

**RULES, REGULATIONS AND POLICIES
OF
SHOCK HILL LANDING ASSOCIATION**

The SHOCK HILL LANDING ASSOCIATION ("Association") has adopted these Rules, Regulations and Policies ("Rules") pursuant to the Declaration of Covenants, Conditions and Restrictions of Shock Hill Landing ("Declaration") and the Bylaws of the Association ("Bylaws"). All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Declaration, the Bylaws, and/or the Act.

1. Purpose and Scope. The primary functions of the Association are to manage the Common Elements and enforce the terms of the Declaration and Bylaws, including adopting these Rules in connection with such management and enforcement responsibility. The Board of Directors has adopted these Rules in order to protect the value and desirability of the Project. These Rules supplement other rules that may be found in the Articles, the Declaration, and the Bylaws.
2. Smoke Detectors and Carbon Monoxide Detectors. Owners must keep current and working smoke detectors in their Units at all times, as well as working carbon monoxide detectors as required by Colorado law.
3. Fireworks. No fireworks or other incendiary devices are allowed anywhere on the Project.
4. Firearms. No firearms may be fired or otherwise discharged on the Project.
5. Leasing and Management Companies. All leasing companies and management companies, and/or Owners, must provide the Managing Agent with the names and contact information for renters, upon request of the Association or the Managing Agent. Upon the execution of a rental agreement or lease for a Lot in the Project, all leasing companies and management companies, and/or Owners must provide their emergency contact information to the Managing Agent. All individuals renting or leasing any Lot in the Project must be: (a) at least eighteen (18) years of age; (b) able to legally enter into a contract; and (c) legal citizens or able to provide documentation of legal status. All leasing companies and management companies, and/or Owners are responsible for providing copies of these Rules to their Occupants.
6. Noises and Nuisance. No Owner or Occupant shall make or permit any noise within a Lot that will disturb or annoy unreasonably the Owner or Occupant of any other Lot. Smoking is prohibited in the Common Elements. No odor may be emitted in any part of the Project which is noxious or offensive to others. No inside lights which are unreasonably bright or cause unreasonable glare outside of a Unit are permitted. No activity may be conducted on any part of the Project which is or might be unsafe or hazardous to any person or the Project as a whole. No activity may be conducted on any part of the Project which interferes with the peaceful possession and use of the Project by Owners or Occupants. Loitering and loud noises are prohibited in the Common Elements.

7. Use of Lots. The use of Lots are subject to the following:

(a) Lots may be used for single family residential purposes only. No secondary units or apartments may be created on or in any Lot. Group home and living arrangements are prohibited.

(b) No Owner may use his or her Lot for a home occupation: (1) without first obtaining the prior written consent of the Board of Directors; and (2) unless such occupation is permitted by applicable zoning, municipal or land use codes. Occupants are prohibited from using a Lot for a home occupation.

(c) If a Lot is leased, the Owner, or the management company of the Owner, is responsible for the knowledge of and enforcement of these Rules.

8. Powers of Managing Agent. The Managing Agent has full responsibility and authority to enforce the Rules. All infractions of the Rules should be reported to the Managing Agent and shall be handled pursuant to paragraph 20. The Managing Agent has full authority to handle all issues as directed by the Board of Directors. All Owners and Occupants shall comply with requests of the Managing Agent regarding the Rules. The Managing Agent is not responsible for taking or delivering personal messages. Emergency messages will be taken and delivered, if possible. The Managing Agent is not responsible for addressing any rental related problems, or for showing rental or sales properties.

9. Pets. The keeping of pets on the Project are subject to the following:

(a) Owners and Occupants may keep up to two (2) customary household pets on their Lots.

(b) Owners and Occupants are required to clean up after their pets, and are responsible for any damage caused by their pets.

(c) All pets on the Project must be kept on a leash no longer than ten (10) feet in length when not in a Lot. The leash must be under the control of a person at least twelve (12) years of age and physically capable of controlling the pet.

(d) Pets may not be secured to or left unattended anywhere on the Common Elements. The Managing Agent may remove any such pet at the expense of the pet owner.

(e) Any unreasonable noise or disturbance by a pet anywhere on the Project is prohibited. No kennel or commercial pet operations are permitted.

(f) Subject to paragraph 20, the Board of Directors may order removal of a pet from the Project if any of the Rules set forth in this paragraph are violated.

