

RESOLUTION

OF THE ARROWHEAD FILING NO. 1 HOMEOWNERS ASSOCIATION, INC.

SUBJECT: Policies and procedures for enforcement of covenants.

PURPOSE: To preserve and enhance the values of all property in the community by providing for procedures to be followed in the enforcement of covenants and imposition of fines.

AUTHORITY: The Condominium Declaration for the Arrowhead Filing No. 1 Homeowners Association, Inc. recorded December 14, 1990 at Reception No. 90105622 of the records of the Clerk and Recorder of Jefferson County, Colorado and Colorado law and the Bylaws of Arrowhead Filing No. 1 Homeowners Association, Inc.

PROPERTIES EFFECTED: All real property subject to the Declaration in Jefferson County, Colorado.

EFFECTIVE DATE: November 1, 1994

RESOLUTION: 1. Informal Action Prior to Notice of Violation. Any member or agent of the Association has the authority to request that a member or resident cease any Act, or correct any omission which appears to be in violation of the Association documents. Such informal requests may be made before the formal process is initiated.

2. Notice of Violation. Notice of Violation and Right to Hearing of any provisions of the Declaration and Bylaws shall be provided to the applicable Unit Owner ("Owner") as soon as reasonably practicable following discovery by the Board of such violation. The Board may also, at its option, provide a copy of such notice to any non-owner violator. The notice shall describe the nature of the violation, state that the Board, through the Association's managing agent, may seek to protect its rights as they are specified in the governing legal documents, provide for a specified time period to correct the violation, and state that if the violation is not corrected within the specified time, a fine may be imposed following a hearing. If the violation is not corrected within the specified time set forth in the Notice of Violation, a second Notice shall be provided to the lot owner.

3. Service of Notices - Service of all notices required or permitted to be given shall be made as follows:

If to an Owner and/or Tenant: By personal delivery to the Owner and/or Tenant; or by U.S. Mail, postage prepaid, addressed to the last registered address of the Owner and/or Tenant as contained in the Association's records.

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If to the Association: By personal delivery or U.S. Mail, postage prepaid, addressed to: The Association in care of its registered agent and office as maintained with the Colorado Secretary of State and such other address as the parties may be advised in writing.

Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed shall be deemed received on the fifth day following the date of mailing.

4. Request for Hearing. In the event any Owner desires to attend a hearing or Board meeting to challenge or contest any violation and possible fine, the Owner must, within 14 days from receipt of the Notice of Violation and Right to hearing, request such hearing by notifying the Association, through its managing agent or Board of Director President, in writing, of such hearing request. 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. If a hearing is not requested within the 14 day period, the Board shall determine if there was a violation, and if so, assess the applicable fine as provided for in the Association's Rules and Regulations, all within sixty (60) days of the expiration of the 14 day period. The fine is due and payable immediately upon receipt of notice of the fine. The Association's managing agent or secretary shall give notice of said fine to the applicable Owner as provided in these Policies and Procedures. In requesting a hearing before the Association, an Owner shall state and describe the grounds and basis for challenging the violation as well as such other information the Owner deems pertinent.

5. Hearing. The Board shall hear and decide cases set for hearing pursuant to these Policies and Procedures. The Board may appoint an officer or other owner to act as the Presiding Officer at any of the hearings. Each hearing shall be held at the scheduled time, place and date, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted. The Board may exercise its discretion as to the specific manner in which a hearing shall be conducted and shall be authorized to question witnesses, review evidence, and otherwise take such reasonable action during the course of a hearing which it may deem appropriate or desirable to permit the Board to reach a just decision in the case. Neither the complaining parties nor the Owner must be in attendance at the hearing. However, the decision of the Board at each hearing shall be based on such evidence as may be presented at the hearing. Unless otherwise determined by the Board of Directors, all hearings shall be open to attendance by all members of the Association.

6. Decision. After all evidence has been presented, the Hearing Board, shall render its decision within ten (10) days after the hearing. The decision, either a finding for or against the Owner, shall be by a majority. The Hearing Board shall issue its conclusion, and, if applicable, shall impose a fine as provided in this Procedure or elsewhere in the Association's documents.

7. Enforcement and Attorney's Fees. In accordance with the Covenants and Bylaws, it is hereby declared to be the intention of the Association to enforce the provisions of the Documents by any and all means available to the Association at law or in equity, and to seek recovery and reimbursement of all attorney's fees, Association expenses and costs incurred by the Association in connection therewith.

8. Timely Payment. All fines assessed shall be due and payable immediately upon notice of such assessment. The Association shall be entitled to take such action and perform such work as specified or as otherwise permitted or required by law, in the Covenants or the Bylaws, prior to, in the absence of, or during the pendency of any hearing held pursuant to these procedures. If any fine is not paid within ten (10) days after the due date, a late charge in the amount of \$5.00 per month shall be assessed to compensate the Association for the expenses, costs and fees involved in handling such delinquency.

The Owner(s) of each unit shall be personally, jointly and severally liable for all fines for their owner activities and the actions of their tenants, guests and invitees. In the event said fine is not paid within ten (10) days, the Association may commence an action at law, or in equity, or both, against any owner personally obligated to pay the same, for recovery of said assessment plus the late charge. The prevailing party shall be entitled to recover its reasonable attorneys' fees and associated costs and expenses incurred in connection with such legal proceedings.

9. Application of Payments Made to the Association. The Association reserves the right to apply any and all payments received on account of any Owner or the Owner's property (hereinafter collectively "Owner"), to payment of any and all legal fees and costs (including attorney's fees) expenses of enforcement and collection, late fees, return check charges, lien fees and interest owing or incurred with respect to such Owner pursuant to Covenants, Bylaws, Rules and Regulations of the Association prior to application of the payment to the fin/penalty assessments.

10. Injunctive Relief. The Association shall have the right to seek injunctive relief to enforce these covenants and restrictions of the governing documents, in addition to the right to bring suit for damages. In all such cases, the owner shall be responsible for all costs of such lien, injunction or suit for damages, including the Association's reasonable attorney's fees.

11. Right to Amend. The Board of Directors reserves the right to amend repeal or add to these Rules, Regulations and Procedures from time to time as may be deemed necessary for the safe and efficient maintenance of the community and for the comfort and convenience of the occupants thereof.

12. Fine/Penalty Schedule - Should any covenant, rule or regulation be violated, a fine may be imposed, after notice and hearing, against the owner in the following increments:

- (1) First offense/violation: Written notice of intent to fine.
- (2) Second offense/violation: A \$25.00 fine may be assessed against the Owner.
- (3) Third offense/violation: A \$50.00 fine may be assessed against the Owner.
- (4) Fourth and subsequent offense(s)/violation(s): A \$100.00 fine may be assessed against the Owner.

Nothing shall preclude the Board from reducing or entirely waiving any fine as a condition of compliance with the covenant violated.

13. Miscellaneous.

- (a) Failure by the Association, the Board or any person to enforce any provision of the Covenants and Bylaws shall in no event be deemed to be a waiver of the right to do so thereafter.
- (b) The provisions of these Policies and Procedures shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions, or any portion, by judgment or decree of any court, shall in no way affect the validity or enforceability of the remaining provisions, which provisions shall remain in full force and effect.
- (c) Any conflict with these policies and procedures shall be resolved in favor of these policies and procedures.

