

HIGHLAND PARK 3 ASSOCIATION, INC.  
COVENANT AND RULE ENFORCEMENT POLICY

Effective Date: June 5, 2018

In compliance with the Colorado Common Interest Ownership Act and the Declaration of Protective Covenants for Highland Park Filing 3/3A, the Board of Directors desires to adopt a uniform and systematic policy to address covenant and rule enforcement. The Association hereby adopts the following policies and procedures for covenant and rule enforcement:

1. Enforcement Procedure. The Board shall not impose fines or suspend rights to vote because of a covenant or rule violation unless and until the Association has sent or delivered written notice to the Owner and provided the Owner an opportunity to attend a hearing as provided below. The exception to this is that voting suspension is automatic where an Owner is delinquent in paying any assessment, as set forth in Section 5 of the Bylaws.

1.1. Complaint. Any Owner within the community may send the Association a formal, written complaint of a violation of any provisions of the Bylaws, Covenants, Rules and Regulations, or Resolutions via either electronic mail (email), using the Association's web site or through regular mail. Any complaint should identify the covenant or rule violated and include as much information as is known. Complaints may also be initiated by the Manager, if any, or any member of the Board of Directors. The Board shall have no obligation to consider oral or anonymous complaints. The Board shall have the authority to determine whether a written complaint is justified before continuing with the Notice and Hearing Procedures.

1.2. Investigation. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant for additional information or may be investigated further by a Board designated individual or committee. The Board shall have sole discretion in appointing an individual or committee to investigate the matter. During this investigative process, a Board member or designated individual or committee may informally contact any complainants as well as the alleged violator in person, by telephone, or using email. During the initial investigation, an informal resolution or a satisfactory explanation is sought (the violation may be accidental, or a misunderstanding that will be brought into compliance in short order). If that is the case, the Complainant is notified of the resolution (or intent for resolution) and a report is filed for future reference. If an informal resolution is not achieved, the Board shall proceed with a formal notification to the violating party.

1.3. Notice of Alleged Violation/Warning. A Notice of Alleged Violation of any provisions of the Bylaws, Covenants, Rules and Regulations, or Resolutions shall be provided in writing, by email or mail, to the applicable Owner as soon as reasonably practicable following the determination by the Board of a violation. The Board may also, at its option, provide a copy of such Notice to any non-owner violator (e.g., a tenant). The Notice shall describe the nature of the violation, that a fine may be imposed, the actions necessary to bring the violation into

compliance, the expected date of resolution, and the right to request a hearing before the Board to contest the violation or possible fine. The Notice may further state that the Board may seek to protect its rights as they are specified in the governing legal documents.

The Owner (and other alleged Violator) will have at least 5 business days from the date of the Notice to come into compliance. When the violation may constitute a health, safety, or fire hazard, demand may be made to remedy the violation within twenty-four (24) hours or other reasonably deemed timeframe. The Owner has the opportunity during this time to respond with an explanation and agreement to comply, in writing, using email or regular mail, upon which the Board or Committee may act to determine a resolution. Time may be extended at the discretion of the Board of Directors. Being notified of the right to request a hearing, the Owner may request such.

1.4. Notice of Right to a Hearing. This is for a continuing or recurring violation. If the Owner does not come into compliance after the first formal Notice of Alleged Violation/Warning letter and the Board or committee has not agreed to a resolution based on ensuing correspondence, this will be considered a continuing violation for which a fine may be imposed following the opportunity for a hearing. This Notice of Right to a Hearing shall then be sent to the Owner, by e-mail and mail providing notice of the continuing or recurring violation and the Owner's right to a hearing and explaining that if a violation is found to exist a fine may be imposed pursuant to this Policy.

1.5. Definition of a Recurring Violation. In the event a violation previously identified to an Owner is corrected but recurs at a future date, it will be considered the same as a continuing violation. At the option of the Board an initial Notice of Alleged Violation provided for the recurring violation shall not be required, and the Owner will receive a Notice of Right to a Hearing.

1.6. Request for Hearing. If an Owner desires a hearing to challenge or contest any alleged violation and possible fine or to discuss any mitigating circumstances, the Owner must request such hearing in writing within 5 business days of the date of the Notice of Right to a Hearing. The Owner may appoint a representative to respond and/or attend the hearing. The Owner will be added to the next Board meeting agenda or, at the discretion of the Board, a special hearing date shall be set. If the Owner has been sent a Notification of the Alleged Violation and been sent a Notification of a Right to a Hearing, and has not corrected the violation, and/or has not responded in any way, and/or negotiations with the Owner have not provided resolution and there is the possibility that a fine may be levied against him/her, a hearing date shall automatically be set for the next Board meeting. The Owner shall be notified of the date, time, and place of the hearing by regular and email, and the Owner may submit a written response to the alleged violation. The request for hearing or other written response shall describe the grounds and basis for challenging the alleged violation or the mitigating circumstances.

1.7. Failure to Respond or Attend Hearing. If the Owner or appointed representative fails to request a hearing within 5 business days of the Notice of Right to a Hearing, fails to appear at the hearing requested by the Owner, or fails to appear at the automatic hearing set by the Board, the right to a hearing shall be deemed forever waived (for the specific violation). 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. If a violation is found to exist, the Owner may be assessed a fine pursuant to these policies and procedures. The Board of Directors shall give written notice of any fine to the applicable Owner.

