

**RESOLUTION OF BOARD OF DIRECTORS  
OF CHARLESTON PLACE ASSOCIATION, INC.  
ADOPTING  
ASSESSMENT COLLECTION  
AND  
COVENANT ENFORCEMENT AND FINE POLICIES**

**WHEREAS**, pursuant to the Declaration of Covenants, Conditions and Restrictions for Charleston Place, a Condominium (the "Declaration"), the Board of Directors (the "Board") of Charleston Place Association, Inc. (the "Association") is responsible for levying assessments for common expenses against the property subject to the Declaration and collecting those assessments from the Owners of those properties; and

**WHEREAS**, the Board is also responsible for enforcing the covenants, conditions, and restrictions specified in the Declaration and the Rules and Regulations adopted by the Board (collectively the "Governing Documents"); and

**WHEREAS**, the Declaration and/or the Colorado Common Interest Ownership Act C.R.S. § 38-33.3-101, *et seq.* ("CCIOA") give the Board the right and power to levy reasonable fines against owners for violations of the Governing Documents; and

**WHEREAS**, the State of Colorado recently amended CCIOA to impose additional requirements and restrictions that community associations must follow when collecting assessments, enforcing its Governing Documents, and imposing fines; and

**WHEREAS**, the amendments to CCIOA apply to the Association; and

**WHEREAS**, CCIOA requires the Association to adopt written policies governing the collection of assessments, the enforcement of its Governing Documents, and the imposition of fines against violating owners; and

**WHEREAS**, the Board desires to adopt written policies governing the collection of assessments, the enforcement of its Governing Documents, and the imposition of fines against violating owners that comply with the recent amendments to CCIOA;

**NOW, THEREFORE, BE IT RESOLVED**, that:

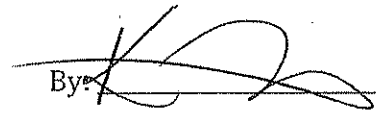
1. All previous policies regarding the collection of assessments are hereby revoked and replaced with the new Assessment Collection Policy attached hereto as Exhibit A.

2. All previous policies regarding the enforcement of the Governing Documents and the imposition of fines against violating owners are hereby revoked and replaced with the new Covenant Enforcement and Fine Policies attached hereto as Exhibit B.

3. The Association's management company is directed to distribute this resolution and the Assessment Collections Policy to all members of the Association.

This resolution has been approved by the Board of Directors of the Association by a majority vote.

Dated this 8<sup>th</sup> day of, 2022.

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

Its: President \_\_\_\_\_

## EXHIBIT A

### CHARLESTON PLACE ASSOCIATION, INC.

#### ASSESSMENT COLLECTION POLICY

**CHARLESTON PLACE ASSOCIATION, INC.** (the "Association") is a Colorado nonprofit corporation organized to operate and administer a residential community association located in Arapahoe County, Colorado known as Charleston Place (the "Property"). The Property is subject to and governed by a certain Declaration of Covenants, Conditions and Restrictions for Charleston Place, a Condominium (the "Declaration").

The Association and the Property are also governed by and subject to the assessment collection requirements specified in Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.* ("CCIOA") as recently amended by HB 22 1137.

The Association is governed by a Board of Directors (the "Board"). The Association, by and through its Board, is authorized and empowered to enforce the covenants, conditions, and restrictions set forth in the Declaration, as well as the covenants, conditions, and restrictions set forth in the Association's Bylaws and Rules and Regulations (collectively, the "Governing Documents"). The Governing Documents specifically authorize and empower the Association and its Board to enforce the Owners' obligations to pay assessments.

The Board hereby adopts this Assessment Collection Policy to establish policies and procedures for the collection of Assessments levied pursuant to the Restrictions.

#### SECTION 1. OWNER RESPONSIBILITIES

1. Owners are responsible for paying assessments as further specified in the Governing Documents. The term "assessments" shall mean regular and special assessments.

