

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.

COVENANT ENFORCEMENT AND PENALTY ASSESSMENT POLICY

Adopted July 13, 2016

The following procedures have been adopted by the Arrowhead Filing #1 Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5 and the Declaration of Covenants, Conditions and Restrictions for Arrowhead Filing #1 Homeowners Association, Inc. as recorded on December 14, 1990 at Reception Number 90105622, at a regular meeting of the Board of Directors.

Purpose: To establish a standard for assessing fines and penalties for non-compliance with the Covenants of the Arrowhead Community, thus ensuring uniform enforcement of the Covenants.

Enforcement and Assessment Philosophy: All members are obligated by the Declaration of Covenants Concerning the Maintenance of Certain Improvements to Real Property, Arrowhead Subdivision Filing #1 ("Declaration") to comply with the Covenants and Restrictions as they pertain to the members' lots. Failure to do so jeopardizes the Association's ability to maintain the nature, value and character of the common interest of the Arrowhead Community. A member's failure to comply with the landscaping requirements of the Covenants may result in immediate and significant deleterious effects for the offending member's neighbors and the community as a whole.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Rules and Regulations for establishing fines and penalties for not complying with the Covenants of the Arrowhead Community:

1. Discovery of Violations: Covenant enforcement is conducted using two (2) methods of discovery, reactive enforcement and proactive enforcement.
 - a. Reactive Enforcement: Violations of the Covenants as defined in the Declaration as discovered by a member, owner or board member may be communicated to the management company along with a description of the nature and location of the violation. The management company shall verify the reported violation and further record, document and photograph if applicable the violation and observation dates for use in generating a notice to the violating party.
 - b. Proactive Enforcement: A covenant officer, as provided by the management company, shall traverse the community to observe and record violations of the Covenants as defined in the Declaration. If a violation is observed, the covenant officer shall record, document and photograph if applicable the nature and location of the violation along with the address and date the violation occurred for use in generating a notice to the violating party.

2. Notice of Violation: Written notice and a copy of the photograph detailing the violation shall be provided to the suspected violating association member outlining the covenant that is purported to be in violation. The notice shall contain the date(s) of the observed violation and the date the notice was mailed. The notice shall be sent by pre-paid first class mail to the most recent known address of the association member in violation or shall be personally delivered to that address. If the property where the violation occurred

is being rented by a party other than the owner, a copy of the notice will be sent to the renting party as well. A representative of the Association governing body or the Association managing company and/or his agents shall sign the notice. The proposed penalty for non-compliance with the covenant shall be reflected on the notice. For all violations other than landscaping violations, the notice shall be sent at least fifteen (15) days before the effective date of the penalty or fine. For violations concerning landscaping, the notice shall be sent at least seven (7) days before the effective date of the penalty or fine. Should the violation be corrected before the penalty assessment date as listed in the notice, then no penalty will be assessed.

3. Right to Appeal: Should the member or owner served with the Notice of Violation believe that there is no violation present on their property or that a special extenuating circumstance exists and/or that the Association is incorrect in finding a violation, the association member as the right to appeal. The appeal of the alleged violation must be made in writing, and submitted within seven (7) days from the postmarked date of the mailing of the original violation notice. The appeal should include any information and supporting evidence needed to clarify or resolve the issue. After receipt and review of the written appeal, the Association Board of Directors may retract the notice of violation and notify the member of such action or schedule a date to hear the appeal. No fines shall accrue if an appeal is properly submitted and awaiting a hearing.
4. Second Notice: If the member has not responded in writing or corrected the violation within seven (7) days of the date of the first notice of violation, a second notice including the same information as the first notice of violation, with the exception of photographs, shall be mailed or delivered to the association member and/or alleged violating party in the same manner as the first notice was delivered. The fine assessed to the type of violation shall start to accrue after fifteen (15) days from the date of the first notice of violation for all violations other than those concerning landscaping. For violations concerning landscaping, the fine assessed shall start to accrue after seven (7) days from the date of the first notice.
5. Final Notice: Upon the expiration of a period of forty-five (45) days since the first notice of violation was sent and/or once a fine in the amount of or in excess of two-hundred dollars (\$200.00) without the violation having been resolved, the matter may be referred to the Association's legal counsel. A final notice will be sent to the member by the Association's legal counsel, and the matter may be further processed within the civil courts of Jefferson County. Any fines resulting from the continued violation will be converted to a lien on the property where the violation occurred. The final notice shall provide the member with at least fifteen (15) additional days to comply with the Covenant in question. Any fines for the initial violation will continue to accrue and will be charged to the violating member. All legal fees and expenses will be the responsibility of the losing party in court pursuant to C.R.S. §38-33.3-123. Any fines, court fees and legal fees shall be assessed to the violating member should a case be withdrawn before a judgment from the court can be rendered.

