

## **Exhibit H**

### **RULEMAKING PROCEDURE**

1. Authority. The board of directors shall have the authority to adopt policies, procedures and rules to the extent they do not conflict with the Declaration, Articles of Incorporation, and Bylaws of the Association (hereinafter collectively referred to as the “Governing Documents” or as the “Association Documents”) in order to interpret, supplement and/or enforce the governing documents.

2. Board Resolves Questions of Construction. If any doubt or questions shall arise concerning the true intent or meaning of any of the governing documents the Board shall determine the proper construction of the provision in question, and shall set forth in a written statement the meaning, effect and application of the provision. These determinations will thereafter be binding on all parties so long as it is not arbitrary or capricious, and they may be filed for record with the Clerk and Recorder of Huerfano and Las Animas Counties.

3. Notice to Membership. In any case where the Board is adopting a major policy or a Rule that will carry a fine, the Association shall give notice to the members of the association prior to adopting the final policy/rule. This announcement can be made in a newsletter and the owners should be told how they can obtain a copy of the proposed rule/policy (such as a posting to a web site). The association may invite comments from the owners who cannot attend the planned meeting and those comments should be included in minutes, which should name those owners, describing their comments and the actions taken as a result of same.

4. “Rules” vs “Policies”. Notwithstanding the above, there is a difference between “Rules” and “Policies,” even though both of these governing documents may be/are often combined into a single document or publication. Although both “Rules” and “Policies” are adopted at board meetings; “policies” are usually documented in the minutes; while “Rules” are sent to Owners after adoption, because the Owners are expected to comply (and can be fined if they fail to comply); by comparison, “policies” do not require notice because policies do not require any action by the Owners, and there are usually no fines for failure to comply. Notwithstanding the above, the Board may elect to combine policies and rules in one publication in order to consolidate interpretations that the Board has made.

5. Open Meetings. Rulemaking meetings shall be conducted in public session. The board will review written comments from members who could not attend the meeting, and shall take comments from the members in public session; the Board may then go into executive session as part of the deliberation process, but the Board must come back into open meeting for the final vote to adopt a Rule or policy. The Board shall consider the following criteria for adopting or amending a policy, procedure or rule:

- a. Reasonableness and necessity;
- b. Equal treatment of Members/Owners;

- c. Clear and unambiguous;
- d. Preservation, protection and enhancement of property values, and
- e. Consistent with Governing Documents and applicable law.

6. Publication. Policies and procedures shall be effective upon adoption by the Board, and Rules shall be effective fifteen days after sending Notice of the adoption, amendment or repeal of any Rule, in writing, to each Owner. This can ordinarily be accomplished by giving Notice in a newsletter, and publication of the Rules by posting to the website.

Adopted by the Board, this 28<sup>th</sup> day of June, 2014, effective immediately.