2. Owners are responsible for delivering all payments to the Association, whether by mail or direct deposits. Owners must notify the Association in writing of any change in their mailing address or status immediately. The Association shall not be liable for any errors or omissions in any billing to the Owner or collection action as a result of a failure to notify the Association in writing of an address change.

3. Checks containing a restrictive endorsement on the back may, at the option of the Association, either (i) be returned to the Owner and the amount tendered shall be considered unpaid, or (ii) be deposited without waiving any of the rights and remedies of the Association to unpaid sums, regardless of whether the restrictive endorsement is crossed out.

## SECTION 2. DELINQUENCIES, LATE CHARGES, AND INTEREST

2.1 Due Date. An Owner will timely and fully pay assessments. Annual assessments are determined and assessed prior to the beginning of the upcoming fiscal year. Additionally, the Association may pass special assessments to cover unforeseen costs and expenses. Annual assessments are due and payable in twelve (12) monthly installments on the first calendar day of each month, or in such other manner as the Board may designate in its sole and absolute discretion. Special assessments are due and payable on the first calendar day of the month after they are passed, or in such other manner as the Board may designate in its sole and absolute discretion.

2.2 Delinquency. Any assessment or installment of an assessment that is not fully paid within fifteen (15) days after its due date shall be considered delinquent. A delinquency remains until paid in full, with any applicable late fees, interest, and collection costs.

2.3 Late Fees and Interest. If an assessment or installment of an assessment is not received within fifteen (15) days after the due date, the Association shall levy a late fee in the amount of two percent (2.00%) of the unpaid assessment per month, and such balances shall accrue interest at a rate of eight percent (8.00%) per annum, until the delinquency is satisfied as set forth in the Collections Policy Schedule.

2.4 Liability for Collection Costs. Owners are liable to the Association for the reasonable costs and attorney fees incurred by the Association in collecting delinquent assessments.

2.5 Insufficient Funds. The Association may levy a \$20.00 fee for any check returned to the Association marked "not sufficient funds" or the equivalent. This fee is a collection cost, not a late fee. If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Owner's future payments, for a period of one year, be made by ACH draft, certified check or money order.

2.6 Waiver. Late fees and collection costs may only be waived by a majority vote of the Board.

## SECTION 3. ALLOCATION AND PAYMENT

3.1 Application of Payments. Payments received by the Association shall be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:

- (1) Delinquent assessments
- (2) Current assessments

- (3) Attorney fees and costs associated with collection of delinquent assessments
- (4) Fines.

3.2 Payment Plans. Owners have the right to a payment plan to satisfy their past-due balance. Owners are entitled to make a payment plan proposal to the Association, provided that the terms of the proposed payment plan satisfy the following criteria:

- (1) The payment plan term cannot exceed eighteen (18) months;
- (2) The minimum monthly payment under the payment plan term must be at least \$25.00 per month.
- (3) Payments made under the payment plan must be sufficient to satisfy the entire past-due balance over the payment plan term.
- (4) An Owner's failure to make three (3) of the required monthly installment payments due under a payment plan within fifteen (15) days of their due date shall be considered a default. In the event of a default, the Association may retroactively assess any late fees that would have normally occurred on the past-due balance during the payment plan, assess future late fees on the outstanding balance and foreclose its assessment lien.
- (5) In addition to payments under the payment plan, Owners must also make all future regular and special assessment payments as the same come due.

The Association's management company charges a payment plan monitoring fee in an amount set forth on the management company addendum attached hereto as **Exhibit 1**. The Association pays these fees up front, and then assesses them back to the delinquent Owner. Once they are assessed back, they are added to become a part of the delinquent Owner's outstanding balance.

Owners wishing to enter into a payment plan must contact the Association's management company, whose contact information is set forth on the management company addendum attached hereto as **Exhibit 1**. Owners are responsible for proposing the terms of the payment plan, which must comply with the minimum criteria set forth above. The Association's management company shall have the power and authority to accept payment plan offers from Owners conforming to the requirements of this Section 3.2.

