

ARROWHEAD FILING #1 HOMEOWNERS ASSOCIATION, INC.

Resolution of the Board of Directors

Rules & Regulations: Fines & Penalties for Non-Compliance

(Adopted: 4/01/09)

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WHEREAS, the Declaration of Covenants, Conditions and Restrictions for Arrowhead Filing #1 Homeowners Association, Inc. as recorded on December 14, 1990 empowers the Board of Directors for the Arrowhead Filing #1 Homeowners Association, Inc. to adopt rules and regulations per Article IX, Section 16 and whereas Article XI, Section 1 empowers the Board of Directors for the Arrowhead Filing #1 Homeowners Association, Inc. to enforce the Declaration and Rules and Regulations by several means, including the levying and collection of fines.

THEREFORE BE IT RESOLVED THAT: the Executive Board Arrowhead Filing #1 Homeowners Association, Inc. has adopted the following Rules and Regulations for establishing fines and penalties for not complying with the Covenants of the Arrowhead Community:

Discovery: Covenant enforcement is conducted using two (2) methods of discovery, reactive and proactive.
Reactive enforcement - Once violations to the Declaration of Covenants, Conditions and Restrictions for Arrowhead Filing #1 Homeowners Association, Inc. are discovered by a homeowner or board member, the violation(s) and the/their location(s) (address) would need to be conveyed to the management company to verify as an impartial third party who will record and photograph the reported violation and observation dates to use to generate a notice to the violator.

Proactive enforcement - A Covenant officer is provided by the management company to drive and/or walk through the community to observe violations to the Covenant documents. As a violation is observed, the Covenant officer will record and photograph the type of violation, address and date observed to use when a letter is generated to the violator.

Notice of Violation: Written notice and copy of the photograph will be given to the suspected violating association member outlining the covenant that is in violation. The notice will have the date of the observed violation and the date mailed. The notice will be sent by pre-paid first class mail and will be sent to the most recent known address of the association member in violation or personally delivered to that address. If the property is a rental, a copy of the notice will be sent to the renter also. A representative of the association governing body or the association manager and/or his agents will sign the notice. The proposed penalty for non-compliance to the covenant will be reflected on the notice also. The notice will be sent at least fifteen (15) days before the effective date of the penalty. Should the violation be corrected before the penalty date, no penalty will be assessed.

Right to Appeal: Should the association member (homeowner) believe that there is no violation present on their property or a special circumstance exists and/or that the association board is incorrect, the association member has 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 mailing of the original violation notice. The appeal should include any information or supporting evidence needed to bring clarity to the issue. The association board of directors may want to retract their actions at that time the appeal is given to the board and notify the association member of such action or will schedule a date to hear the appeal. No fines will accrue if an appeal is submitted and awaiting a hearing.

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, a second notice including the same information (less photographs) as the original notice will be mailed or delivered to the association member/violator. The fine assessed to the type of violation will start to accrue after fifteen (15) days from the date of the first notice.



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Final Notice: Once a period of forty-five (45) days has expired since first notice and/or a fine has accrued \$200.00 or over without resolve or compliance, a final notice will be sent to the association member in question by the association's legal counsel. The issue will be referred to the legal counsel for the association and may be processed within the civil courts of Jefferson County. The fines generated from the continued violation will be converted to a lien on the property. A final fifteen (15) days to comply will be provided. The fine will still accrue and be charged to the violator. All legal charges will be forwarded to violating member or the losing party in court. Any fines, court fees, legal fees will be assessed to the violator should a case be withdrawn by the violator before a judgment from the court can be given.

Board of Directors Review: The board of directors shall have the authority to establish a finding of violation against an association member and remedies that may include any, or all, of the following: fines, property liens, legal cost and rectification of the violation or violations by the association with all expenses being charged to the violating member. The decision of the board of directors shall be final and binding upon the association member. The board shall retain any legal service that may be required to collect from the violating member all costs incurred by the association, including attorney fees, whether or not judicial action has been commenced, for the proceeding and to enforce the findings and remedies.

Fines and Penalties: The following is a schedule of the maximum fines that may be levied against an association member for violations of the provisions of the Declaration or Rules and Regulations of the association. Fines will commence fifteen (15) days after the mailing or postmark date of the **First Notice**. However, if the association member has submitted the "right to appeal" the violation in the prescribed manner and is awaiting the hearing date, the fine will be held in abeyance pending the outcome of that hearing. All legal and other costs incurred by the association will be assessed in addition to the fines.

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

Fines exceeding \$200.00 in accrual are subject to stronger legal action and can be forwarded to the association's lawyer for processing through the Civil Court or collection through Small Claims Court.

The undersigned directors hereby approve the forgoing resolution as of this 21st day of

April, 2009.
Howard W. Smiley
Bobby Van...

[Signature]

3

State of Colorado)
) ss
County of Jefferson)

The forgoing instrument was acknowledged before me this 21ST day of April, 2009,

Howard Smiley, Mitchel Tendler, Bobbie Van Dore

The Board of Directors of Arrowhead Filing #1 Homeowners Association, Inc., a Colorado non-profit corporation.

My Commission Expires: 12/08/09 Notary Public Fred C Harris



My Commission Expires 12/08/2009