1.8. Board of Directors to Conduct Hearing. The Board shall hear and decide cases set for hearing pursuant to the procedures set forth herein. The Board may appoint an officer or other Association member to act as the Presiding Officer at any of the hearings. The Board shall conduct a fair and impartial factfinding process to determine: (1) whether the violation actually occurred, and (2) whether the owner is the individual who should be held responsible for the violation. If the board determines that a violation exists, it shall make a determination on imposing any appropriate fines.

1.8.1. Conflicts. Any Board member who is incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the Board prior to participating in the hearing on the case and that Board member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board member(s) results in an even number of remaining Board members eligible to hear a case, the Presiding Officer may appoint an Association member, in good standing, to serve as a voting member of the hearing board.

1.8.2. Formal Hearing Procedure. The Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall establish a quorum; explain the rules, procedures, and guidelines by which the hearing shall be conducted; and shall introduce the case before the Board. The complaining parties and the Owner shall have the right to be in attendance at the hearing. The hearing may be held by telecommunications (e.g., telephone) as long as all parties involved can hear each other each other at the same time. Each party may present evidence, testimony and witnesses. The decision of the Board at each hearing shall be based on the matters set forth in the Notice of Alleged Violation and Hearing, Request for Hearing, and such evidence as may be presented at the hearing. Unless otherwise determined by the Board of Directors in accordance with the terms of the Colorado Common Interest Ownership Act, all hearings shall be open to attendance (but not necessarily participation) by all members of the Association. If a complaining party is unable to attend the Hearing, he or she may instead submit a letter to the Board explaining the basis of the complaint or may request an alternative date for the hearing to allow a personal appearance. The Board shall have sole discretion on whether to reschedule or treat the meeting as missed.

1.8.3. Decision. After all testimony and other evidence have been presented to the Board at a hearing, the Board shall render its written findings and decision and impose a reasonable fine, if applicable, within 14 days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority vote of the Board of Directors (and substitutes, as appropriate) present. A decision shall be sent to the Owner by certified mail and email.

2. Fine Schedule.

2.1. Guidelines. The following fines are guidelines for violation of the provisions of the Declaration, Bylaws, Covenants, Rules and Regulations and Resolutions of the Association:

|  |   |
|--|---|
| First notification of violation  | Notice of Alleged Violation (email or mail)   |
| Continuing or Recurring violation (at least 5 business days from date of First Notification) | Notice of Right to a Hearing- email and first mail (option to handle informally)  |
| At least 5 business days after Notice of Right to a Hearing                                  | Notice of Hearing- email and mail   |
| Hearing, either formal or informal, depending on the circumstances                           | Presided by Board of Directors at a regularly scheduled Board meeting, a special meeting, or by telecommunications conference.        |
| Decision   | \$200.00 per occurrence fine; Certified mail and email or Board has deemed that a violation does not exist. Certified mail and email. |

2.1.1. Continuing and recurring violations shall be considered separate occurrences.

2.1.2. The Board reserves the right to fine for first violations of rules that involve health and safety issues and other violations where a warning may not be deemed necessary by the Board in its reasonable discretion. Additionally, upon prior written notice, the Board reserves the right to levy fines in excess of the above referenced schedule if the fines set forth in this schedule are not likely to provide effective incentives to induce compliance.

2.1.3. The Board may waive all or any portion of the fines if, in its reasonable discretion, such waiver is appropriate under the circumstances. Additionally, the Board may waive the entire fine or any portion thereof upon the violator coming into compliance with the Covenants, Bylaws or rules.

2.2. Payment. All fines shall be due and payable upon notice of the fine and will be late if not paid within thirty (30) days of the date that the Owner is notified of the imposition of the fine. A late fee of \$20.00 per month, or portion thereof, will -be assessed, and unpaid fines and fees will accrue interest at the rate of 18% per annum after the due date until paid. Fines and late charges shall be considered an assessment and may be collected as set forth in the Association's governing documents, policies or resolutions. Fines shall be in addition to all other remedies available to the Association pursuant to the terms of the Association's governing documents and Colorado law, including the Association's right to collect attorney fees as authorized by Colorado law.

2.3. 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 its Declaration of Covenants, Conditions, and Restrictions, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

3. Legal Action. The Association, at any time, may pursue legal action against an Owner to enforce the provisions of the Covenants, Bylaws, rules, or resolutions without first following the preceding notice and hearing procedures, if the Board determines that such action is in the Association's best interests.

4. Failure to Enforce. Failure of the Association to enforce the Covenants, Bylaws, rules, and resolutions will not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any of the above referenced governing documents for the Association.

IN WITNESS WHEREOF, the undersigned certifies that this Adoption and Amendment Procedure was established by the Declarant in its role as the initial Board of Directors of the Highland Park 3 Association, Inc.

HIGHLAND PARK 3 ASSOCIATION, INC.  
By LITTLE LONDON, LLC, DECLARANT



By Douglas H. Barber-Member