

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.  
COVENANT AND RULES ENFORCEMENT POLICY AND PROCEDURES**

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for the enforcement of the covenant and rules of the Association:

1. Any Unit Owner, Resident, Board Member or managing agent may contact the Association regarding an alleged violation of the Association's governing documents. Complaints that cannot be verified by the Association's Board of Directors or managing agent must be made in writing. Written complaints must clearly indicate the nature of the violation, the date, time and location of the violation and the name(s) or address of the accused. Neither Board Members nor the managing agent will be obligated to consider or investigate verbal complaints.
2. After the receipt of a complaint of an alleged violation of the Association's governing documents, a notice of alleged violation will be sent to the Unit Owner, which states the specific alleged violation that is occurring and the possibility that fines will be imposed. The Association may also send the notice of alleged violation to any residents of the unit but will not be required to do so. The Board Directors has the authority to determine if a complaint has a valid basis before a notice of alleged violation is sent.
3. If a Unit Owner wishes to dispute an alleged violation, he/she must request a hearing with the Board of Directors, in writing, within 14 calendar days of the date of the notice of alleged violation. Failure to request a hearing with the Board of Directors will be construed as an admission of the violation and the right to a hearing will be deemed waived forever. If a request for a hearing is not received, the Board will determine, in its sole discretion, if a violation has occurred and may assess fines.
4. If an Unit Owner requests a hearing, the Unit Owner will be notified of the time, date and place of the hearing, not less than 5 days before the scheduled hearing date. The Board, in its sole discretion, may grant continuances for good cause.
5. At the start of the hearing, the Board of Directors will explain the procedure, rules and guidelines by which the hearing will be conducted. Each party will be allowed to speak and present evidence, testimony and witnesses if so desired. At the completion of the presentation of evidence, the Board of Directors will make a decision, for or against a Unit Owner, regarding the alleged violation. The decision will be based on the vote of a majority of the Board of Directors present at the hearing. The Board of Directors may also vote to impose a fine at this time. The decision of the Board of Directors, along with a notice of a fine imposed, if applicable, will be sent to the Unit Owner within 14 calendar days of the date of the hearing.

6. Once an Unit Owner has waived his right to a hearing or the Board of Directors has determined, after a hearing, that a violation is occurring or has occurred, fines may be assessed according to the following schedule:

- a. First fine for violation: \$50.00
- b. Second fine for violation: \$100.00
- c. Third & subsequent fines for violation: \$125.00

In the event of a continuing violation, Unit Owners may be fined for every occurrence of the violation but not more than daily.

7. Notwithstanding any provision of this Covenant and Rules Enforcement Policy and Procedure, the Board may pursue legal action against a Unit Owner to enforce the governing documents of the Association without following the preceding notice and hearing procedures if the Board deems that such action is in the best interest of the Association.

8. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this COVENANT AND RULES ENFORCEMENT POLICY AND PROCEDURE was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_