Unless otherwise agreed upon by the Association and the Owner, payments made while the payment plan is in effect shall be in the form of a personal check, cashier's check or money order payable to the Association. All checks will include the delinquent Owner's street address and/or account number on the memo line. Unless otherwise agreed upon by

the Association and the delinquent Owner, payments shall be mailed to the Association's management company at the address specified on the management company addendum attached hereto as **Exhibit 1**.

3.3 Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a satisfaction of lien to be publicly recorded. The Association's management company and/or attorneys charge a fee for preparing and recording a lien release. The Association will assess these costs back to the delinquent Owner, and the same shall be added to become a part of the delinquent Owner's outstanding balance.

3.4 Verification of Debt. Owners wishing to obtain a copy of their ledger to verify the amount of a debt may contact the Association's management company, whose contact information is set forth on **Exhibit 1**.

#### SECTION 4. COLLECTION PROCEDURES

4.1 One-Time Courtesy Write-Off. To reduce the number of Owners the Association must contact about their outstanding balances, the Association will write off past-due balances consisting of late fees, fines, and/or interest – but **not** assessments or attorney fees – in an amount of up to \$50.00 per unit. This courtesy write-off shall apply only to past-due balances existing as of the date of the adoption of this Assessment Collection Policy. It shall not apply to any past-due balances arising after the adoption of this Assessment Collection Policy.

4.2 Monthly Courtesy Notifications. On a monthly basis, the Association shall send to each Owner who has any outstanding balance owed to the Association a courtesy letter that includes an itemized list of all assessments, fines, and charges that the unit Owner owes to the Association. This courtesy letter and itemized list shall be sent to each such Owner by first-class U.S. Mail and e-mail (if the Owner has provided the Association with an e-mail address for the receipt of such notices).

4.3 Pre-Collection Demands. Before taking any action to collect past-due assessments, the Association shall first send the delinquent Owner the following notices within the time period specified in Section 6, below:

A. First Demand Letter. The Association shall first send the delinquent Owner a First Demand Letter that conforms to the following requirements:

1. The First Demand Letter shall be sent to the delinquent Owner by the following means:

- Certified Mail;
- Physical Posting at the delinquent Owner's unit; and
- One of the following additional means:
  - First-class U.S. Mail;

- Text; or
- E-mail.

2. The First Demand Letter shall state whether the delinquency concerns unpaid assessments; unpaid fines, fees or charges; or both.

3. The First Demand Letter shall state the steps the Association must take before it can take legal action against the delinquent Owner.

4. The First Demand Letter shall state the legal actions the Association can take against the delinquent Owner.

5. The First Demand Letter shall state that if the delinquency concerns unpaid assessments, then it could lead to foreclosure of the Association's assessment lien.

6. The First Demand Letter shall state what the delinquent Owner can do to cure the delinquency.

7. The First Demand Letter shall state that the delinquent Owner has the right to enter into a payment plan consistent with this Assessment Collections Policy and CCIOA.

B. Second Demand Letter and Lien. If the delinquent Owner does not pay or enter into a payment plan to repay their past-due balance in response to the First Demand Letter, then the Association will send a Second Demand Letter to the delinquent Owner by first-class U.S. Mail. This Second Demand Letter will notify the delinquent Owner that: (1) the Association will place the account with an attorney for further action if the balance is not satisfied within thirty (30) days; and (2) the Association will record a lien against the delinquent Owner's unit as permitted by this Assessment Collections Policy and applicable Colorado law.

In addition to the Second Demand Letter, the Association will also contemporaneously prepare and record an assessment lien statement against the Owner's Lot.

C. Third Demand Letter and Lien. If the delinquent Owner does not pay or enter into a payment plan to repay their past-due balance in response to the Second Demand Letter, then the Association will send a Third Demand Letter to the delinquent Owner by first-class U.S. Mail. This Third Demand Letter will notify the delinquent Owner that: (1) the Association has placed the delinquent Owner's account with an attorney for further action; and (2) the Association has recorded a lien against the delinquent Owner's unit as permitted by this Assessment Collections Policy and applicable Colorado law.

