

Castle Valley Ranch PUD Homeowners Association
POLICY AND PROCEDURE
ENFORCEMENT OF THE DECLARATION, BY LAWS, RULES
AND REGULATIONS AND SCHEDULE OF FINES

Adopted June 20, 2007

The following policy and procedure has been adopted by the Executive Board ("Board") of Castle Valley Ranch PUD 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 Fines.

1. **Notice of Alleged Violation.** 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 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.** Services of all notices required or permitted to be given hereunder shall be made as follows.

If to an Owner and/or Related User: By personal delivery to the Owner and/or Related User; or by Certified U.S. Mail with return signature receipt, 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 President of State or such other address as the parties may be advised of in writing.

Any notice personally delivered shall be deemed received on the date of delivery, and any notice 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 seven (7) 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 hearing is not requested within the 30 day period, the Board 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 sixty (60) days or the expiration of the 30 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 the Policy and Procedure. Unless otherwise provided in the Association's governing documents, the fine assessment is due and payable immediately upon receipt of notice of the fine assessment.

4. **Board to Conduct Hearing.** The Board shall hear and decide cases set for hearing pursuant to these Policy and Procedure. The Board may appoint an officer or other Owner to act as the Presiding Officer at any of the hearings.
5. **Conflicts.** Any Board member who is incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the President of the Board 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 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.
6. **Hearing.** The Board 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 must be in attendance at the hearing. However, the decision of the Board 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, all hearings shall be open to attendance by all members of the Association.
7. **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 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. The Board 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.

8. **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 advising owner of 7 days to correct the violation.

(ii) Set schedule

OR

(iii) Fines shall be determined by the hearing board for each finding of a violation based on the type, severity, repetition and circumstances of each violation based on the following guidelines:

First time violations: \$25-200* (See homeowner fine schedule)

Repeated violations: \$50-400*

Flagrant violations: \$100-\$800*

(a) Fines may not exceed \$2500 for any one finding of a violation.

(b) In the event of a continuing violation, a weekly fine may be levied and will continue to be assessed until the violation is cured.

(c) Repeat violations occurring within the same calendar year of the original violation will be treated as such (without the association giving another warning) and may be subject to increased fine schedule. Repeat violations occurring after 12 months will be considered a first time offense.

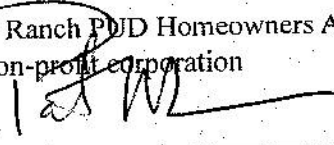
(d) Notwithstanding any provision of this fine schedule or Policies and Procedures, the Association may use any legal means available at any time to enforce the terms of the Governing Documents.

* These fines can be modified by a vote of the Board of Directors

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Castle Valley Ranch PUD Homeowners Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on June 20, 2007, and in witness thereof, the undersigned has subscribed his/her name:

Castle Valley Ranch PUD Homeowners Association,
a Colorado non-profit corporation

By: 
President