10. Signs and Flags. No sign, notice, or other advertisement shall be placed in any window, on any balcony, on any Lot, without the written permission of the Board of Directors, except as set forth in this paragraph.

(a) An Owner or Occupant is allowed to display one political sign per political office or ballot issue with the maximum dimensions of such sign limited to the lesser of: (a) 36" by 48" inches, or (b) the maximum size allowable by any applicable local ordinance that regulates the size of political signs on residential property. Any political sign shall be displayed only in a window of a Lot and shall not be displayed earlier than forty-five (45) days before an election, or later than seven (7) days after an election day.

(b) An Owner or Occupant may display an American flag in a window of a Lot only if the American flag is displayed in a manner consistent with the applicable sections of the federal flag code and does not exceed 36" by 48".

(c) An Owner or Occupant may display a service flag bearing a star denoting the service of the Owner or Occupant, or a member of the Owner's or Occupant's immediate family in the active or reserve military service of the United States during a time of war or armed conflict, on the inside of a window or door of the Lot. The maximum size of a service flag shall be 9" by 16".

11. Emergency Vehicle Parking. The Association shall not prohibit the parking of a motor vehicle on the Project if the Owner or Occupant is required by its employer to have the vehicle at his or her residence during designated times, and:

(a) The vehicle weighs less than ten thousand pounds (10,000 lbs.);

(b) The Owner or Occupant is a bona fide member of a volunteer fire department, or is employed by an emergency service provider;

(c) The vehicle bears an official emblem or other visible designation of the emergency service provider; and

(d) Parking of the vehicle will not obstruct emergency access or interfere with the reasonable needs of the other Owners or Occupants to use parking areas and driveways within the Project.

12. Parking Regulations. Subject to paragraph 11:

(a) Parking is provided for only Owners and Occupants. Each Lot contains an appurtenant garage containing two (2) spaces in addition to the two (2) spaces located outside of each garage.

(b) The garage space provided for each Lot shall be maintained in such manner as is necessary to allow for vehicles to be parked therein. Except for ingress and egress purposes, garage doors must be kept closed at all times.

(c) Driveways and sidewalks shall not be obstructed in any way or used for any other purpose other than entering or departing Lots.

(d) No trucks (pickup trucks and SUVs excepted), commercial vehicles, trailers, mobile homes or detached campers may be stored, kept or maintained anywhere in the Project; provided, however, that commercial vehicles may be in the Project in a designated parking space for no more than seventy-two (72) hours so long as the commercial vehicle fits within the parking space.

(e) No boats, recreation vehicles, mobile homes, detached campers off-road vehicles, snow mobiles, motorcycles, golf carts or trailers (with or without a board, vehicle, or anything else on it) or similar crafts or vehicles may be kept, stored, parked or maintained anywhere on the Project, except inside a garage.

(f) All vehicles parked in the Project must be licensed, registered and operational. No damaged or unsightly vehicles may be kept, stored, parked or maintained anywhere on the Project. No junk vehicle, inoperative vehicles, unlicensed vehicle, or vehicle under repair may be parked, stored or maintained on the Project for more than two (2) days.

(g) Sleeping in any vehicle parked in any of the parking spaces is strictly prohibited.

(h) No vehicle maintenance, including oil changes, may be performed on the Project.

(i) All vehicles must be parked and operated in full compliance with any posted signs.

(j) If a violation of any parking Rule as set forth herein has occurred and the vehicle operator is unwilling or unavailable to immediately resolve such violation, the Managing Agent may, in its sole discretion and without prior notice, have the vehicle towed by a professional towing service at the expense of the vehicle's owner or operator.

(k) The Association is not responsible for any damage to vehicles parked on the Project.

13. Entry of Lots and Units. In the case of an emergency originating in or threatening any Lot or Unit, regardless of whether the Owner or Occupant is present at the time of such emergency, the Association or anyone authorized by it, as well as fire, police and other emergency personnel, shall have the right to enter such Lot or Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. The Association also has the right to access any Lot for maintenance and repair purposes, including inspection of electrical and plumbing equipment.