The Association's management company charges a fee for preparing and sending these demand letters in the amounts set forth on the management company addendum attached hereto as **Exhibit 1**. The Association pays these fees up front, and then assesses them back to the delinquent Owner. Once they are assessed back, they are added to become a part of the delinquent Owner's outstanding balance.

Additionally, the Association's management company charges a fee for preparing and recording an assessment lien against their properties in an amount set forth on the management company addendum attached hereto as **Exhibit 1**. The Association pays these fees up front, and then assesses them back to the delinquent Owner. Once they are assessed back, they are added to become a part of the delinquent Owner's outstanding balance.

4.4 Collection by Third Party. The Association may refer delinquent Owner accounts to its attorney for legal action if all the following criteria are satisfied:

- The Association sent the delinquent Owner the first demand letter, second demand letter, or third demand letter;
- The delinquent Owner failed to pay their past-due balance, failed to enter into a payment plan to pay their past-due balance, or failed to pay at least three of the required monthly installments under a payment plan within fifteen (15) days of their due dates; and
- The Board votes in closed/executive session at a board meeting to send the delinquent Owner's account to collections.

If the Association refers a delinquent Owner account to its attorney for legal action, then the delinquent Owner will be liable to the Association for all collection fees and expenses, including legal fees, incurred by the Association along with all other costs of collection. The Association's agent is authorized to pursue all legal remedies available under the Declaration and Colorado law, including but not limited to preparing a lawsuit for the delinquent account or foreclosing on the Association's lien.

4.5 Verification of Owner Information. The Association or its authorized agents may obtain a title report to verify the legal Owners of any property within the Association. The Association will assess these costs back to the delinquent Owner, and the same shall be added to become a part of the delinquent Owner's outstanding balance.

4.6 Suspension of Membership Rights. Unless otherwise prohibited by the Governing Documents and/or applicable Colorado law, the membership rights of any Owner whose account is thirty (30) days or more past due may be suspended at any time at the discretion of the Board during the period that any assessment, installment of an assessment, late fee, or collection cost remains unpaid.



## SECTION 5. LATE FEE AND COLLECTIONS POLICY SCHEDULE

The Association shall impose late fees and take collection actions against delinquent accounts pursuant to the following schedule:

Delinquency Period	Association Action	Monetary Liability
30 Days Past Due	Courtesy notification <i>(See Sec. 4.2, above)</i>	Late Fee: \$25.00/month <i>(See Sec. 2.3, above)</i>  Interest: 8.00% per year <i>(See Sec. 2.3, above)</i>
31-60 Days Past Due	First Demand Letter <i>(See Sec. 4.3(A), above)</i>	Late Fee: \$25.00/month <i>(See Sec. 2.3, above)</i>  Interest: 8.00% per year <i>(See Sec. 2.3, above)</i>
61-90 Days Past Due	Second Demand Letter <i>(See Sec. 4.3(B), above)</i>  Preparation of Assessment Lien	Late Fee: \$25.00/month <i>(See Sec. 2.3, above)</i>  Interest: 8.00% per year <i>(See Sec. 2.3, above)</i>  Lien Fee: Per Exhibit 1 <i>(See Sec. 4.3(B), above)</i>
91-120 Days Past Due	Third Demand Letter <i>(See Sec. 4.3(C), above)</i>  Referral to Attorney for Further Action	Late Fee: \$25.00/month <i>(See Sec. 2.3, above)</i>  Interest: 8.00% per year <i>(See Sec. 2.3, above)</i>  Legal Fees and Collection Costs <i>(See Sec. 4.4, above)</i>

## SECTION 6. REMEDIES FOR COLLECTION OF DELINQUENT ASSESSMENTS

6.1 The Association may exercise all rights and remedies available under the Association's Declaration and Colorado law, including without limitation, the Owner's delinquent account being turned over to an attorney or collections agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property.

Notwithstanding the foregoing, before the Association can foreclose its lien against any property within the Association, the balance of the assessments and charges

secured by the lien must equal or exceed an amount equal to six months of common expense assessments based on the periodic budget adopted by the Association.

