

**POLICY OF MOUNTAIN SAGE TOWNHOME 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 Mountain Sage Townhome Association, Inc. (the "Association").

AUTHORITY: The Declaration of Covenants, Conditions, Restrictions and Easements of The Mountain Sage Townhomes (the "Declaration"); the Articles of Incorporation of Mountain Sage Townhome Association, Inc.; the Revised and Restated Bylaws of Mountain Sage Townhomes Association, Inc.; and Colorado law.

EFFECTIVE DATE: November 18th, 2022

RESOLUTION: The Association hereby adopts the following procedures to be followed when enforcing the covenants and rules of the Association, for the benefit of the Association and its owners or members (the "Members"):

1. Power. The Board shall have the power and duty to hear and make decisions regarding purported violations of the Governing Documents and written complaints filed with the Board pursuant to these policies and procedures. The Board may determine enforcement action on a case-by-case basis and take other actions as it may deem necessary and appropriate to assure compliance with the Governing Documents and to create a safe and harmonious living environment. These enforcement provisions may be in addition to other specific provisions outlined in the Governing Documents. The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control.

2. Complaints and Investigations. The process to determine if the Governing Documents have been violated and enforcement action should result shall be initiated by the filing of a written complaint (Complaint) with or by the Board or the

Association's managing agent. The Board may institute a Complaint, on its own accord, whether in writing or not. The Complaint shall state the specific provision of the Governing Documents alleged to have been violated and as many specifics as are available as to time, date, location and persons involved. The Board shall make reasonable efforts to investigate all Complaints filed with it. If the Board determines that any Complaint filed with it is insufficient to provide grounds for a violation, it shall notify the complainant, who shall have seven (7) days to amend the Complaint to render it sufficient. If the complainant does not render the Complaint sufficient within said period of time, the Complaint shall be dismissed without a hearing or notice of violation. If the Board determines that the Complaint appears to establish a violation of the Governing Documents, the Board shall then make a reasonable determination as to whether the violation threatens public safety or health.

3. Violations Threatening Public Safety or Health. Upon conclusion of the investigation, where the Board has reasonably determined that the violation threatens public safety or health, the Board will proceed as follows:

a. Notice. The Board shall deliver written notice of the violation to the Member (Notice of Violation). The Notice of Violation must be sent in English and the language that the Member has previously indicated a preference for correspondence and notices. The Notice of Violation must include the following:

- i. Date and time of the violation;
- ii. Description of the violation;
- iii. References to portions of the Governing Documents that the Member violated or is in violation of;
- iv. That the board has determined the violation threatens public safety or health;
- v. That the Member has seventy-two (72) hours to cure the violation or the Association may fine the Member;
- vi. The action(s) required to cure the violation;
- vii. The fines to be imposed if the violation is not remedied within the cure period, including the interval at which such fines may be assessed if the violation is continuing in nature; and
- viii. As further detailed in Section 5, an explanation of the Member's right to request a hearing, and the timeline for the hearing process described in this policy.

- b. Inspection and Cure. The Member may notify the Association of its cure and provide visual evidence of the cure. If the violation has been cured and the Association confirms the cure, the violation shall be deemed cured on the date notice was sent by the Member. If the Member notified the Association of its cure but failed to provide visual evidence or if the Association reasonably doubts the veracity of the visual evidence provided, the Association shall inspect the property as soon as practicable to determine whether the violation has been cured. If the Association does not receive notice that the Member cured the violation, the Association shall inspect the property within seven (7) days of the expiration of the cure period to determine whether the violation has been cured.
- c. Fines. If the Member has not cured the violation within seventy-two (72) hours, the Association may impose fines upon the Member in accordance with the Fine Schedule listed below.
- d. Legal Action. In addition to imposing fines, if the Member has not cured the violation within seventy-two (72) hours, the Association may take legal action against the Owner for the violation, including, without limitation seeking an injunction ordering compliance, prohibiting future occurrences of the violation, for damages, and for any other appropriate relief. Such legal action can be in addition to any hearing or associated hearing procedures proscribed under this Policy.
- e. Notice After Cure. Once the violation has been cured, the Association shall provide written notice to the Member of the outstanding fine balance for the violation, and that no further fines will be assessed for the violation.