14. Insurance by Owners. Each Owner shall obtain and maintain at all times casualty insurance coverage for the full replacement cost, or the nearest equivalent available, for the

Owner's Unit and liability insurance for the Owner's Lot and Unit with liability limits of not less than One Million Dollars (\$1,000,000) for each occurrence and not less than Two Million Dollars (\$2,000,000) aggregate, which liability insurance requirement may be satisfied with a so called umbrella policy for not less than Two Million Dollars (\$2,000,000). A certificate for the foregoing insurance required to be carried by each Owner shall be provided to the Association when title to such Owner's lot is vested in such Owner, upon the renewal of the insurance and upon replacement of any such insurance policy with another policy. The Association may establish higher minimum coverage amounts for such insurance. At all times, each Owner also shall be responsible for obtaining insurance for all of the Owner's personal property and furnishings. The Association shall not be responsible for providing any of such insurance.

15. Insurance Claims by Owners. Subject to C.R.S., § 10-4-110.8(5), as may be amended, an Owner shall have the right to file a claim against the insurance policy of the Association. The Association's insurer, when determining premiums to be charged to the Association, shall not take into account any request by an Owner for clarification of coverage. In making such a claim against any insurance policy of the Association, the Owner must follow this procedure:

(a) The Owner must first contact the Board of Directors in writing regarding the subject matter of the claim;

(b) The Owner must give the Association at least twenty (20) days to respond in writing, and give the Association a reasonable opportunity to inspect the damage; and

(c) The Owner will only be allowed to make a claim if the subject matter of such claim falls within the responsibility of an insurance policy of the Association.

16. Assessment of Insurance Deductibles. When the Association, or an Owner, settles a property insurance claim under any insurance policy of the Association, the Association shall have the power to assess the negligent Owners causing the loss, or Owners benefiting from the repair or restoration, all deductibles paid by the Association. If more than one Lot is damaged by a loss, the Association, in its reasonable discretion, may assess each Owner a pro-rata share of any deductible paid by the Association. Any such deductible shall be levied and collected as an assessment against the Lot of the responsible Owner.

17. Performance of a Reserve Study. The Board of Directors may, from time to time and in its discretion, cause a reserve study ("Reserve Study") to be performed for those portions of the Common Elements or the Buildings of which the Association is responsible for the maintenance, repair and replacement. A Reserve Study may be based upon a physical analysis and/or a financial analysis, as determined by the Board of Directors. The Reserve Study may discuss the projected sources of funding for replacement of the Common Elements, and whether there is a current funding plan in place. The Board of Directors may perform an internally conducted Reserve Study, or may retain a reserve study analyst or specialist to complete the Reserve Study. Any Reserve Study conducted may be updated at any time in the discretion of the Board of Directors.

18. Investment of Reserve Funds and Assessment Reserves. If the Board of Directors is to invest any reserve funds or assessment reserves to generate revenue that will accrue to the balance of such reserve funds or assessment reserves, such investment shall be made in accordance with the following policies, listed in order of their priority:

(a) Safety of Principal. Promote and ensure the preservation of the principal of any assessment reserves.

(b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.

(c) Minimal Costs. Minimize investments costs, such as redemption fees, commissions, and other transactional costs.

(d) Diversify. Mitigate the effects of interest rate volatility upon assessment reserves.

(e) Return. Invest funds to seek the highest level of return.

19. Collection Policy. The following are the Association's policies and procedures for the collection of delinquent Annual, Supplementary or Special Assessments (collectively, "Assessments"), and delinquent fees, fines, or other charges (collectively, "Other Fees"):

(a) Due Dates. Any Annual Assessment which is to be paid in installments shall be paid monthly in advance and shall be due and payable without notice on the first (1st) day of each month. Any Special Assessment shall be due and payable as provided by the Board of Directors. Any other fee is due and payable on the first (1st) day of the subsequent month after said other fee was levied against an Owner. Payments shall be deemed received and shall be posted on the date the payment is received by the Managing Agent. Any Assessment or Other Fee not paid in full within fifteen (15) days after it shall become due and payable shall be considered past due and delinquent and subject to Late Charges and Interest, as defined below.

(b) Late Charges. A late charge in the amount of twenty-five dollars (\$25.00) ("Late Charge") shall be imposed for any Assessment or Other Fee not paid within thirty (30) days of the due date without further notice to the Owner. An additional Late Charge in the amount of twenty-five dollars (\$25.00) shall be imposed for any Assessment or Other Fee that remains unpaid sixty (60) days of the due date without further notice to the Owner. Such Late Charges are a personal obligation of the Owner and a lien against the Lot.

