

THE PARK EAST SUBDIVISION HOME OWNERS ASSOCIATION

POLICY AND PROCEDURE

ENFORCEMENT OF THE DECLARATION, BYLAWS, RULES AND REGULATIONS
AND SCHEDULE OF FINES

Resolved and Adopted June 14, 2007

Amended April 21, 2008

The following policy and procedure has been adopted by the Board of Directors ("Board") of The Park East Homeowners Association ("Association") pursuant to Colorado statutes, for (i) the enforcement of the Association's Declaration, Bylaws, Rules and Regulations (including any design guidelines or architectural controls), collectively referred to as the "Governing Documents;" and (ii) a Schedule of Violations and Fines.

1. Notice of Alleged Violation. Written Notice of Alleged Violation of any provision of the Governing Documents shall be provided to the applicable Owner as soon as is reasonably practicable after the Board's receipt of such violation. The Board or Board-appointed Design Review Committee may also, at its option, provide a copy of such Notice to any non-owner violator ("Related User"). The Notice shall describe the nature of the violation and shall further state that the Board may seek to protect its rights as they are specified in the Governing Documents.
2. Service of Notices. Service of all notices required or permitted to be given hereunder shall be made as follows: If to a Owner and/or Related User: By personal delivery to the Owner and/or Related User; or by U.S. Mail, postage prepaid, addressed to the last registered address of the Owner and/or Related User as contained in the Association's records. If to the Association: By personal delivery or U.S. Mail, postage prepaid, addressed to the Association in care of its registered agent and office, as maintained with the Colorado Secretary of State, or such other address as the parties may be advised of in writing in the Notice. Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed shall be deemed received on the fifth day following the date of mailing.
3. Request for Hearing. If an Owner desires a hearing to challenge or contest any alleged violation and possible fine, the Owner must request such hearing, in writing, within fifteen (15) days from receipt of the Notice of Alleged Violation. The request for hearing shall describe the grounds and basis for challenging the alleged violation. If a hearing is not requested within the 15 day period, the Board or Board-appointed Design Review Committee shall determine if there was a violation, and if so, may assess a reasonable fine within the guidelines contained in this Policy and Procedure within thirty (30) days of the expiration of the 15 day period. The Association's managing agent shall give notice of said assessment to the applicable Owner as provided in the Association's governing documents or this Policy and Procedure. Unless otherwise provided in the Association's governing documents, the fine assessment is due and payable upon receipt of notice of the fine assessment and is considered late 15 days after the date of mailing.
4. Board or Board-appointed Design Review Committee to Conduct Hearing. The Board or Board appointed Design Review Committee shall hear and decide cases set for hearing pursuant to this Policy and Procedure. The Board or Board-appointed committee may appoint an officer or other Owner to act as the Presiding Officer at any of the hearings.
5. Conflicts. Any Board or Board-appointed committee member who is incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the President of the Board or Chairperson of Board-appointed committee prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and the Board or Board-appointed committee member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board or Board-appointed committee member(s) results in an even number of remaining Board or Board-appointed committee members eligible to hear a case, the Board

or Board-appointed committee may, by majority vote, appoint an Association member, in good standing, to serve as a voting member of the hearing board.

6. Hearing. The Board or Board-appointed committee shall inform the Owner of the scheduled time, place and date of the hearing, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board by reading the Notice of Alleged Violation. Each party may make opening statements, may present evidence and testimony, may present witnesses, and may make closing statements. Neither the complaining parties nor the Owner (or owner's designee) must be in attendance at the hearing. However, the decision of the Board or Board-appointed committee at each hearing shall be based on the matters set forth in the Notice of Alleged Violation, Request for Hearing, and such evidence as may be presented at the hearing. Unless otherwise determined by the Board or Board-appointed committee, all hearings shall be open to attendance by all members of the Association. All such hearings shall be recorded by audio device for purposes of preservation and clarity.
7. Decision. After all testimony and other evidence has been presented to the Board or Board-appointed committee at a hearing, the Board or Board-appointed committee shall render its written findings and decision, and impose a reasonable fine, if applicable, within ten (10) days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority of the members of the hearing board present at the hearing.
8. The Board or Board-appointed committee may also issue and present for recording with the County Clerk and Recorder, a Notice of Finding of Violation. Upon satisfactory compliance with the Association's governing documents, the Notice of Finding of Violation may be released by the Association issuing and recording a Release of Notice of Finding of Violation.
9. Fine Schedule. Unless otherwise provided in the Rules and Regulations, any violation of the Governing Documents will subject the Owner to a reasonable fine assessment imposed by the Association as follows: (i) Notice of Violation: Written warning letter or posting of notice. (ii) Fines shall be determined by the current "Schedule of Fines and Fees" as legally adopted by Board motion. Such schedule which will be reviewed and/or revised yearly. (iii) Fines may not exceed \$1,000.00 for any one finding of a violation. (iv) In the event of a continuing violation, a daily fine may be levied until such time as the Owner or Related User shall provide written notice to the Association's managing agent, hand-delivered, or by electronic mail, read receipt requested, or by U.S. Mail that the non-compliance/violation has been resolved. Any such continuing violation shall be physically verified as resolved by Board or Management immediately upon receipt of such written notice. Notwithstanding any provision of this fine schedule or Policies and Procedures, the Association may use any legal means available at any time to enforce the terms of the Governing Documents.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Park East Home Owners Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board on June 14, 2007, and in witness thereof, the undersigned has subscribed his/her name.

THE PARK EAST HOME OWNERS ASSOCIATION, a Colorado non-profit corporation

By: Greg Knott, Owner lot 71

_____, Secretary