6.2 To the fullest extent permitted by the Association's Declaration and Colorado law, the Association may also deny rights to use Association facilities, voting rights, or other rights in the Association until all assessments and other sums are paid in full. In order to be an "Owner in good standing" for purposes of this Article, and to obtain a release of liens, restoration of voting or other rights, or to terminate litigation, the delinquent Owner must make payment in full of all assessments and other sums, including sums which arise after the collection process or after the Owner delivers a payment to the Association.

6.3 To the fullest extent permitted by the Association's Declaration and Colorado law, the Association may (but shall not be required) proceed by filing litigation against any Owner who has not paid his assessment and, without affecting that remedy, may also file a lien against the delinquent Unit, which may be foreclosed as provided in the Association's Declaration and Colorado law.

6.4 To the fullest extent permitted by the Association's Declaration and Colorado law, the Association may also assign its assessment lien and/or collection rights against the delinquent property and/or delinquent Owner to a third-party assignee, without recourse or warranty of any kind. The assignee shall assume all responsibility for the enforcement of the assigned lien, and the Association shall not be liable for any actions of said assignee. Unless the Board otherwise agrees assignments shall apply only to assessment as described above that are owed to the Association prior to the assignment, and shall not assign, release or supersede any claims or lien the Association may have for assessments accruing after said date. If an assignee does not pay any assessments levied after the assignment, the assigned assessment lien shall be subordinate to any future assessment by the Association, and the assignee may not take any actions that would hinder the Association's right or ability to collect those unpaid future assessments. Any assignment shall automatically include the above terms without the necessity of any recital therein.

## SECTION 7. GENERAL PROVISIONS

7.1 Independent Judgment. The officers, directors, manager, and agents of the Association may exercise their independent, collective, and respective judgment in applying the terms of this policy.

7.2 Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect Assessments under the Association's Declaration and Colorado law.

7.3 Limitations of Interest. Notwithstanding any contradictory provisions in the Governing Documents, the Association shall not charge interest on any past-due balance in an amount greater than eight percent (8.00%) per annum.

7.4 Amendment of Policy. This policy may be amended from time to time by the Board.

7.5 Hearing Request. If an Owner disputes any of the fines assessed against him or her under this Assessment Collection Policy, then he or she may request an opportunity to be heard by the Board regarding those fines. An Owner must exercise this right by sending a written request to the Association no later than ten (10) days after the fine is assessed.

7.6 Conflicts Among Documents. In the event of that any provision in this Assessment Collection Policy conflicts with the Governing Documents or applicable Colorado law, then the Governing Documents and/or applicable Colorado law shall control.

**EXHIBIT 1 TO ASSESSMENT COLLECTION POLICY**

**MANAGEMENT COMPANY ADDENDUM**

## EXHIBIT B

### **CHARLESTON PLACE ASSOCIATION, INC.**

#### **COVENANT ENFORCEMENT AND FINE POLICY**

**CHARLESTON PLACE ASSOCIATION, INC.** (the "Association") is a Colorado nonprofit corporation organized to operate and administer a residential community association located in Arapahoe, County, Colorado known as Charleston Place (the "Property"). The Property is subject to and governed by a certain Declaration of Covenants, Conditions and Restrictions for Charleston Place, a Condominium (the "Declaration").

The Association and the Property are also governed by and subject to the covenant enforcement and fining requirement and limitations specified in Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.* ("CCIOA") as recently amended by HB 22 1137.

The Association is governed by a Board of Directors (the "Board"). The Association, by and through its Board, is authorized and empowered to enforce the covenants, conditions, and restrictions set forth in the Declaration as well as the Association's Article of Incorporation, Bylaws, and Rules and Regulations (collectively the "Governing Documents"). The Governing Documents specifically authorize and empower the Association and its Board to impose reasonable fines against owners for violations of its Governing Documents and its Rules and Regulations.

The Board hereby adopts this Covenant Enforcement and Fine Policy to establish policies and procedures for the enforcement of the Governing Documents and the imposition of fines for Violations (as hereinafter defined).