(c) Interest. If any Assessment or Other Fee is not paid within fifteen (15) days of the due date, interest at the rate of eighteen percent (18%) per annum on the unpaid amount of the assessment or other fee ("Interest") shall accrue from the due date until paid in full without further notice to the Owner. Such Interest is a personal obligation of the Owner and a lien against the Lot.

(d) Suspension of Rights. If any Assessment or Other Fee is not paid within thirty (30) days of the due date, the Owner's voting rights shall be automatically suspended without further notice to the Owner.

(e) Return Check Charges. If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following amounts, at the option of the Association:

(i) An amount equal to the face amount of the check, draft, or money order plus a return check charge of thirty-five dollars (\$35.00); or

(ii) If notice has been sent as provided in C.R.S., § 13-21-109 and the total amount due as set forth in the notice is not paid within fifteen (15) days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three (3) times the face amount of the check, but not less than one hundred dollars (\$100.00).

(iii) Any returned check shall cause an account to be past due if full payment of the monthly installment of the Assessment or of any Other Fee is delinquent. If two (2) or more of an Owner's checks are returned unpaid by the bank within any fiscal year of the Association, the Association may require that all of the Owner's future payments, for a period of one (1) year, be made by certified check or money order.

(f) Attorney Fees. The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of Assessments or Other Fees due the Association from a delinquent Owner pursuant to the terms of the Declaration, Bylaws, these Rules, and Colorado law. Attorney fees and costs incurred by the Association shall be considered part of the Assessment or Other Fees, and shall be due and payable immediately when incurred, upon demand, regardless whether an action is commenced. Such attorney fees are a personal obligation of the Owner and a lien against the Unit.

(g) Application of Payments. All payments received on account of any Owner or his or her Lot, shall be applied first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to a judgment; then to Interest; then to Late Charges; then to return check charges; then to other fees levied pursuant to the Declaration, Bylaws, these Rules, or Colorado law; then to delinquent Assessments; then to current Assessments not reduced to judgment; and finally to amounts reduced to judgment.

(h) Notice of Delinquency. Before the Association may refer a delinquent account to a collection agency or the Association's attorney for legal action, the Association must send the Owner a notice of delinquency ("Notice of Delinquency")

stating and providing the following (a form of the Notice of Delinquency is attached as Exhibit A):

(i) The total amount due to the Association as of the date of the Notice of Delinquency;

(ii) Provide an accounting detailing how the total amount due was calculated;

(iii) Stating whether the Owner is qualified to enter into a Payment Plan, as defined below, and, if so, instructions for contacting the Association to enter into such a Payment Plan;

(iv) The name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt to the Association;

(v) A statement that action by the Owner is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's Unit, or other remedies available under Colorado law;

(vi) The method by which payments received may be applied on the delinquent account; and

(vii) The legal remedies available to the Association to collect on the Owner's delinquent account pursuant to the governing documents of the Association and Colorado law.

(i) Payment Plan.

(i) Upon an Owner becoming delinquent with respect to any Assessment or Other Fee, the Association must make a good-faith effort to coordinate with the Owner to set up a payment plan ("Payment Plan"). The Payment Plan negotiated between the Association and Owner must permit the Owner to pay off the deficiency in equal installments over a period of at least six (6) months.

(ii) The Association is not required to coordinate/negotiate a Payment Plan with an Owner who has previously entered into a Payment Plan or an Owner who does not occupy the Unit and has acquired the Lot as a result of a default of a security interest encumbering the Lot or foreclosure of the Association's lien.

(iii) The Association is permitted to pursue legal action against an Owner if such Owner fails to comply with the terms of a Payment Plan. For purposes of this Collection Policy, an Owner's failure to remit payment of an

agreed-upon installment, or to remain current with regular assessments as they come due during the term of the Payment Plan, will constitute a failure to comply with the terms of the Payment Plan.

(j) Delegation of Authority to Sign Notice of Lien. The Board of Directors may delegate authority to the Association's attorney to sign and acknowledge the Notice of Assessment Lien and its release, if any. This delegation may be withdrawn at any time. In the event the delegation is withdrawn, the Board of Directors will send written notice to the Association's attorney of the withdrawal.