4. Violations Not Threatening Public Safety or Health. Upon conclusion of the investigation, where the Board has determined that the violation does not threaten public health or safety, the Board will proceed as follows:

- a. Notice. The Board shall deliver written notice of the violation to the Member (Notice of Violation). The Notice of Violation must be sent in English and the language that the Member has previously indicated a preference for correspondence and notices. The Notice of Violation must include the following:
 - i. Date and time of the violation;
 - ii. Description of the violation;

- iii. References to portions of the Governing Documents that the Member violated or is in violation of;
 - iv. The action(s) required to cure the violation;
 - v. That the Member has thirty (30) days to cure the violation or the Association may fine the Member;
 - vi. The fines to be imposed if the violation is not remedied within the cure period, including the interval at which such fines may be assessed if the violation is continuing in nature; and
 - vii. As further detailed in Section 5, an explanation of the Member's right to request a hearing, and the timeline for the hearing process described in this policy.
- b. Fines. If the Member has not cured the violation within thirty (30) days, the Association may impose fines upon the Member in accordance with the Fine Schedule listed below. The total amount of fines imposed for each violation shall not exceed five hundred dollars (\$500.00).
- c. Second Cure Period. If the Member has not cured the violation within thirty (30) days, the Association shall grant the Member a second thirty (30) day period before initiating any legal action against the Member. The Association may impose fines upon the Member during the second cure period, as described in the preceding paragraph, and institute collection procedures in accordance with the Association's Collection Policy.
- d. Inspection and Cure. After a notice of violation has been delivered to a Member, the Member may notify the Association of its cure and provide visual evidence of the cure. If the violation has been cured and the Association confirms the cure, the violation shall be deemed cured on the date notice was sent by the Member. If the Member notified the Association of its cure but failed to provide visual evidence or if the Association reasonably doubts the veracity of the visual evidence provided, the Association shall inspect the property as soon as practicable to determine whether the violation has been cured. If the Association does not receive notice that the Member cured the violation, the Association shall inspect the property within seven (7) days of the expiration of the cure period to determine whether the violation has been cured.
- e. Legal Action. In addition to imposing fines, if the Member has not cured the violation by the expiration of the second thirty (30) day cure period, the Association may take legal action against the Member for an injunction ordering compliance, prohibiting future occurrences of the violation, for damages, and for any other appropriate relief, but may not foreclose on any assessment lien solely for fines

assessed against the Member. Such legal action can be in addition to any hearing or associated hearing procedures proscribed under this Policy.

- f. Notice After Cure. Once the violation has been cured, the Association shall provide written notice to the Member of the outstanding fine balance for the violation, and that no further fines will be assessed for the violation.
5. Response to Notice of Violation. A request for response in substantially the following form shall be served upon the alleged violating Member (hereinafter referred to as Respondent) at the time of service of the Notice of Violation. Additional information may be included at the discretion of the Board.

Request for Response

“You have the opportunity to be heard, orally or in writing, before any action to be taken by the Board of Directors or a tribunal appointed by the Board of Directors. To be heard, you must make a written request for a hearing. The request or the response must be filed with the Board of Directors or its designee not later than ten (10) days after being served with the notice, if the violation is not one which the Board has determined threatens public health and safety. The request or the response must be filed with the Board of Directors or its designee not later than seventy-two (72) hours after being served with the Notice of Violation, if the violation is one which the Board has determined threatens public health and safety. Your request or response must respond to the charges set forth in the Complaint. If you fail to file a request for hearing or a response within the time specified, the Board of Directors may proceed with or without a hearing, at its discretion. **The Board of Directors may interpret your failure to request a hearing or respond constitutes a no-contest plea to the Notice of Violation.**”

