

**SHADY HOLLOW TOWNHOMES  
RESOLUTION REGARDING**

**POLICIES AND PROCEDURES FOR COVENANT AND RULE ENFORCEMENT**

- SUBJECT:** Adoption of a policy regarding the enforcement of covenants and rules and procedures for the notice of alleged violations, conduct of hearings and imposition of fines.
- PURPOSE** To adopt a uniform procedure to be followed when enforcing covenants and rules to facilitate the efficient operation of the Association.
- AUTHORITY:** The Declaration, Articles of Incorporation and Bylaws of the Association, and Colorado law.
- EFFECTIVE DATE:** September 18, 2006
- RESOLUTION:** The Association hereby adopts the following procedures to be followed when enforcing the covenants and rules of the Association:
1. Reporting Violations. Complaints regarding alleged violations may be reported by an Owner or resident within the community, a group of Owners or residents, the Association's management company, if any, Board member(s) or committee member(s) by submission of a written complaint.
  2. Complaints.
    - (a) Complaints by Owners or residents shall be in writing and submitted to the Board of Directors. The complaining Owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Violator"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. Non-written complaints or written complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the Association.
    - (b) Complaints by a member of the Board of Directors, a committee member, or the manager, if any, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Director or Manager.
  3. Investigation. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by a Board designated individual or committee. The Board shall have sole discretion in appointing an individual or committee to investigate the matter.
  4. Initial Warning Letter. If a violation is found to exist, a warning letter shall be sent to the Violator explaining the nature of the violation and the action required to correct the violation. The Violator will have 14 days (or as

otherwise may be specified, but in no case less than 10 days) from the date of the letter to come into compliance. The letter shall also state that the continuation of the violation or any violation of the same rule or covenant within a 12 month period could result in the imposition of a fine, as provided herein, after the Violator is given notice and the opportunity for a hearing.

5. Continued Violation After Initial Warning Letter. If the alleged Violator does not come into compliance within 14 days (or as otherwise specified) of the first warning letter or a violation of the same covenant or rule occurs within a 12 month period from the initial warning letter, this will be considered a second violation for which a fine may be imposed following notice and opportunity for a hearing. A second letter shall then be sent to the alleged Violator, explaining the nature of the violation. The second letter shall also set forth the time and place of a hearing, which time shall not be less than 10 days from the date of the second letter. The Violator shall be invited to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf. The letter shall also specify the fine that may be imposed if a violation is found to exist.

6. Hearing. At the beginning of each hearing, the presiding officer, shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative, may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. The Board shall base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board shall, within a reasonable time, not to exceed 10 days, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner, shall be by a majority of the Board members present at the hearing. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

7. Failure to Attend Hearing. If the alleged Violator fails appear at any hearing, the Board may make a decision with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be assessed a fine pursuant to these policies and procedures.

8. Notification of Decision. The decision of the Board, committee or other person shall be in writing and provided to the Violator and Complainant within 10 days of the hearing

9. Fine Schedule. The following fine schedule has been adopted for all recurring covenant violations:

|   |                |
|---|----------------|
| First violation   | Warning letter |
| Second violation<br>(of same covenant or rule)                    | \$50           |
| Third violation<br>(of same covenant or rule)                     | \$100          |
| Fourth and subsequent<br>violations<br>(of same covenant or rule) | \$500          |

*Need to match SH HOA Rules and regs \$ fine amounts, above*

10. Arbitration. If any violation is not resolved through the above process, the Association may request the Violator submit the matter to non-binding arbitration. If such non-binding arbitration does not resolve the matter, the Association may pursue other means of enforcement, including the filing of a lawsuit against the Violator.

11. Waiver of Fines. The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the Violator coming into and staying in compliance with the Articles, Declaration, Bylaws or Rules.

12. Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

13. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

14. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

15. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

16. Amendment. This policy may be amended from time to time by the Board of Directors.

**PRESIDENT'S  
CERTIFICATION:**

The undersigned, being the President of the Shady Hollow Townhomes, a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on September 18, 2006 and in witness thereof, the undersigned has subscribed his/her name.

**SHADY HOLLOW TOWNHOMES**

By:

David Hall

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President