#### **SECTION 1. VIOLATIONS DEFINED**

1.1 As used herein, "Violation" and "Violations" shall mean any conduct prohibited by the Association's Governing Documents.

#### **SECTION 2. RESPONSIBLE PARTIES**

2.1 Owners and their tenants, guests, and invitees must comply with the Association's Governing Documents as well as all local, state, and federal laws.

2.2 Owners are responsible for their own Violations, as well as Violations committed by their tenants, guests, and invitees. Owners are responsible for all fines levied by the Association for their own Violations, as well as Violations committed by their tenants, guests, and invitees.

#### **SECTION 3. INFORMAL RESOLUTION OF VIOLATIONS ENCOURAGED**

3.1 The Association's Board of Directors ("Board") prefers that residents first try to resolve Violations informally by directly contacting the owner or resident responsible for the Violation and asking them to cease or correct the same before reporting the Violation to the Board.

3.2 The Board also encourages the complaining resident to report Violations that may violate federal, state, or local laws to the appropriate governmental agency before reporting the Violation to the Board.

#### SECTION 4. FORMAL RESOLUTION OF VIOLATIONS

4.1 Violations Reported by Residents. Residents may report Violations by submitting a written report to the Association's management company. The written report must describe the Violation, state who allegedly committed the Violation, and state when and where the Violation occurred. Residents are encouraged to submit photographs, videos, or other documentation of the Violation with their written report. **Anonymous reports will not be accepted.**

Upon receipt of resident's written report of a Violation, the Board or its management company may also act consistent with this Covenant Enforcement and Fine Policy. The Board and its Management Company shall use their reasonable judgment in deciding what, if any, action to take in response to a resident's written report of a Violation.

4.2 Violations Observed by Board and Management Company. The Board and/or its management company may also act consistent with this Covenant Enforcement and Fine Policy upon observing a Violation. The Board and its Management Company shall use their reasonable judgment in deciding what, if any, action to take in response to the Violation.

4.3 Violations That Threaten Public Health or Safety. This section applies to Violations that threaten public health or safety. A Violation will be considered to threaten public health or safety if it can reasonably be expected to place others at a greater risk of injury than if the Violation had not occurred.

The Board and/or its management company will take the following actions with respect to Violations that threaten public health or safety.

A. The Association will send the owner who commits or is otherwise responsible for the Violation a written notice of the Violation via U.S. Mail. The written notice will: (1) describe the nature of the Violation and the action or actions required to cure the Violation; (2) notify the owner that the Violation must be cured within 72 hours from the date of the letter; (3) notify the owner that if the Violation is not cured within this 72-hour time period, then the Association may fine them every other day until the Violation is cured and/or take other legal action to enforce the Governing Documents; and (4) that the owner has a right to request a hearing regarding the Violation consistent with this Covenant Enforcement and Fine Policy before the Association imposes any fine.

B. The Association will conduct a follow-up inspection to confirm that the owner has cured the Violation within the 72-hour time period.

C. If the Association determines that the Violation has been cured within the 72-hour cure period, then it will send the owner a written letter acknowledging that the Violation has been cured and that no fine will be levied.

D. If the Association determines that the Violation has not been cured within the 72-hour time period, then the Association may take one or more of the following actions:

1. Impose monetary fines every other day until the Violation is cured, provided that the total amount of such fines cannot exceed \$500.00 for the Violation; and/or

2. File a lawsuit against the owner to force them to cure the Violation. (Note: the Association cannot foreclose a lien on an owner's unit if the lien is for fines only.)

4.4 Violations That Do Not Threaten Public Health or Safety. This section applies to Violations that do not threaten public health or safety. The Board and/or its management company will take the following actions with respect to Violations that do not threaten public health or safety.

A. The Association will send an owner who commits or is otherwise responsible for the Violation a First Violation Letter via Certified Mail, return receipt requested. The First Violation Letter will: (1) describe the nature of the Violation and the action or actions required to cure the Violation; (2) notify the owner that the Violation must be cured within 30 days from the date thereof; (3) notify the owner that if the Violation is not cured within this 30-day time period, then the Association may fine them every other day until the Violation is cured; and (4) that the owner has a right to request a hearing regarding the Violation consistent with this Covenant Enforcement and Fine Policy before the Association imposes any fine.