6. Hearing. If the Respondent files a written request for hearing, the Board shall set the matter for hearing after reasonable efforts to coordinate a convenient date and time with the Respondent, which may be the next regularly scheduled meeting of the Board, but in no event sooner than fifteen (15) days after mailing a Notice of Hearing outlined below, unless the violation is one which the Board has determined threatens public health and safety. Each hearing shall be held at the scheduled time, place and date. The Board may, in its discretion, grant a continuance(s). The Board may: (a) exercise its discretion as to the specific manner in which a hearing shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit the Board to reach a just

decision. Neither the Complainant nor the Respondent must be in attendance at the hearing, but both are encouraged to attend either personally or through a designated representative (including counsel). Any party may elect not to present argument or evidence at the hearing. Action taken by the Board shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. Each hearing shall be open to attendance by all Members, unless otherwise determined by the board pursuant to C.R.S. § 38-33.3-308(4)(e), which allows the Board to hold a disciplinary hearing regarding a Member in executive or closed session. If the disciplinary hearing is held in an executive or closed-door session, the Member may request and receive the results of any vote taken at the relevant meeting.

7. Notice of Hearing. If the Respondent files a written request for hearing, a notice of hearing in substantially the following form shall be mailed to or served upon the Respondent, as set forth above, at least fifteen (15) days prior to the hearing date, unless the violation is one which the Board has determined threatens public health and safety. Additional information may be included in the Notice of Hearing at the discretion of the Board.

Notice of Hearing

You are hereby notified that a hearing will be held before the Board at _____ on _____, _____, at _____ a.m./p.m. upon the charges made in the Complaint or letter previously sent to you on _____.

8. Decision. If a request for hearing is made, after all argument, testimony and other evidence has been presented to the Board at a hearing, the Board shall render its decision taking into consideration all of the relevant facts and circumstances. Following the hearing, the Board, acting by majority vote of the quorum, shall determine if the Respondent violated the Governing Documents and the amount, if any, of the fine to be imposed or other penalty to be enforced. The Board's decision shall be final. The minutes of the meeting must contain a written statement of the results of the hearing and the fine or penalty, if any, imposed. The Board will then provide the Respondent in violation a written letter or email, served as set forth above, setting forth (i) a summary of the hearing, (ii) the final decision made by the Board, and (iii) the amount of any fine imposed. The Board's decision shall have an effective date no sooner than five (5) days after the hearing.
9. Impartial Decision Maker. Any board member involved in the decision process outlined above must be an "impartial decision

maker,” as defined by C.R.S. § 38-33.3-209.5(2)(b), which requires that an “impartial decision maker” be: “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 its architectural requirements, and the 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.” Any impartial decision maker who is incapable of objective and disinterested consideration of any enforcement matter before the Association shall disclose such to the President of the Board of Directors prior to the hearing, if possible, or at the hearing, and the person shall be disqualified from all proceedings with regarding the hearing at issue. If disqualification of the person results in an even number of remaining persons eligible to preside over the hearing, the presiding officer may appoint an impartial Member, in good, standing, to serve as a voting member of the hearing.

10. Enforcement and Fines. The Association may enforce the Governing Documents by any means available to the Association, including the levy of fines, self-help remedies authorized by the Governing Documents, suspension of rights, relief in the nature of an injunction whether prohibitory or mandatory, or a lawsuit for damages, injunctive relief, attorney's fees and/or costs incurred by the Association. If the violation involves damage to the Association's or a Member's property, costs of repair or replacement may be levied on the Respondent. Any fine or other monetary award levied against the Respondent will be collected pursuant to the Association's Collection Policy. In the event the Board determines any Respondent habitually violates the Governing Documents (i.e., 4 or more violations in any 12-month period), the Board may suspend or revoke a Respondent's Association rights and privileges for a period commensurate with the violations, except that any suspension of a Respondent's voting rights and privileges shall not exceed 60 days following any violation unless such breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues and for up to 60 days thereafter. Fines may be levied for violations of the Governing Documents as follows:

- a. The Board shall apply the following penalty schedule relating to specific violations of the Governing Documents, which are not a threat to public health and safety. The total amount of fines imposed for each violation shall not exceed five hundred dollars (\$500.00).

| <u>Number of offenses in a 12-month period</u> | <u>Fine Amount</u> |
|---|---------------------------|
| First offense: | Warning or up to \$50.00 |
| Second offense: | \$50.00 |
| Third and subsequent violations: | \$100.00 |

- b. The Board shall apply the following penalty schedule relating to specific violations of the Governing Documents, which are a threat to public health and safety.

| <u>Number of offenses in a 12-month period</u> | <u>Fine Amount</u> |
|---|---------------------------|
| First offense: | Warning or up to \$150.00 |
| Second and subsequent violations: | up to \$500.00 |

11. Continuing Violations. If a violation is one that is continuing in nature, the Association may assess a fine in intervals of every other day, weekly, or monthly until the violation is abated. Alternatively, if a violation remains uncured for more than forty-eight hours from the date a fine is levied against a Member, the Association may elect to provide a new Notice of Violation to the Member and levy additional fines.
12. Finality of Board Decisions/Limited Appeal. Decisions of the Board under this Enforcement Policy are final except in situations in which the Board imposes (1) aggregate fines or other monetary awards in excess of \$500 for any 12-month period and (2) a non-monetary penalty or remedy such as suspension of rights or relief in the nature of an injunction, whether prohibitory or mandatory. In such cases Respondent may appeal the applicable Board decisions pursuant to the Association's Dispute Resolution Policy.
13. Fines During Pendency of Hearing Process. If fines or other monetary awards are levied against a Respondent pursuant to this Policy during the pendency of a hearing requested by Respondent and/or the Board's decision on the hearing, such monies will not become due and payable until the Board issues a final decision confirming the monies levied against the Respondent. If the Board decides that fines or other monetary awards should not have been levied against the Respondent, then the Respondent shall not be charged the fine or other monetary award initially levied and the Association shall not allocate to the Respondent's account any of the Association's costs or attorney fees incurred in asserting or hearing the claim.
14. Members Responsible for Tenants, Family Members or Guests. Though the conduct alleged to be in violation of the Governing Documents may be that of a Member's tenant, invitee, agent, family member, affiliate or guest, Members may be deemed responsible by the Board for such conduct and may be fined for such conduct

under this Enforcement Policy.

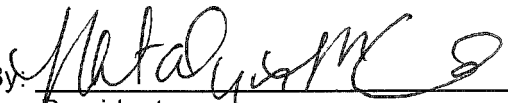
15. Association Records: The Association shall maintain records of all contacts between the Association and the Member in regard to a violation, including the type of communication, the date of the communication, and the time of the communication.
16. Service of Notices. Service of all notices required or permitted to be given hereunder shall be made as follows:
 - a. If to a Member: By email, personal delivery, posting on the Member's property or by U.S. Mail, certified mail, return receipt requested, addressed to the last registered address of the Member as contained in the Association's records.
 - b. If to the Association: By email to admin@smprop.com, personal delivery, or by U.S. Mail, certified mail, return receipt requested, addressed to the Association.
17. 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.
18. Definitions. Unless otherwise defined in this Resolution, initially capitalized terms or other 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 community.
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 Resolution may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION:

The undersigned, being the President of Mountain Sage Townhome 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 11/18/22 witness thereof, the undersigned has subscribed his/her name.

Mountain Sage Townhome Association, Inc.,
A Colorado nonprofit corporation

By: 
Its: President