(k) Notices: Use of Certified Mail/Regular Mail. In the event the Association shall cause a collection or demand letter or notice to be sent to a delinquent Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail and/or electronic mail.

(l) Referral of Delinquent Accounts. The Association may not use a collection agency or take legal action to collect delinquent assessments or other fees unless the Association has adopted and followed this Collection Policy. The Association may, in its sole discretion, refer a delinquent account to the Association's attorneys. Upon referral of a delinquent account to the Association's attorneys, the attorneys shall take appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. The Association's attorney, in consultation with the President of the Association or other person designated by the Board of Directors, is authorized to take whatever action is necessary, and believed to be in the best interest of the Association, including, but not limited to:

(i) Filing a lien against the delinquent Owner's Lot to provide record notice of the Association's claim against the property, if not already filed;

(ii) Filing suit against the delinquent Owner for a money judgment. The purpose of obtaining a personal judgment against the Owner is to allow the Association to pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts;

(iii) Instituting a judicial action of foreclosure on the Association's lien. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosing is to obtain payment of all assessments and/or other fees owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or in other circumstances that may favor such action. The Association may foreclose its lien only if:

1. The balance of delinquent Assessments, Other Fees, Late Charges, Interest, and attorneys' fees and costs equals or exceeds six (6) months of common expense assessments based upon a periodic budget adopted by the Association; and

2. The Board of Directors has formally resolved, by a recorded vote, to authorize the filing of a legal action against the Owner's Lot on an individual basis. The Board of Directors may not delegate this duty to vote to any attorney, insurer, manager, or other person.

(iv) Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim; and

(v) Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, who manages rental of the Owner's Unit, and collects the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past due assessments, and prevent waste and deterioration of the property.

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. Upon referral of any matter to the Association's attorney, the Association shall pay the Association's attorneys their usual and customary charges, as well as any costs incurred by the attorney on the Association's behalf, promptly upon receipt of the monthly invoice from the attorney.

(m) Notification to and Communication with Owners. This Collection Policy shall be made available to all Owners by the Association as required by Colorado law. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner shall be handled through the Association's attorney. Neither the Managing Agent, if any, nor any member of the Board of Directors shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

(n) Certificate of Status of Assessment/Estoppel Letter. The Association shall furnish to an Owner or such Owner's designee upon written request a written statement setting forth the amount of unpaid Assessments currently levied against the Owner's Lot. The statement shall be delivered within fourteen (14) calendar days after receipt of the request. If the Owner's account has been turned over to the Association's attorney, such statement shall be handled through the Association's attorney and shall include any attorney fees incurred in providing the statement.

(o) Bankruptcies and Public Trustee Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any

holder of an encumbrance against any Lot within the Association, the Association may advise the Association's attorney of the same and turn the account over to the Association's attorney.

(p) Waivers. Except as to the timelines and amounts specified in subsections (a), (b), and (c), as well as the entirety of subsections (h), (i), and (l), the Association may alter the procedures contained herein, as the Association shall determine appropriate under the particular circumstances. Any such accommodation shall be documented in the Association's files with the conditions of relief. Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and shall not be deemed a defense to payment of Assessments or Other Fees, late charges, return check charges, attorney fees and/or costs as described and imposed by this Collection Policy.

20. Resolution of Rules Violations.

(a) Violation Resolution Process. The Board of Directors hereby establishes the following policy for resolving violations of or noncompliance with the Declaration, the Bylaws and these Rules by an Owner or Occupant.

(i) Any Owner or Occupant may notify the Managing Agent or Board of Directors regarding the existence of an alleged violation. The Board of Directors shall refer any such complaints to the Managing Agent. In the event a member of the Board of Directors independently becomes aware of an alleged violation, he or she must promptly notify the Managing Agent. The Managing Agent must promptly proceed under subparagraph (ii) if it receives a complaint or independently becomes aware of an alleged violation.

(ii) The Managing Agent shall promptly investigate all alleged violations. The Managing Agent, in its sole discretion, may require the claiming Owner or Occupant ("Complainant") to provide additional information or set forth the allegations of the violation in writing. If the Managing Agent is satisfied that there may be a violation, the Managing Agent shall promptly contact the alleged responsible Owner ("Respondent") in person, by telephone, or in writing regarding the possible violation. The Managing Agent may also, but is not required to, contact the Occupant in the Respondent's Lot, if any, regarding the possible violation. The Managing Agent, in its sole discretion, may require the Respondent to set forth an explanation regarding the violation in writing. Any writings collected hereunder by the Managing Agent shall be kept in the Association's records and shall not be reproduced or distributed unless required by the Board of Directors or law.

