

**THE GROVE AT HARPER LAKE
POLICES AND PROCEDURES RESOLUTION**

WHEREAS the Grove at Harper Lake Homeowners Association pursuant to the Colorado Revised Statutes [38-33.3-209.5] must adopt written policies and procedures regarding: 1) collection of unpaid assessments; 2) handling board member conflicts of interest; 3) conduct of meetings; 4) covenant and rule enforcement, including notice and hearing procedures and fine schedule; 5) inspection and copying of association records; 6) investment of reserve funds; 7) the adoption and amendment of policies, procedures, and rules; and 8) dispute resolution,

NOW THEREFORE, IT IS RESOLVED, that the Association does hereby adopt the following policies and procedures:

- 1) ***Collection of Unpaid Assessments:*** Pursuant to Article 4.9 of the Declaration of Covenants, all assessments shall be deemed delinquent if not paid by the due date. Annual assessments shall be due and payable quarterly in equal installments due on the first day of the quarter. If assessments remain unpaid 20 days after the due date, the Owner shall be notified in writing, advising them of the delinquency and informing them that assessments that remain unpaid 50 days after the due date will incur a late fee of twenty dollars (\$20). If the assessment and late fee remain unpaid 50 days after the due date, the Owner shall be notified a second time in writing, advising them of the delinquency, the assessment of the late fee, and explaining that failure to make full payment within 90 days of the due date will cause the Owner's Annual Assessment for the remainder of the year to become immediately due. This second notification shall also advise the Owner that legal proceedings will be started after the Assessment is 90 days delinquent. After a 90-day delinquency, legal action shall commence to collect Annual Assessments, late fees, penalties and collection expenses. Such action may include the use of a collection agency and the execution of a continuing lien against the Owner's Lot.
- 2) ***Board Member Conflicts of Interest:*** If the board is discussing or voting on any matter that would financially benefit any family member of one of the Board members, that Board member must state the conflict of interest during any Board meeting at which it is discussed, prior to any decision being reached by the Board on the matter. Such a conflicted Board member may participate in discussions of the matter, but may not vote on the decision.
- 3) ***Conduct of Board Meetings:*** The Board meets approximately quarterly to conduct such business as may be necessary at the time. Special Board meetings may also be called at any time. Any Owner is welcome to attend any regular or special Board meeting, and may be advised of the time, location, and agenda of the next meeting by contacting the management company (currently: Countryside Asset Management at 303-530-0700) during normal business hours. Non-members in

attendance at Board meetings may speak in support or opposition of any issue before the Board, but may be subject to limits on the time during which they may speak. Owners who are not Board members do not have the right to vote on issues before the Board.

- 4) ***Covenant and Rule Enforcement:*** It is the responsibility of the Board of Directors to enforce the provisions of the Declaration of Covenants and these Rules and Regulations. Article 5.8 of the Declaration of Covenants specifies the procedure for enforcement of Covenant limitations on property improvements made without submission of plans to the Architectural Control Committee, or those property improvements that are not in substantial compliance with submitted and approved plans. Enforcement of other provisions of the Declaration of Covenants and the provisions of these Rules and Regulations shall follow a similar procedure.

Owners found by the Board to be in non-compliance shall be notified of the non-compliance in writing. At its discretion, the Board may assess a fine according to the following schedule:

First Offense	Written warning
Second Offense	\$50.00
Third Offense	\$100.00
Fourth & Successive Offenses	\$150.00 each

The Board may also impose any additional penalty and/or fine it deems reasonable and/or take any action it deems appropriate to remedy the non-compliance, assessing the costs of such action to the Owner.

Owners have the right to appeal the Board's decision of non-compliance by submitting a request for review in writing to the management company (currently: Countryside Asset Management, 7490 Clubhouse Road, Suite 201, Boulder, CO 80301) prior to the date specified in the notice of non-compliance. Upon receipt of a request for review, the Board shall convene a meeting at which the Owners shall be allowed to present evidence of compliance, or reasons why compliance is not appropriate. The Board will, within a reasonable time, notify the Owners in writing of its decision regarding compliance. At that time, the Board may impose a penalty as it deems appropriate, including a fine. The Board may also take any further action it deems appropriate to remedy the non-compliance, and assess the costs of such action to the Owners.

