

Conflict Resolution Procedures and Steps Exhibit A for Rule 08-03

Resolving conflicts that arise due to alleged violations of the By-Laws and CC&Rs is a difficult and delicate task. The Board has an obligation to enforce the By-Laws and CC&Rs to maintain the appearance and value of the community and ensure a high standard of livability for all residents while ensuring all residents are treated fairly and respectfully.

Upon notification of an alleged violation of the By-Laws or CC&Rs, the Board will evaluate the claim. If the Board affirms that a violation has occurred, they will contact the offending resident/owner and ask them to remedy the situation within a reasonable time. If the situation is not resolved, the Board will initiate steps to decide on a fine and notify the resident/owner in writing of his/her right to a hearing prior to the fine being assessed. The owner must respond within seven (7) days of notification of a pending fine and to indicate they want a hearing with the Board. Failure to respond within this time frame waives the owner's right to a hearing.

Prior to any owner or occupant filing suit against the AHHA or any of its board or committees, they must give written notice to the Board requesting a hearing with the Board. The Board shall schedule this hearing date neither less than seven (7) days nor more than twenty-one (21) days from the date of receipt of the notice of request by the person requesting the hearing. The Board shall give notice of the date, time, and place of the hearing to the person requesting the hearing. The resident/owner may request the date and time of the hearing be changed due to an unavoidable conflict. The resident/owner must attend such hearing to discuss an amicable solution of any dispute. The owner or occupant shall make a good faith effort to explain the grievance to the Board and to resolve the dispute in an amicable fashion and shall give the Board a reasonable opportunity to address the owner's or occupant's grievance before filing suit.

Prior to any fines being assessed, it is the Board's desire to resolve all conflicts and alleged AHHA By-Laws or CC&Rs violation(s) through a series conflict resolution steps.

The following is our progression of steps to resolve conflict(s) or violation(s) of the CC&Rs or Rules fairly. At the discretion of the Board, letters one (1) and two (2) may be condensed into one letter in cases of safety, time sensitive issues or second violations of the same rule. If this is the case the letter will state that it has combined steps by combining letters one and two.

- If possible, contact the resident personally by phone or e-mail. Perhaps the resident is simply unaware of a particular rule or is in the process of correcting it already. Get some information, gauge the resident's attitude, and offer help if appropriate.
- Send a letter reminding the resident of the conversation or other contact. The letter should state the rule that has been violated, and it might explain why it's

important for all residents to observe the rules. Be positive, and again offer help if appropriate.

- If the violation remains uncorrected send a second letter. Be business like and firm, and cite the specific section of the CC&Rs or rule that has been violated. Give the resident a date with a reasonable amount of time to correct the problem. Explain what will happen if the problem isn't resolved by a specific date. For example, the letter may state that the association will suspend privileges or impose financial penalties. The letter should offer the resident an opportunity to request a hearing with the Board.
- If the resident requests a hearing it must be in writing. Schedule it when the resident may address the Board. Be willing to negotiate a date and time that allows the resident to attend.
- Conduct a fair hearing and treat the resident with respect. Avoid a confrontational situation. Allow the resident to bring witnesses or counsel to the hearing, and let them know when they can expect a decision. The panel hearing the case may comprise members of the board or rules committee or some combination of these. In some serious cases, association counsel may be invited to observe.
- After the hearing the board will decide how to proceed. There are numerous options, and the board should be willing to compromise on a solution that achieves the desired results. For, example, the board may grant an extension of time to comply with the rule, suggest alternative solution, suspend privileges, impose monetary penalties, or some combination of these.
- Pursue alternative disputed resolution (ADR) options if the association and the resident cannot resolve their differences.
- Before initiating litigation or an administrative proceeding, any party who intends to initiate litigation or an administrative proceeding shall offer to use any dispute resolution program available within the county in which the planned community is located. The written offer must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the association, for the other party. The party receiving this offer then has ten days to accept the dispute resolution offer (and the resolution must be completed within 30 days) or the litigation or administrative proceeding may begin.

ATTEST:

/s/ Dave O. Paul
President, Board of Directors

/s/ Steve Barrett
Secretary, Board of Directors

11/12/09R