the time-share estate is not sold to him through action of the trustee. The deposit of the successful bidder shall be applied to his credit at settlement, or if such bidder fails to complete his purchase promptly, the deposit shall be applied to pay the costs and expenses of the sale, and the balance, if any, shall be retained by the association in connection with that sale.

c. The association shall receive and receipt for the proceeds of sale, no purchaser being required to see to the application of the proceeds, and apply the same in the following order: first, to the reasonable expenses of sale, including reasonable attorney fees; second, to the satisfaction of all taxes, levies, and assessments, with costs and interest; third, to the satisfaction of the lien for the time-share estate owners' assessments; fourth, to the satisfaction in the order of priority of any remaining inferior claims of record; and fifth, to pay the residue of the proceeds to the time-share estate owner or his assigns; provided, however, that the association as to such residue shall not be bound by any inheritance, devise, conveyance, assignment or lien of or upon the unit owner's equity, without actual notice thereof prior to distribution.

9. The trustee shall deliver to the purchaser a trustee's deed conveying the time-share estate with special warranty of title. The trustee shall not be required to take possession of the time-share estate prior to the sale thereof or to deliver possession of the time-share estate to the purchaser at the sale.

10. The trustee shall file an accounting of the sale with the commissioner of accounts pursuant to § 26-15 and every account of a sale shall be recorded pursuant to § 26-16. In addition, the accounting shall be made available for inspection and copying pursuant to § 55-370.01 upon the written request of the prior time-share estate owner, current time-share estate owner, or any holder of a recorded lien against the time-share estate at the time of the sale. The association shall maintain a copy of the accounting for at least 12 months following the foreclosure sale.

11. If the sale of a time-share estate is made pursuant to this subsection and the accounting is made by the trustee, the title of the purchaser at such sale shall not be disturbed unless within six months from the date of foreclosure, the sale is set aside by the court or an appeal is allowed by the Supreme Court of Virginia, and a decree is therein entered requiring such sale to be set aside.

When payment or satisfaction is made of a debt secured by the lien perfected by this subsection, such lien shall be released in accordance with the provisions of § 55-66.3. For the purposes of § 55-66.3, any officer of the time-share estate owners' association or its managing agent shall be deemed the duly authorized agent of the lien creditor.

E. The commissioner of accounts to whom an account of sale is returned in connection with the foreclosure of either a lien under subsection C or a purchase money deed of trust taken back by the developer in the sale of a time-share in order to satisfy § 26-15 shall be entitled to a fee, not to exceed forty-five dollars, on each such sale.

F. Any time-share owner within the project having executed a contract for the disposition of the time-share, shall be entitled, upon request, to a recordable statement setting forth the amount of unpaid regular or special assessments or maintenance fees currently levied against that time-share. Such request shall be in writing, directed to the president of the time-share estate owners' association, and delivered to the principal office of the association. Failure of the association to furnish or make available such statement within twenty days from the actual receipt of such written request shall extinguish the lien created by subsection C as to the time-share involved. Payment of a fee reflecting the reasonable cost of materials and labor, not to exceed the actual cost thereof, may be required as a prerequisite to the issuance of such a statement.

SECTION 27

MVOA ADVERTISING POLICY

1. The objective of this policy is to establish the standards, procedures and pricing for advertisements placed in the MVOA quarterly newsletter and on the MVOA website.
2. Two types of advertisements are included in this policy: Classified Advertisements and Commercial Advertisements.

Classified Advertisements may be placed by property owners and MVOA for the sale, exchange or renting of MVOA timeshare weeks.

Commercial Advertisements are advertisements relating to activities, events, locations, businesses, etc. placed by commercial establishments for the benefit of MVOA owners and guests. The MVOA management and/or the Board of Directors have final authority to reject any commercial advertisement deemed inappropriate for inclusion in the newsletter and/or on the MVOA website.

3. At the June 2008 MVOA board meeting, the board approved the inclusion of commercial advertising in the quarterly newsletters provided the advertisements do not require additional pages to be published. Classified Advertisements are currently included in the newsletter.
4. Newsletter Advertising:

Classified Ads will be placed before and Commercial Ad space is sold. The newsletter, once all Classified Ads have been placed, frequently has a small amount of unused space that may be sold for Commercial Ads. The available space typically ranges from an eighth of a page (approx. 2" x 4") to half of a page.

Commercial Ad space will be sold on a first-come, first-serve basis. All advertising must be paid for in advance by check, money order or credit card (Visa or MC). The ad copy must be submitted to MVOA management at least two weeks prior the quarter's newsletter publication date.

5. Newsletter Ad Space Pricing:

Classified Ad space will be sold on a unit/week basis. Owners advertising multiple units/weeks will be discounted ten percent (10%) of the cost of a single unit/week ad for the additional units. Classified Ads will also include units that MVOA is selling on a sealed bid basis.

Commercial Ad space will be sold based on the size of the space requested and the newsletter in which the ad is to be placed. (Spring, Summer and Winter newsletters have a distribution of about 250 copies; the Fall newsletter has a published distribution of about 8,000 copies.)

6. Commercial Ad Requirements:

Commercial advertisers placing ads in the newsletter will provide a finished copy ready to be inserted directly into the newsletter without further editing. Commercial Ad space will be sold on a first-come, first-serve basis. Potential advertisers must request space and pre-pay at least two weeks in advance of the newsletter publication date. The ads must be in one of the following digital formats: .pdf, .jpg, .doc, .txt, .gif. The ad copy may be provided to MVOA either as an attachment to an e-mail, XP readable memory stick or SD-format memory card.