Owners may submit complaints pertaining to an infraction of the policies of the Declaration of Covenants or of these Rules and Regulations by making such complaint in writing, and sending it to: Board of Directors, The Grove at Harper Lake, c/o the management company (currently: Countryside Asset Management Corporation, 7490 Clubhouse Road, Suite 201, Boulder, CO 80301). The complaint must include the following:

- (a) Name and identity of individual committing the infraction;
- (b) An identification of the specific violation;
- (c) The date, time and place of the infraction;
- (d) The name, address, and telephone number of the person making the complaint.

Upon receipt of a written complaint, the Board of Directors shall investigate the matter and proceed as stated above, if warranted.

- 5) ***Inspection and Copying of Association Records:*** All Association records shall be available for inspection and copying by Owners, except those records relating to delinquency in payment of Assessments, Board action in regard to such delinquencies, and other rule enforcement actions taken by the Board, when such delinquencies and actions are with respect to Owners other than the Owner requesting said records. Records may be inspected and copied at the office of the management company during normal business hours. Copying charges of \$0.10 per page shall apply.
- 6) ***Investment of Reserve Funds:*** Investment of Reserve funds shall be made with the primary goals of safety, liquidity, and preservation of capital. The Board shall select such specific investments as it deems most appropriate to achieve these goals.
- 7) ***Adoption and Amendment of Policies, Procedures, and Rules:*** Article 11.4 of the Declaration of Covenants stipulates the requirements for amendment of Policies, Procedures, and Rules stipulated in the Declaration. In addition, at its sole discretion, the Board may adopt such reasonable Rules and Regulations as it deems proper for the operation of the Association. Such Rules and Regulations must conform to the requirements of the Declaration of Covenants, Bylaws of the Association, Colorado Revised Statutes, City of Louisville codes, and any other controlling legal documents. A copy of said Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, said Rules and Regulations shall be in full force and effect and shall be enforced by the Board.
- 8) ***Dispute Resolution Process:*** While neither party shall be required to waive their right to employ legal counsel at their own expense, disagreements between an Owners and the Association or disagreements between individual Owners that pertain to Homeowner Association administration, governance, property, or covenant issues not involving an imminent threat to the peace, health, or safety of the community shall undergo the following 3-step dispute resolution process.

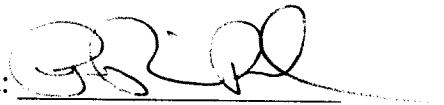
Step 1) Negotiation: Any Homeowner may initiate a request for negotiation by stating in writing the nature and details of the disagreement in a letter to the Board of Directors. Upon receipt of such request, the Board shall, in timely fashion, make reasonable attempt to convene a meeting between the parties to the disagreement, or with the single party if the disagreement is between the Homeowner and the Association, to negotiate a good faith resolution of the disagreement. During the negotiation process, the parties will communicate directly with one another in an effort to reach an agreement that serves the interests of all

parties. Should the dispute pertain to property issues, each party will be granted the right to inspect the alleged defects or problems at a time convenient to all parties involved.

Step 2) Mediation: If the dispute is not resolved by negotiation in a reasonable time, the parties shall agree to participate in a process of mediation. The mediator will not have the power to decide the resolution of the dispute. The role of the mediator is simply to assist the parties in conducting further negotiations. The mediator shall be selected by a consensus of the parties. If such consensus cannot be reached, the Board of Directors shall select a mediator. Any cost of mediation will be shared equally among the parties unless they and the mediator agree otherwise.

Step 3) Arbitration: If the dispute is not resolved by mediation, the parties shall submit the matter to binding arbitration. The power to decide the outcome of the dispute will be assigned to the arbitrator, and the parties agree to accept the decision of the arbitrator as final and binding upon them. Judgment may be enforced in any court having jurisdiction. In making this agreement, the parties waive all rights to appeal the decision of the arbitrator to a court of law and waive their rights to file a lawsuit and to have a jury resolve the dispute between them. Colorado law and the Colorado rules of civil procedure and evidence shall apply to the arbitration proceeding. The parties shall mutually agree on an arbitrator. If they cannot, the Board of Directors shall select an arbitrator. Any cost of arbitration shall be shared equally among the parties unless they and the arbitrator agree otherwise. The arbitrator shall have the authority to require one party to pay all or a portion of the other party's legal fees and may require one party to reimburse the other for their share of the cost of the mediation step.

Adopted at a duly called meeting of the Board of Directors on 12-13-06.

Attest: 
Secretary