

POLICIES AND PROCEDURES FOR COVENANT AND RULE ENFORCEMENT

PURPOSE: To facilitate the efficient operation of the Association by establishing a uniform procedure to be followed when enforcing covenants and rules, including procedures for the notice of alleged violations, conduct of hearings and imposition of fines.

AUTHORITY: The Declaration of Protective Covenants (hereinafter "Declaration"), Articles of Incorporation and Bylaws of the Association, and Colorado law.

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 management company, if any, Board member(s) or committee member(s) by submission of a written complaint.
2. Complaints.
 - (a) **Complaints by Owners or residents** shall be in writing and submitted to the Board of Directors, either via mail to ATTN: Covenant Review Committee, P. O. Box 1431, Canon City, Colorado 81215, or via e-mail to president@south-t-bar.com. The complaining Owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Violator"), if known. The report must clearly state that this is a complaint 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. Non-written complaints or written 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 an individual or committee designated by the Board. The Board shall have sole discretion in appointing an individual or committee to investigate the matter.
4. Initial Warning Letter. If a violation is found to exist, a warning letter shall be sent to the Violator explaining the nature of the violation. The Violator will have 30 days from the date of the letter to come into compliance.
5. Continued Violation After Initial Warning Letter. If the alleged Violator does not come into compliance within 30 days of the initial warning letter, this will be considered a second violation. A second letter shall then be sent to the alleged Violator providing notice of the violation, giving 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 of the matter provided that such hearing is requested in writing within 30 days of the date on the second violation letter.
6. Notice of Hearing. If a hearing is requested by the alleged Violator, the Board, in its sole discretion, shall determine whether the hearing will be conducted by the Board, by a committee, or by another person. The person(s) conducting the hearing shall serve a written notice of the hearing to all parties involved at least 10 days prior to the hearing date.
7. 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 are required to be in attendance at the hearing. The Board shall base its decision solely on the matters set forth in the Complaint, the 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 Board shall, within a reasonable time, not to exceed 30 days, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner, shall be by a majority of the Board members present at the hearing. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal

of the hearing committee’s decision unless it can be shown that due process was denied.

- 8. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within 30 days of any letter, or fails to appear at any hearing, the Board 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 these policies and procedures.
- 9. Notification of Decision. The decision of the Board, committee or other person, shall be in writing and provided to the Violator and Complainant within 30 days of the hearing, or if no hearing is requested, within 30 days of the final decision.
- 10. Fine Schedule. The following fine schedule will be in effect for all recurring covenant violations:

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| First violation | Warning letter |
| Second violation (of the same covenant or rule) | \$50 |
| Third and subsequent Violations (of the same covenant or rule) | \$100 |

Third and subsequent covenant violations may be turned over to the Association’s attorney to take appropriate legal action.

- 11. 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.
- 12. Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means which are available to the Association through its Declaration, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.
- 13. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

14. Supplement to Law. The provisions of this Policy 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 Association.
15. Deviations. The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.
16. Amendment. This policy may be amended by the Board of Directors.