(iii) After evaluating the positions of the Complainant and Respondent, the Managing Agent shall determine, in its sole discretion, whether there has been a violation. If the Managing Agent determines that there has been no violation, the Managing Agent shall notify both the Complainant and Respondent, and place

a written statement to that effect in the Association’s records. If the Managing Agent determines that there has been a violation, it shall mail a written notice of violation (“Notice”) to the Respondent in an envelope marked “URGENT – FINANCIAL CONSEQUENCES INVOLVED” by Certified Mail, Return Receipt Requested. The Notice shall set forth the date of Notice, details and date of the violation, any deadline for terminating the violation before the imposition of penalties and/or legal action, the dollar amount of any potential financial penalty, and the right to request a hearing before the Board of Directors to contest the finding of the violation or the potential financial penalty.

(iv) For purposes of this paragraph, service of the Notice on one Owner shall be service on all Owners of the Lot. It is the Owners’ obligation to keep the Managing Agent notified of any change of address. Failure to do so will not affect the validity of service hereunder.

(v) Subject to a Respondent’s request for hearing under subparagraph (c)(i), if the alleged violation is not corrected within the time set forth in the Notice or occurs again within the next twelve (12) months following service of the Notice, the Managing Agent shall, in its sole discretion, satisfy itself that there is a repeated or continuing violation, at which time financial penalties pursuant to the Notice shall be assessed and/or the Association may initiate legal action to abate the violation.

(b) Financial Penalties.

(i) The Board of Directors hereby establishes the financial penalties for violation of or noncompliance with the Declaration, the Bylaws or these Rules by a Respondent or Occupant, as follows:

	One-Time Occurrence	Continuing Occurrence
First Offense	\$200	\$100/day until resolved
Second Offense	\$400	\$100/day until resolved
Third or More Offenses	\$600	\$100/day until resolved

(ii) The applicable penalty is determined by the type of violation. One-Time Occurrence penalties apply to a violation that constitutes a discrete incident (e.g., barking dog). Continuing Occurrence penalties apply to violations that are of a continuous nature, including, but not limited to, the Respondent’s refusal to remove an inappropriate item from a balcony or improper use of a Parking Space. The Managing Agent may, in its sole discretion, determine that a violation is a One-Time Occurrence. The Managing Agent may, in consultation with at least one (1) member of the Board of Directors, determine that a violation is a Continuing Occurrence.

(iii) Any penalty assessed, if not voluntarily paid to the Association before the next scheduled payment of dues, will be added to the next billing statement and is payable within thirty (30) days thereafter. If, after a hearing or a waiver thereof, a violation or series of violations is deemed to have occurred, the penalties shall be assessed from the date of the first violation and added to the next billing statement. Any unpaid amount shall be charged against the Respondent's Lot and will be collectible as any other assessment charged against the Lot. In the event the assessments are not paid in a timely manner, the Board of Directors may impose charges for late payments, recover legal costs for the collection of assessments and other actions to enforce the Rules of the Association, regardless of whether an action was initiated. Nothing herein shall operate to limit the Association's remedies.

(iv) Assessments of financial penalties may be waived in whole or in part or adjusted downward in the sole discretion of the Board of Directors. Waiver or adjustment in a particular case will not set a precedent in any other case.

(c) Hearing Process.

(i) Any Respondent who has received a Notice of violation resulting in the assessment of a financial penalty shall have an opportunity to request a hearing for the purpose of contesting the violation or the financial penalty set forth in the Notice. The Respondent must contact the Managing Agent in writing within ten (10) days following the date of service of the Notice and request a hearing. The Managing Agent shall, within ten (10) days of receiving the request for hearing, schedule a formal hearing before the Board of Directors, who may be present in person or via teleconferencing technology. The Respondent must participate in person during the hearing and may have witnesses present. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived.

