IV. ENFORCEMENT OF COVENANTS AND RULES, NOTICE AND HEARING PROCEDURES AND SCHEDULE OF FINES

The following definitions shall apply to this policy:

"Rules Committee" shall mean a committee created and convened by the Board for the purposes stated in this Policy, or if none, shall mean the Board.

"Violation" shall mean a failure of a Member, or through its agents or representatives, to comply with any Governing Document, whether the Violation is by reason of action or omission. Violation shall also include non-compliance with any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property owned by a Member which is subject to assessment under the Declaration of Covenants.

1. Members are encouraged to informally request any other Member to cease or correct any other action or omission which appears to be a Violation.

2. Any Member, Manager, or the Board may initiate a formal review of an alleged Violation. A Member or Manager shall file with the Board a written statement which shall state in ordinary and concise language the acts or omissions which the author believes occurred and shall include as many specifics as are available as to time, date, location and persons involved, so that the complaint may be investigated and verified. Depending on the severity and immediacy of the alleged Violation, the Board may direct the Manager to attempt to obtain an informal resolution. Unless there is need for immediate action, the Rules Committee shall first refer the matter for resolution to the association board or rules committee, if any, for the subdivision or common interest community in which the lot is located. If the Rules Committee determines that the complaint is insufficient, then the Member making the complaint shall have the right to have the Board hear the matter.

3. Letter to Member

Should the Rules Committee determine that an alleged Violation has occurred, and informal resolution or referral to another governing association, rules committee or board has not been successful, the Manager shall send a letter to the Member identifying the Violation. The letter shall require the alleged
Violation cease within such period of time as the Board deems reasonable, based upon the nature of the alleged Violation. The letter shall be mailed to the last known address of the Member, via certified and regular mail.

4. **Notice of Hearing**

Should the alleged Violation not be cured in the manner and by the date set forth in the letter to the Member, then a second letter shall be sent informing the Member that fines and costs per the Governance Policies shall be imposed unless within fourteen days of the date of the letter the Member requests in writing a hearing before the Rules Committee. If the Member does not request a hearing; or if following hearing, it is determined that a violation has occurred, the Rules Committee has the authority to levy fines, charges, attorney’s fees and other monies, and to take such other action as is authorized by the Governing Documents and Colorado law. If the Board is sitting as the Rules Committee, the hearing shall be held at the next regularly scheduled board meeting if at least 14 days after notice of hearing, or at a special time as set by the Board. If there is a separate Rules Committee, the hearing shall be held not less than 14 and not more than 45 days from notice.

5. **Constraints on the Committee**

It shall be incumbent upon each Member of the Rules Committee to make a determination as to whether he or she is able to function in a disinterested fashion. If such Member is incapable of objective consideration in the case, he or she shall disclose such to the committee and remove himself or herself from the proceedings and have it so recorded in the minutes.

6. **Hearing**

The hearing will not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Decisions of the Rules Committee may be made “under advisement,” i.e. at a later date and time. All decisions of the Rules Committee are effective three

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3 This section was amended April 2010 by the Board of Directors

Effective October 26, 2013 Page 12
days after written notice is sent to the Member (via regular, first class mail.) The Notice shall include the decision of the Rules Committee as to whether or not a Violation has occurred and the amount of the fine according to the Fine Schedule. If there is a Rules Committee separate from the Board and should the Member desire to appeal the decision of the Rules Committee to the Board, he or she shall deliver written request to the Board by sending or delivering the same to the Board Administrative Assistant no later than fifteen days after the date of the letter to the Member. The Board shall hear any such appeal at its next regular meeting. However, the decision of the Rules Committee shall be binding until otherwise overturned by the Board.