7. Web Site Advertising:

Classified ads and Commercial ads may be placed on the MVOA web site. Clicking on a new tab, "Availability", on the mountainside-villas.com site, will access web site ads. Clicking the tab will bring up a listing of weeks for sale, rent or trade, as well as a summary of commercial ads on the right side page(s). Clicking on any of the commercial ads on the right will bring up a new page with the full commercial ad. Web site advertising is offered independently of the print advertising, although placements can be purchased in addition to or instead of newsletter ads. Special pricing will be provided for advertisers who advertise in both media.

Ads on the web site will be posted for the calendar quarter(s) purchased. Advertising space can be purchased at anytime but will be posted on a quarterly basis.

A summary of the MVOA policy and pricing tables will be included on the MVOA web site for the benefit of potential advertisers.

8. Web Advertising Pricing:

Classified advertising space will be sold on a unit (timeshare week) basis. Owners advertising multiple units will be discounted ten percent (10%) of the cost of a single unit for the added units. Classified Ads will also include units that MVOA is selling on a sealed bid basis.

9. Commercial Web Requirements:

Commercial Advertisers placing ads on the web site will provide a copy ready to be inserted directly without further editing. Advertisers must request placement and pre-pay two weeks in advance of the next quarterly publication date. Ad copy must be submitted to MVOA either as an attachment to an e-mail, MS XP readable memory stick or SC format memory card. The ads must be in one of the following digital formats: .pdf, .jpg, .doc, .txt and .gif. Clickable links within commercial ads posted on the web site will not be permitted.

SECTION 28 RESERVE FUND POLICY

Section 28.01 Reserve Fund Policy. It is the policy of MVOA to maintain a Reserve Fund to be used for emergency expenditures. The funds are invested per section 17, MVOA Investment Policy.

The investments for the Reserve Fund are laddered in a 10-year program. In each of the 10 years, an *annual investment amount* will be invested in securities. The *annual investment amount* is the face value of the securities invested for each year in the 10-year program. The face value of a security is the value of the security at maturity. Changes in the *annual investment amount* must be approved by the Board of Directors.

The program is designed so that each year's security will mature in the last quarter of the year, preferably in November. Each year that a security matures, the Treasurer working with Management and an Investment Broker will search for a replacement security that will mature in another 10 years.

Any exceptions to this policy or reduction in the amount in the Reserve Fund must be approved by the Board of Directors. The Budget Committee will periodically evaluate the total investment amount in the Reserve Fund and recommend and modifications to the Board of Directors.

Due to interest trends and/or MVOA capital replacement requirements, there may be exceptions to the fully invested 10-year program. Funds may be borrowed for necessary capital replacements if it is deemed to be economically feasible to do so. In this case, MVOA would operate in an 8 or 9-year program. In such cases, a benefit analysis must be completed justifying the need to do so and a plan also prepared identifying the projected year to return to the 10-year program.

SECTION 29 RESERVE ANALYSIS POLICY

MVOA Reserve Analysis Policy. It is the policy of MVOA to maintain a Reserve Analysis (Study) process to aid in MVOA's capital expenditure planning process. To support the process, an automated system will be maintained to project future capital expenditure requirements.

Requirements. The automated system will provide the capability to project the year and cost to replace each component (item). The system provides the ability to enter historical data to include components (replacement items), the last replacement year, the current replacement cost, and the useful life of each component.

Management. The oversight, coordination, and management of the Reserve Analysis and supporting software and database will be assigned to the MVOA General Manager. The General Manager will provide to the Board the reports that are necessary to assess the replacement of components for units and phases and to assist in the development of future budgets.

Operational. Annually, the Reserve Analysis database will be updated with the previous year's data. Any new initiatives previously approved by the Board will be added to the database. As required, Reserve Analysis reports will be presented to Board committees for an analysis of future capital replacements and expenditures and to aid in the development of the budget preparation process. Annually a report or series of reports will be provided to the Board for review. All components within the reserve analysis must be approved by the Board. Any "new initiative" not currently in the reserve analysis database must be submitted to the Board for approval prior to entry into the database. A 'new initiative' is a component that has never before been planned for replacement which is of significant cost or design change or an item of any cost that has never been previously installed in a unit or common MVOA property. Any major new renovations to a unit, common property, or component must be approved by the Board.

SECTION 30 DRONE POLICY

Section 29:01 Drone Policy. Out of safety concerns for guests, employees and Mountainside Villa owners, as well as concerns for individual privacy, Mountainside Villas Owners Association (MVOA) prohibits the operation or use of unmanned aerial systems, or drones, by – MVOA owners, employees and guests or the general public – including recreational users and hobbyists on MVOA property – without the prior written authorization from MVOA. This prohibition includes drones used for photographing,

filming or videotaping, as well as any drone use by media or journalists operating above or within Mountainside Villas boundaries. This prohibition on drone operation or use extends to any drones launched or operated from MVOA property, as well as drones launched from private property outside of the Mountainside Villas boundaries.

Any authorized operation of aerial drones is governed by federal and state laws, Federal Aviation Administration (FAA) rules and regulations, and local law enforcement, as well as those policies separately established by MVOA, MPOA and Great Eastern, which may include certification, training, insurance coverage, indemnification requirements, and waivers or releases of liability. Any violation of this policy may involve suspension of your resort privileges, as well as confiscation of any drone equipment, and may subject violators to any damages, including, but not limited to, damages for violations of privacy and/or physical or personal injuries or property damage, as well as regulatory fines and legal fees.

Please contact MVOA if you have any questions concerning this policy or seek authorization to operate a drone on MVOA property for a specific purpose and limited period of time.