(ii) The Board of Directors may act as an impartial decision maker as that term is defined in C.R.S. § 38-33.3-209.5. Any member of the Board of Directors who has a direct personal or financial interest in the outcome of a hearing and, therefore, is incapable of acting as an Impartial Decision Maker, shall disclose such interest to the other members of the Board of Directors. The remaining members of the Board of Directors not having a direct personal or financial interest in the outcome of the hearing will determine if such member is disqualified as an Impartial Decision Maker and, therefore, from participating in the hearing. A member of the Board of Directors shall not be deemed to have a direct personal or financial interest in the outcome if he or she will not, as the result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. If disqualification of members of the Board of Directors results in an even number of remaining members eligible to make a decision, the Board of Directors may appoint an Owner in good standing

to serve as an Impartial Decision Maker. If disqualification of members of the Board of Directors results in no eligible members, the Board of Directors may appoint one (1) or more Owners in good standing to serve as Impartial Decision Makers.

(iii) The Impartial Decision Makers may confer with witnesses or other members of the Board of Directors or the Managing Agent before rendering a decision. A final decision will be rendered at the end of the hearing. In the event there are circumstances that prevent the Impartial Decision Makers from rendering its decision at the end of the hearing, a final decision will be made within five (5) days after the hearing, and the Respondent will be notified verbally and in writing of the Impartial Decision Makers' decision at that time.

(iv) If, after the opportunity to be heard, a violation or series of violations is deemed to have occurred, the assessment of penalties shall be upheld from the date of the first violation. The Respondent shall also be responsible for all expenses, if any, incurred by both parties in completing the resolution and hearing process.

(v) If the Impartial Decision Makers overturn the assessment of penalties, the Managing Agent will refund any payment already made by the Respondent or, if no payment has yet been made, the assessment will be removed from the Respondent's next billing invoice. In that event, each party will be responsible for their own expenses, if any, incurred in completing the resolution and hearing process.

21. Dispute Resolution. Except in connection with a proceeding regarding the violation of the Association Documents or in connection with the collection of any past due assessments, fines or other charges, if a dispute ever arises between an Owner and the Association, or between two (2) or more Owners, the parties shall use the procedures set forth in the following provisions for any dispute that does not involve an imminent threat to the peace, health, or safety of the Project:

(a) Negotiation. The Owner and the Association, or the Owners, shall attempt in good faith to resolve any dispute promptly by negotiations between persons who have authority to settle the controversy ("Representatives"). Any party may give another party written notice of any dispute not resolved in the normal course of business. Within twenty (20) days after receipt of said notice, Representatives of the parties to the dispute shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within sixty (60) days of the notice of dispute, or if the parties fail to meet within twenty (20) days, any party to the dispute may initiate mediation of the controversy as provided below.

(b) Mediation. If the dispute has not been resolved by negotiation as provided above, either party may give written notice to mediate ("Mediation Notice") and the

parties shall endeavor to settle the dispute by mediation between their respective Representatives with a neutral third party mediator. If the parties encounter difficulty in agreeing on a neutral third party, each of the Owner and the Association may appoint a neutral third party, and such third parties shall appoint a neutral third party to mediate.

(c) Arbitration. Any dispute which has not been resolved by mediation as set forth above within sixty (60) days of the date of the Mediation Notice, shall be finally settled by binding arbitration conducted in accordance with the terms of this subparagraph, upon written demand for arbitration made by any party ("Arbitration Demand") provided, however, that if one party has requested the other to participate in mediation and the other has failed to participate, the requesting party may make demand for arbitration before expiration of such sixty (60) days.

(i) As soon as reasonably possible following the Arbitration Demand, but not later than fifteen (15) days after the date of such Demand, the parties, in good faith, shall attempt to select a mutually acceptable arbitrator to hear and decide the matter or matters in controversy. In the event the parties cannot agree on a mutually acceptable arbitrator within thirty (30) days after the date of such Demand, each party shall appoint an unrelated third party within forty (40) days after the date of such Demand and, within fifteen (15) days of the date of the appointment of the last of such unrelated third parties, such third parties shall appoint an arbitrator to hear and settle the dispute in accordance with the terms and provisions hereof. If any party does not appoint an unrelated third party in a timely manner or if such third parties cannot or do not appoint an arbitrator in a timely manner, then any party may make application to the District Court for Summit County, Colorado for appointment of an arbitrator.