B. If the owner cures the Violation within 30 days of the date of the First Violation Letter, they shall notify the Association and send visual evidence (i.e., a photo) showing that the Violation has been cured. The Violation is deemed to have been cured the date the violating owner sends the visual evidence to the Association.

If the owner does not send the Association notice and visual evidence that the Violation has been cured, then the Association will conduct a follow-up inspection within seven (7) days of the expiration of the 30-day time period specified in the First Violation Letter to determine whether the Violation has been cured.

C. If the Association determines that the Violation has not been cured within the 30-day time period specified in the First Violation Letter, then the Association shall: (1) fine the owner for the Violation subject to the owner's right to request a hearing consistent with this Covenant Enforcement and Fine Policy; and (2) send the owner a Second Violation Letter via Certified Mail, return receipt requested, demanding that the owner cure the Violation within 30 days from the date thereof.

The Second Violation Letter will: (1) describe the nature of the Violation and the action or actions required to cure the Violation; (2) notify the owner that the Violation must be cured within 30 days from the date thereof; (3) notify the owner that a fine will be imposed for failing to cure the Violation in response to the First Violation Letter, subject to the owner's right to request a hearing consistent with this Covenant Enforcement and Fine Policy; and (4) notify the owner that if the Violation is not cured within this second 30-day time period, then the Association may impose additional fines consistent with this Covenant Enforcement and Fine Policy and/or take other legal action to enforce the Governing Documents.

D. If the owner cures the Violation within 30 days of the date of the Second Violation Letter, they may notify the Association and send visual evidence (i.e., a photo) showing that the Violation has been cured. The Violation is deemed to have been cured the date the violating owner sends the visual evidence to the Association.

If the owner sends notice but does not send visual evidence that the Violation has been cured, then the association will conduct a follow-up inspection within seven (7) days of the expiration of the 30-day time period specified in the Second Violation Letter to determine whether the Violation has been cured.

E. If the Association determines that the violation has not been cured within the 30-day cure period specified in the second violation letter, then the Association may impose additional fines up to the maximum amount permitted by CCIOA and/or take legal action against the violating owner.

## **SECTION 5. FINE STRUCTURE**

5.1 Subject to the limitations imposed by the Governing Documents and CCIOA, the Board shall have the right to impose monetary fines for an isolated Violation in an amount to be determined by the Board in its sole discretion, provided that the Board shall not impose fines in excess of \$500.00 for any one Violation. In determining the amount of a fine, the Board will consider both the severity of the Violation and what is reasonably necessary to deter the Violation from reoccurring.

5.2 Subject to the limitations imposed by the Governing Documents and CCIOA, the Board shall have the right to foreclose its assessment lien arising under the provisions of the Governing Documents and CCIOA.



5.3 The Board shall have the right upon 5 days' written notice to enter any Lot and between the hours of 8:00 a.m. and 8:00 p.m. and remedy any Violation which the owner has caused or allowed to exist and assess the related costs thereof against the Owner's Unit. Any such entry upon a Unit pursuant to this Section shall not be deemed a trespass.

#### SECTION 6. OWNER'S RIGHT TO A HEARING.

6.1 An owner has the right to a hearing before the Board before the Board may impose any fine for a Violation, subject to the limitations specified in Section 6 of this Covenant Enforcement and Fine Policy.

6.2 Owners wishing to avail themselves of their right to a hearing concerning a Violation must send a written request for a hearing to the Board or its management company no later than ten (10) days after the date of the written notice of a Violation sent pursuant to Section 4.3 or the First Violation Letter sent pursuant to Section 4.4, as applicable.

6.3 If an Owner requests a hearing within the allowable timeframe, then the hearing shall take place at the next regular Board meeting. The Board shall, within ten (10) days of the request, inform the Owner in writing of the date, time, and location of the hearing. The Board may, but is not required to, modify the timing and location of the hearing.

