

**RESOLUTION OF BOARD OF DIRECTORS OF
SHANAHAN RIDGE FOUR HOMEOWNERS ASSOCIATION
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 uniform procedures to be followed when enforcing covenants and rules to facilitate the efficient operation of the Association.

AUTHORITY: The Declaration, Bylaws and Articles of Incorporation of the Association and Colorado law.

EFFECTIVE DATE: July 27, 2015

RESOLUTION: The Association hereby adopts the following procedures to be followed when enforcing the covenants and rules of the Association:

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. The Board may also identify and address issues and establish a Complaint on its own initiative.
2. Complaints. The Complaint investigation process may be initiated by Complaint. In general a Complaint shall be made (a) by written Complaints by owners or residents submitted to the Board of Directors. The complaining owner or resident shall have observed the alleged violation or have other reasonably identified grounds to assert the 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 of the Covenants or rules which are alleged to have been violated, when the violation was observed and any other pertinent information. Complaints that do not meet the foregoing requirements may or may not be investigated or prosecuted at the discretion of the Board. In particular, the Board reserves the right to review Complaints submitted on an anonymous basis; or (b) as otherwise recognized and determined by the Board of Directors in its discretion, in which case the Board shall issue and identify the Complaint.
3. Investigation. Upon receipt of a complaint by the Board of, the Board

may request additional information, perform its own investigation, designate an individual or committee to investigate the matter, or otherwise take whatever steps it deems appropriate to review the matter

4. Initial Warning Letter. If the Board determines that there are reasonable grounds to indicate the existence of a violation, the Board may initiate the enforcement process by issuing a warning letter to the Violator explaining the nature of the violation. The warning letter shall state the nature of the violation, and shall inform the Violator that he/she has 14 days from the date of the letter to deliver to the Board a written response to the warning letter. Such response may include a proposal for coming into compliance with the applicable covenant or rule. Based on the response, if any, the Board may communicate with the alleged Violator to attempt to resolve the violation, with any resolution to be set forth in a written agreement approved by the Board. In the absence of Agreement, the Board shall issue a proposed decision on the violation, including the proposed fine, required action or other remedy, and the date that any remedy will take effect (the Proposed Disposition). The Proposed Disposition shall be transmitted in writing to the Violator.
5. Final Disposition. The Proposed Disposition will become final and enforceable, without any right to hearing, review or appeal, 14 days from the transmittal thereof to the Violator unless the Violator, within such 14 day period, requests a hearing by written notice delivered to the Board.
6. Notice of Hearing. If a hearing is properly requested by the alleged Violator, the Board shall establish a reasonable time and date for hearing and serve a written notice of the hearing to the Violator, the Complainant, other parties involved at least 14 days prior to the hearing date. In addition, notice of hearing shall be provided to the Owners via website or other appropriate means for providing notice to all Owners.
7. Hearing. The hearing shall be conducted by the Board, provided that the Board shall designate one Board member to conduct the hearing (the Presiding Officer). Neither the full Board nor a quorum need attend the 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 shall have the right to make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The presiding officer shall have the authority to reasonably control the proceedings, including the limitation cumulative or otherwise inappropriate evidence. The Board may determine whether or not to make any written or other record of

proceedings. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Decision shall be made by majority vote of the members of the Board present at the hearing and shall be issued within a reasonable time after the hearing. Such decision shall be considered to be the determination of the Board of Directors. The decision of the Board shall be final and not subject to further review or appeal. The final decision may differ from the Proposed Disposition.

8. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within 14 days of the Proposed Disposition, or fails to appear at the 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. The Decision of the Board shall be final and not subject to further review or appeal.
10. Fine Schedule. The following fine schedule has been adopted for all recurring covenant violations, which fines shall be cumulative:

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| First violation: | Warning letter |
| Second violation (of same covenant or rule): | \$100.00 |
| Third and subsequent violations (of same covenant or rule): | \$25.00 a day retroactive to the date of the Initial Warning Letter |

The second and subsequent covenant violations and may be turned over to the Association's attorney to take appropriate legal action. Fines are in addition to other remedies to the Board under applicable project documents or otherwise available at law or in equity.

11. Continuous Violations. Continuous violations are defined as violations of Owner obligations that continue on ongoing or repetitive basis, with or without interruption. As set forth in a Proposed Disposition or Final Decision, fines for continuous violations may be assessed on a daily basis.

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 fine of \$25.00 per day per each covenant violation if not corrected, following a notice and opportunity for a hearing as set forth above.

12. 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.

13. Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means that 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.
14. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
15. 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.
16. Deviations. The Board may modify, waive or extend the specific requirements set forth above in its sole discretion, provided that the Violator shall in all cases have the right to make a timely request for hearing and, if such request is made, to have a hearing on the Violation. The Board may at any time, including before or after hearing or Final Decision, modify or revise any action, including a Proposed Disposition or Final Decision and to enter into any agreement with the Violator that it deems appropriate in its sole discretion.
17. Amendment. This policy may be amended from time to time by the Board of Directors in its discretion.

PRESIDENT'S CERTIFICATION: The undersigned, being the President of the Shanahan Ridge Four Homeowners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this 27 day of July, 2015, and in witness thereof, the undersigned has subscribed his/her name.

**SHANAHAN RIDGE FOUR HOMEOWNERS
ASSOCIATION, A Colorado nonprofit corporation**

By:  7/27/15
JOHN GRESS, President