(ii) The arbitration shall be conducted by a single arbitrator and the decision of the arbitrator shall be final, enforceable, binding and unappealable to any court or tribunal, except as otherwise may be provided by Colorado law. Such decision shall be enforceable with the same force and effect as if issued by any court of competent jurisdiction. The decision of the arbitrator shall be based upon the evidence and facts presented by the parties and shall be in accordance with Colorado law. The arbitrator is not empowered to award damages in excess of compensatory damages.

(iii) The costs of the arbitration, including reasonable attorney fees, shall be awarded to the prevailing party. If there is no prevailing party, such fees and costs may be awarded at the discretion of the arbitrator who, in making such award, shall assess the relative good or bad faith of the parties throughout the dispute.

(iv) All arbitration proceedings shall be conducted to expedite resolution and minimize cost. Disclosures shall be required and discovery shall be allowed and both shall be governed by Rules 26-37 of the Colorado Rules of Civil Procedure, as amended, except that upon application of either party, the

arbitrator, in the interest of justice and efficiency, may limit discovery as such arbitrator deems appropriate.

(v) The place of arbitration shall be Summit County, Colorado.

(d) Provisional Remedies. The procedures specified in this paragraph entitled Dispute Resolution shall be the sole and exclusive procedures for the resolution of disputes between an Owner and the Association, or between two or more Owners; provided, however, that a party may seek a preliminary injunction or other provisional judicial relief if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the parties will continue to participate in good faith in the procedures specified herein.

(e) Performance to Continue. Each party is required to continue to perform its obligations under the Declaration and these Rules pending final resolution of any dispute.

(f) Extension of Deadlines. All deadlines specified in this paragraph may be extended by mutual agreement.

(g) Costs. Each party shall pay its own costs with respect to negotiation and mediation. The prevailing party in any arbitration or provisional judicial relief shall be entitled to reimbursement from the other party for all reasonable costs and expenses, including attorney fees in connection with such arbitration or provisional judicial relief.

(h) Notices. All notices or demands under this paragraph shall be in writing and provided in accordance to the addresses required to be provided by the Association, and the address of the Owner required to be kept on file by the Association.

22. Amendment. The foregoing Rules are subject to amendment as more fully provided for in Article 15 of the Bylaws.

Certification

The undersigned certifies that the foregoing Rules, Regulations and Policies were adopted by the Board of Directors of the SHOCK HILL LANDING ASSOCIATION as of this 24th day of August, 2014.

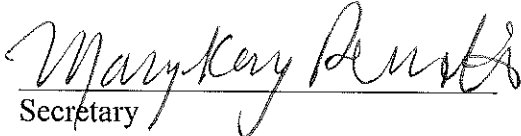

Secretary

EXHIBIT A

NOTICE OF DELINQUENCY
[DATE]

[OWNER NAME]
[OWNER ADDRESS]

RE: [UNIT DESCRIPTION]

TO [OWNER];

This company has been retained by the Shock Hill Landing Association ("Association") as its property manager. We are authorized to collect the debt you owe to the Association pursuant to its Declaration of Covenants, Conditions and Restrictions and Rules, Regulations and Policies (collectively, "Association Documents").

As of [date of letter], the total amount of the debt you owe to the Association is \$_____. Attached to this Notice is an accounting detailing how the total amount due was calculated. You may contact _____ at _____ to request a copy of your ledger in order to verify the amount of the debt owed to the Association.

You may qualify to enter into a payment plan to repay this debt. You may contact _____ at _____ in order to obtain additional information concerning whether you qualify for the payment plan and, if so, the applicable details of the payment plan.

No later than thirty days from the date of this Notice, you must either pay the Association the total amount owed described above or enter into an appropriate payment plan with the Association. If you fail to take either action, your account may be turned over to a collection agency or attorney, and/or the Association may initiate a lawsuit against you, file and foreclose its lien against your Lot, or may obtain a judgment against you personally or pursue any other remedies available to it under Colorado law.

Any payment received on your account will be applied as follows: first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to a judgment; then to interest; then to late charges; then to return check charges; then to fines and other charge fees levied pursuant to the Declaration, Bylaws, or the Rules, Regulations, and Policies, or Colorado law; then to delinquent assessments; then to current assessments not reduced to judgment; and finally to amounts reduced to judgment.

Sincerely,