6. **Board of Directors Review:** The Association Board of Directors shall have the authority to establish a finding of violation against an Association member and may order remedies that may include: fines, property liens, legal costs and rectification of the violation or violations by the Association with all expenses of rectification being charged to the violating member. The decision by the Board of Directors shall be final and binding upon the Association member found to be in violation. The Board of Directors shall retain any legal service that may be required to collect from the violating member all costs incurred by the Association, including attorney fees and costs, whether or not judicial action has been commenced so as to enforce the findings and remedies.
7. **Fines and Penalties:** The following is a schedule of the maximum fines that may be levied against an Association member for violations of the Declaration or Rules and Regulations of the Association. Fines shall commence no sooner than fifteen (15) days after the mailing or postmark date of the First Notice of Violation for all violations except violations concerning landscaping. For violations concerning landscaping, fines shall commence no sooner than seven (7) days after the mailing or postmark date of the First Notice of Violation. However, if the member has complied with the Right to Appeal as described herein, and is awaiting a hearing date or determination of the Board of Directors, then the fine shall be held in abeyance pending the outcome of the hearing and decision of the Board of Directors. All legal fees and costs and other costs incurred by the Association shall be assessed in addition to the fines described below.

Violation	Maximum Fine
Lack of Landscaping (Declaration of Covenants, Art. VIII, §§ 1 and 4)	\$100.00 per week
Lack of Maintenance (Declaration of Covenants, Art. VIII, §§ 1 and 4)	\$100.00 per week
Lack of Fence Maintenance (Declaration of Covenants, Art. VIII, §§ 1 and 4)	\$100.00 per week
Weeds (Declaration of Covenants, Art. VIII, § 4)	\$100.00 per week
Nuisance/Offensive Activity (Declaration of Covenants, Art. VIII, § 4)	\$100.00 per week
Unightly Conditions (Declaration of Covenants, Art. IX, § 7)	\$20.00 per day
Unapproved Air Conditioning (Declaration of Covenants, Art. IX, § 8)	\$100.00 per week
Unapproved Sign (Declaration of Covenants, Art. IX, § 8)	\$20.00 per day
Annoying Lights (Declaration of Covenants, Art. IX, §§ 8 and 13)	\$25.00 per offense
Vehicle Violations (Declaration of Covenants, Art. IX, § 9)	\$50.00 per day
Prohibited Vehicles (Declaration of Covenants, Art. IX, § 9)	\$25.00 per day
Nuisance/Offensive Activity (Declaration of Covenants, Art. IX, § 10)	\$50.00 per offense
Hazardous Activities (Declaration of Covenants, Art. IX, § 12)	\$25.00 per day
Annoying Sounds/Odors (Declaration of Covenants, Art. IX, § 13)	\$25.00 per offense
Garbage and Trash (Declaration of Covenants, Art. IX, § 14)	\$100.00 per week

Outstanding fines accrued in excess of \$200.00 are subject to legal action and may be forwarded to the Association's attorney for further processing and enforcement through the courts of the State of Colorado.

8. This Policy replaces and supersedes any previous policy or rule of the Association pertaining to the assessment of fines and penalties for non-compliance with the Declaration of Covenants.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Arrowhead Filing #1 Homeowners Association, Inc., certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association on July 13, 2016 and in witness thereof, the undersigned has subscribed his/her name.

**ARROWHEAD FILING #1 HOMEOWNERS
ASSOCIATION, INC.**

By:  _____
President