Homestead Farm II Homeowners Association, Inc.
POLICY FOR THE ENFORCEMENT OF COVENANTS, POLICIES, AND OTHER RULES

The following policy has been adopted by the Homestead Farm II Homeowners Association, Inc ("Association") at a meeting of the Board of Directors.

Purpose: To establish appropriate governance and to comply with Colorado law by establishing procedures for the notice of alleged violations, conduct of hearings, and imposition of fines. (The collection of delinquent assessments is addressed in a separate policy – *Policy for the Collection of Unpaid Assessments and other Amounts Owed to the Association*)

Effective Date: On date Approved by the board of Directors

Resolution: The Association hereby adopts the following procedures to be followed when enforcing the covenants, by-laws, policies and other rules of the Association:

1. Reporting Violations. Complaints regarding alleged violations may be reported by a Homeowner or resident within the community, a group of Homeowners or residents, the Association's management company or other employees if any, Board member(s), or committee member(s).

2. Complaints.

    a. Complaints by Homeowners or residents shall be in writing and submitted to the Board of Directors. The complaining homeowner 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 that are not in writing, or written complaints that fail to include any information required by this provision may not be investigated or prosecuted at the discretion of the Board.
    b. Complaints by a member of the Board of Directors, a committee member, or the manager or employee of the Association, 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, committee member, manager, or employee.

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 whether to pursue an investigation of a complaint and in appointing an individual or committee to investigate the matter if an

investigation is approved. If the Board determines not to pursue an investigation of a Complaint, or if an alleged violation is found not to exist, it will send a letter to the Complainant stating its reasons for not pursuing the alleged violation or why it found that no violation had occurred.

4. Initial Warning Letter. If a violation is found to exist, a warning letter shall be sent to the Violator (and Homeowner if different) that describes the alleged violation, include a reasonable time during which the alleged violation may be remedied without further sanction, and describes the process for a second notice, including the hearing process and the fines that may be imposed if the violation is not remedied.

   The initial warning letter will also ask the recipient(s) of the letter to provide the Board with any reasons why they feel a violation has not occurred (these reasons must be in writing and received by the Board within fifteen (15) days of the date on the Initial Warning Letter). Response letters received by Board will be considered by the Board in its determination of whether a violation exists.

5. Continued Violation After Initial Warning Letter. If the alleged Violator does not come into compliance within the reasonable time provided in the Initial Warning Letter, or if the Board has considered the reasons described in a letter received in response to the Initial Warning Letter and has determined that a violation has occurred, this will be considered a second violation for which a fine may be imposed following notice and opportunity for a hearing. A second letter shall then be sent to the alleged Violator (and Homeowner if different), providing notice and an opportunity for a hearing, and explaining if a violation is found to exist, a fine may be imposed pursuant to this Policy. The letter shall further state that the recipients are entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within fifteen (15) days of the date on the second violation letter.

6. Notice of Hearing. If a hearing is requested, the Board, committee or other individual conducting such hearing as designated by the Board at its sole discretion, shall mail a written notice of the hearing to all parties involved at least ten (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 circumstances.

   Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Board 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, including the observation of the issue by Board members. Unless otherwise determined by the Board, all hearings shall be open to attendance by all Homeowners. After completion of the hearing, the Board shall, within a reasonable time render its written findings and decision, and impose a fine, if applicable.

A decision, either finding for or against the Homeowner, 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 decision reached based on the hearing absent a showing of denial of due process.

8. Failure to Timely Request Hearing. If the alleged Violator (or Homeowner if different) fails to request a hearing within fifteen (15) days of the second letter, or fails to appear at the hearing, the Board may make a decision with respect to the alleged violation based on the Complaint, the results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, a fine may be imposed pursuant to this Policy.

9. Notification of Decision. The decision of the Board, committee or other person, shall be in writing and provided to the Violator, the Homeowner if different from the Violator, and Complainant within a reasonable time of the hearing, or if no hearing is requested, within a reasonable time of the final decision.

10. Reconsideration. The Board may order reconsideration at any time within fifteen (15) days following delivery of its decision at the request of the Complainant, Violator, or a Board member.

11. Fine Schedule. The following fine schedule has been adopted for all covenant violations that are not remedied:

First violation	Warning letter
Second violation (of same covenant or rule)	$25.00
Third violation (of same covenant or rule)	$50.00
Subsequent violations (of same covenant or rule)	$100.00, or such higher or different sum as may be determined by the Board

Fourth and subsequent violations may be turned over to the Association's attorney to take appropriate legal action.

12. Continuous Violations. Continuous violations are defined as violations of Homeowner obligations that are uninterrupted by time. Each day of noncompliance with such violations constitutes a separate violation. *For example: the failure to remove an unapproved exterior improvement.*

    If a continuous violation of a covenant has occurred in accordance with the terms of this Policy, such Homeowner may be subject to a monthly fine of $100.00 for each month, for each violation of a different covenant that is not corrected, following a notice and opportunity for a hearing as set forth above.

13. Recurring Violations. Recurring violations are defined as violations of the same rule that continue to occur, but are remedied each time before the administrative process for the violation has been completed. *For example, the parking of a trailer or motor home in the subdivision beyond the prescribed one-day time period to load or unload.*

    If a recurring violation of a covenant has occurred in accordance with the terms of this Policy, such Homeowner may be subject to a fine of $50.00 for the second violation and additional $50.00 fines for each subsequent violation of the same rule. However, the $50.00 fine may be imposed upon the second and subsequent violations only if the Board has sent a letter to the Homeowner that describes the first violation, the fine(s) that may be imposed each subsequent time the violation occurs, and provides an opportunity for a hearing as set forth above.

14. Unpaid Fines. If a fine has not been paid for more than thirty (30) days after the date of the letter to the Homeowner that imposes the fine, the amount owed by the Homeowner shall be treated as Homeowner Association dues (assessments) for purposes of collection remedies.

15. Waiver of Fines. The Board may waive all, or any portion of a fine 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, Covenants, Guidelines, Policies, and other rules.

16. 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 hits Declaration, Bylaws, Articles of Incorporations. Policies and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

17. Appeals and Legal Rights. In the event the actions of the Board are unsatisfactory to one or more parties, and after all procedures in this Policy have been exhausted, they can submit to binding arbitration of the dispute. The cost of this arbitration and the prevailing party's reasonable collection costs and attorney's fees shall be

borne by the party judged against. Nothing in this Policy shall alter or amend a person's legal rights under Colorado State law.

18. Amendments and Deviations. These procedures may be amended by the Board, and the Board may deviate from them if in its sole discretion, such deviation is reasonable under the circumstances.

Homestead Farm II Homeowners Association, Inc. The undersigned certifies that this policy was approved and adopted by the Board of Directors of the Association at a duly called and held meeting on this

3/6/06 date.

By: _____
President

Attest

_____
Title