7. Fine Schedule

Upon determination that a Violation exists, the Board shall impose a fine according to the following table:

<table>
<thead>
<tr>
<th>Covenant of Rule</th>
<th>1st Violation</th>
<th>2nd Violation</th>
<th>3rd and Subsequent Violation(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Issues (§§ a-g of Covenants)</td>
<td>$250</td>
<td>$1,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Clearing of Trees and Storage of fire hazards</td>
<td>$150</td>
<td>$500</td>
<td>$1,000</td>
</tr>
<tr>
<td>Nuisance</td>
<td>$75</td>
<td>$150</td>
<td>$500</td>
</tr>
<tr>
<td>Refuse and Rubbish</td>
<td>$75</td>
<td>$150</td>
<td>$500</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>$100</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>Signs</td>
<td>$75</td>
<td>$150</td>
<td>$500</td>
</tr>
<tr>
<td>Animals</td>
<td>$50</td>
<td>$150</td>
<td>$250</td>
</tr>
<tr>
<td>Aerials, Antennas, Clotheslines</td>
<td>$100</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>Exterior tanks</td>
<td>$50</td>
<td>$100</td>
<td>$300</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$100</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>Any other Violation</td>
<td>$75</td>
<td>$150</td>
<td>$500</td>
</tr>
</tbody>
</table>

A second Violation shall be any new incident of the same Violation or shall be a continuing Violation that has not been removed or cured within thirty (30) days of the deadline for cure given to the Owner in the Letter to Member noticing the Violation.
A third Violation shall be a third new incident of the same Violation or a continuing Violation that has not been cured or removed within sixty (60) days of the deadline for cure given to the Owner in the Letter to Member noticing the Violation.

8. Payment of Fines

Fines shall be due and payable within 15 days of Notice and thereafter shall bear interest at the rate of 8% per annum. Unpaid fines shall be added to and become a part of the Member’s assessment and shall be subject to the collection procedures set forth in Policy I, collection of Unpaid Assessments.

9. Exterior Maintenance

If the Violation is a Member’s failure to maintain its property or improvements in a manner reasonably satisfactory to the Board and commensurate with the standards of the community, upon a two-thirds vote of the Board, it shall have the right, on behalf of SPOA, through its agents and employees, to enter upon the property and repair, maintain and restore the property and the exterior of the buildings and any other improvements erected upon the property. The cost of such exterior maintenance shall be added to and become part of the assessment to which the lot is subject.

10. Immediate Action

If the nature of the Violation threatens immediate destruction, injury, or damage to any person, to another lot, or to SPOA property; or if the nature of the remedy of the Violation would be to deconstruct or remove a planned or in-construction permanent improvement, the Board may immediately seek injunctive relief from the Routt County District Court.

11. Arbitration

In the event a Member disputes the Board’s enforcement of covenants contained in Article V of the Declaration of Covenants, Conditions and Restrictions of SPOA, the matter shall be submitted to binding arbitration. The Members shall choose one arbitrator,
the Board shall choose one arbitrator and such arbitrator shall choose one additional arbitrator, and the decision of the majority of all the arbitrators shall be final and conclusive of the question involved.

12. Additional Enforcement Procedures

If a third Violation occurs, SPOA shall deem said third Violation as constituting obnoxious or offensive conduct to Section J, Article V. of the Declaration and a judicial proceeding may be brought to abate the conduct for the third or subsequent Violation.

13. Joint and Several Liability

Each Member of the lot upon which the Violation occurs shall be jointly and severally liable for any fine imposed pursuant to the enforcement of the Governing Documents, including but not limited to, all attorneys fees, expert witness fees and costs incurred by SPOA resulting from or in any way related to the Violation or the collection of fines.

14. Attorney’s Fees and Costs

In the event the Rules Committee and/or Board determines a Violation has occurred, the non-complying Member(s) shall be responsible to pay all attorney fees and costs and fees incurred by SPOA arising from the Violation.

15. Remedy

Each remedy set forth in these Policies shall be in addition to all other remedies, whether available at law or in equity, and all such remedies, whether or not cumulative.