6.4 Hearing Attendance. The Board and its agents, including but not limited to its property manager or its attorney, as well as any witnesses the Board desires to testify shall be allowed to be present at the hearing. The Owner, the Owner's attorney, and any relevant witnesses the Owner wishes to have testify shall also be allowed to be present at the hearing. The Owner shall disclose to the Board all persons who will attend the hearing on their behalf at least three (3) days before the hearing date.

Unless restricted by the Board, the hearing shall be open to attendance to any person having the right to attend any meeting of the Board. The Board may close the meeting per C.R.S. § 38-33.3-308(4) if, in the Board's opinion, disclosure of the matter would constitute an unwarranted invasion of individual privacy.

#### 6.5 Hearing Procedure.

A. Duty of Board President. The Board President shall preside over the hearing. No person shall speak until the President recognizes them, and the President may limit the amount of time any person may speak. The President shall have the power and authority to remove any person from the hearing who fails to comply with their directions or otherwise disrupts the hearing.

B. Duty of Board Secretary. The Board Secretary shall take minutes of the hearing to ensure that a proper record of the hearing is kept.

C. Hearing Procedures. The hearing procedures shall be as follows:

1. The Board President shall call the hearing to order.
2. The Board President shall state the Violation and identify the specific provision of the Governing Documents that forms the basis for the Violation.
3. The Board President shall ask the owner to admit or deny the Violation. The person charged may speak for himself or may be represented by counsel throughout the hearing.

4. If the owner denies the Violation, then the Board President shall receive evidence from the Association and the owner as follows:

a) The Board may present evidence of the Violation by way of documents and/or witness testimony. The Board, however, is not required to present evidence of the Violation and may simply rely on the information presented in the violation letter.

If the Board present witnesses, then the owner shall have the right to question them.

b) When all of the Board's witnesses (if any) have been heard, the owner may make statements in rebuttal, and may provide evidence in support of their position.

The Owner may present evidence by way of documents and/or witness testimony related to the following: (i) mitigating circumstances regarding the Violation; (ii) that the Violation did not occur; and (iii) that the action was not a Violation.

If the owner present witnesses, then the Board shall have the right to question them.

c) Notwithstanding the foregoing, an owner may not use the hearing to: (i) badger or insult the Board, its agents, or its witnesses; (ii) question or interrogate the Board, its witnesses; or (iii) argue that the Governing Documents giving rise to the Violation are unfair.

d) The Board reserves the right to limit an owner's time to present evidence in proportion to the violation.

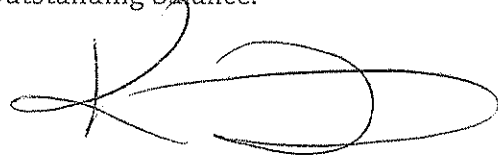
5. After the presentation of the evidence, the Board will end the hearing and meet without the owner or their agents, to render a decision which will be provided to the Owner in writing in a reasonable timeframe but no more than 30 days after the hearing. The decision of the Board and the rules

for the conduct of hearings established by the Board, shall be final and binding on all parties. The rights bestowed upon Owners by this Section 6 shall be the sole and exclusive remedy of such Owners, except as may be otherwise specifically authorized by the Governing Documents and/or CCIOA.

6.6 Waiver. If the owner against whom the fine is to be imposed does not request a hearing, or does not appear at a scheduled hearing despite being notified of its time and location, then the right to a hearing shall be waived and the remedy imposed by the Association may be enforced forthwith.

6.7 Costs and Attorney Fees. If the Association retains counsel to assist it in enforcing its Governing Documents because of an alleged Violation, then the Association shall be entitled to recover all costs and reasonable attorney fees incurred by it. Such costs and reasonable attorney fees need not be awarded by a Court but can be assessed by the Association directly to an Owner's Unit pursuant to its power under the Declaration and CCIOA.

The Association pays these costs and attorney fees up front, and then assesses them back to the Owner responsible for the Violation. Once they are assessed back, they are added to become a part of the delinquent Owner's outstanding balance.



President

8/8/22