

**RESOLUTION
OF THE
MASTER COMMUNITY ASSOCIATION, INC.
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, Bylaws, Articles of the Association, and Colorado law, including, but not limited to, C.R.S. 38-33.3-209.5.
- EFFECTIVE DATE:** **NOVEMBER 16, 2011**
- RESOLUTION:** The Association hereby adopts the following procedures to be followed when enforcing the covenants and rules of the Association, which shall replace and supersede any and all policies previously adopted by the Board of Directors regarding covenant and rule enforcement:
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 Manager, if any, Board member(s) or committee member(s) by submission of a complaint.
 2. Complaints. (a) Complaints by Owners or residents shall be in writing and submitted to the Board of Directors. A written complaint is not required if the alleged violation can be independently verified by the Association. 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. 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. Voluntary Compliance. It is the intent of the Association to gain voluntary compliance without the need to resort to violation letters and fines. Therefore, upon receipt of a complaint, the Association will first attempt to informally resolve the matter through phone calls to the alleged Violator and through coordination with the subassociation, if any, to which the alleged Violator belongs. If these efforts fail, the Board may, at its discretion, use the other remedies included in this Policy, including the imposition of fines.

5. Courtesy Letter. If a violation is found to exist and informal means of resolving the matter have failed, a courtesy letter may be sent to the Violator explaining the nature of the violation. If the violation is a continuous violation, meaning one that continues and is uninterrupted by time, the letter shall advise the Violator that he or she will have 10 days from the date of the letter to come into compliance, and shall advise the Violator if he or she does not come into compliance, the Violator may be subject to fines pursuant to this Policy. If the violation is not a continuing one, meaning the violation is a one-time discrete violation, such as pool rule violations, the letter shall contain a statement advising the Violator that a violation has occurred and that subsequent violations of the same rule or covenant may result in the imposition of fines pursuant to this Policy.

6. Continued or Subsequent Violation After Courtesy Letter. In the case of a continuous violation, if the alleged Violator does not come into compliance within 10 days of the courtesy letter or any other prior violation letter, a fine letter shall then be sent to the alleged Violator, providing notice and an opportunity for a hearing, and explaining a fine may be imposed pursuant to this Policy. The letter shall further state that the alleged Violator is entitled to a hearing on the merits if requested in writing within 10 days of the subsequent violation letter. In the case of one-time discrete violations, if the Violator subsequently violates the same rule or regulation for which the Violator received a prior courtesy or fine letter, a fine letter shall then be sent to the alleged Violator, providing notice and an opportunity for a hearing, and explaining a fine may be imposed pursuant to this Policy. The letter shall further state that the alleged Violator is entitled to a hearing on the merits if requested in writing within 10 days of the subsequent violation letter.

7. Notice of Hearing. If a hearing is requested by the alleged Violator, the Board, committee or other person conducting such hearing as may be determined in the sole discretion of the Board, may serve a written notice of the hearing to all parties involved at least 10 days prior to the hearing date.

8. Impartial Decision Maker. Pursuant to Colorado law, the alleged Violator has the right to be heard before an "Impartial Decision Maker". An Impartial Decision Maker is defined under Colorado law as "a person or group of persons who have the authority to make a decision regarding the enforcement of the association's covenants, conditions, and restrictions, including architectural requirements, and other rules and regulations of the association and do not have any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the association." Unless otherwise disqualified pursuant to the definition of Impartial Decision Maker, the Board may appoint to act as the Impartial Decision Maker the entire Board, specified members of the Board, any other individual or group of individuals.

9. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within 10 days of any fine letter, or fails to appear at any hearing, the Impartial Decision Maker 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 this Policy.

10. 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. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Impartial Decision Maker 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 Impartial Decision Maker shall, within a reasonable time, not to exceed 10 days, render its written findings and decision, and impose a fine, if applicable. 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.

11. Notification of Decision. The decision of the Impartial Decision Maker shall be in writing and provided to the Violator within 10 days of the hearing, or if no hearing is requested, within 10 days of the final decision.

12. Fine Schedule. The following fine schedule has been adopted for all recurring discrete covenant or rule violations:

First violation	\$50.00
Second violation (of same covenant or rule)	\$100.00
Third violation (of same covenant or rule)	\$250.00
Fourth violation (of same covenant or rule)	\$500.00

Fourth and subsequent covenant violations may be turned over to the Association's attorney to take appropriate legal action. Any Owner committing three or more violations in a six month period (whether such violations are of the same covenant or different covenants) may be immediately turned over to the Association's attorney for appropriate legal action.

13. Continuous Violations. Continuous violations are defined as violations of Owner obligations that are uninterrupted by time. For example: the failure to remove an unapproved exterior improvement. If an Owner is determined as having a continuous violation, in accordance with the terms of this Policy, such Owner may be subject to a daily fine of \$50.00 per day per covenant if not corrected, following a notice and opportunity for a hearing as set forth above. If the violation is not cured within 30 days after the commencement of the daily fine, the Association may turn the matter over to the Association's attorney to take appropriate legal action.

14. Other Charges. In addition to the fines outlined above, each Owner shall be liable to the Association for any damage to the Common Elements or for any expense or liability incurred by the Association which may be sustained by reason of negligence or willful misconduct of such

Owner or a guest of the Owner, and for any violation by such Owner or guest of the Declaration or the Association's rules and regulations. In any action to enforce any violation, the Association, if it prevails, shall be entitled to recover all costs, including without limitation, attorney fees and courts costs, reasonably incurred in such action.

15. 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.

16. Violations on Common Elements. If a violation occurs on Common Elements, the Association may use self-help to correct the violation.

17. Other Enforcement Means. In the event there is not voluntary compliance, the Board may use all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law.

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

19. 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.

20. 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.

21. 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 Master Community Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on NOVEMBER 16, 2011 and in witness thereof, the undersigned has subscribed his/her name.

MASTER COMMUNITY ASSOCIATION, INC.
a Colorado non-profit corporation,

By: Heidi Mayhew
President