

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
ARBORS AT MOUNTAIN SHADOWS CONDOMINIUM OWNERS  
ASSOCIATION, INC. AMENDING COVENANT AND RULE  
ENFORCEMENT POLICY**

At a regular meeting of the Board of Directors held on January 20, 2010, by motion and vote, the Board of Directors adopted the following resolution amending the Association's Covenant and Rule Enforcement Policy:

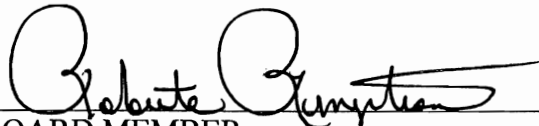
WHEREAS, the Association adopted a covenant and Rule Enforcement Policy on January 1, 2006; and

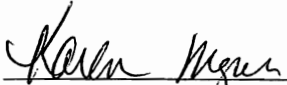
WHEREAS, the Board has reviewed the policy and found some of the provisions to be confusing and possibly inconsistent.


THEREFORE, it is hereby resolved:

The Association's Covenant and Rule Enforcement Policy is hereby amended as attached hereto and is enacted as the policy of the Association on the effective date set forth below.

BY THE BOARD OF DIRECTORS OF ARBORS AT MOUNTAIN SHADOWS  
CONDOMINIUM OWNERS ASSOCIATION, INC.

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BOARD MEMBER

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**ARBORS AT MOUNTAIN SHADOWS CONDOMINIUM OWNERS  
ASSOCIATION, INC.**

**COVENANT AND RULE ENFORCEMENT POLICY**

The following policy applies to routine covenant or rules enforcement. It does not apply to collection of assessments, in emergency situations or in any other situation where the Board determines that deviation from the policy is appropriate.

The members of the Board are not available on the property 24 hours a day and, therefore, rely on members to report incidents of covenant or rule violation. When any person (including members of the Board) observes a covenant violation and desires to report it, the report must be in writing and given to a member of the Board. If a Board member submits a report, it must be delivered to another Board member. At a minimum, the report must contain the following information:

1. Name of violator if known or unit number if known.
2. Date and time incident was observed
3. Description of the incident; photographs are welcome
4. Name of the person reporting the incident

If a member is not willing to put the report in writing, the Board will take the position that the violation was not sufficiently severe to warrant enforcement. In taking enforcement action on any violation, the Board must be able to prove that the violation occurred. Whether it can prove the violation will in most cases depend on the person observing the incident and their willingness to come forward.

The Board will keep the name of the person reporting the violation confidential until and unless it becomes necessary as part of enforcement proceedings for that person to be identified.

When a violation is reported, the Association will take the following actions:

1. Send a notice by regular mail to the owner of the violating unit and to the resident if different from the owner. The notice will state the particulars of the violation and request that the violation be corrected within ten days or the Board contacted by the owner in writing within that time with an explanation of the owner's position on the violation.
2. If the violation has been corrected within the ten days, no further action will be taken.
3. If the violation has not been corrected or if the owner has contested the particulars of the report, the Board will investigate the matter further.
4. If the Board determines that the violation has occurred and has not been corrected, a second notice will be sent to the owner and resident if different from the owner. The notice

will inform the owner that the Board has investigated and has verified that the violation occurred. The notice shall further inform the owner of a time and place (hearing) where the owner may appear before the Board to set forth any defenses or explanations the owner may have. If any member of the Board has a direct personal or financial interest in the outcome of the hearing such that the board member would receive a greater benefit or detriment from the outcome than the general membership, the Board member shall be excused from the decision making process.

5. After the hearing, the Board shall then consider the circumstances in closed session and determine if a fine or other enforcement action is necessary. The owner shall be informed of the Board's decision subsequent to the hearing by written notice, sent certified and regular mail. Notice shall be deemed received three days after mailing.

6. The non-appearance of an owner at the hearing will not prevent the Board from considering the violation and determining what enforcement action to take.

7. Fines levied shall be determined according to the following schedule:

Serious violations: Initial \$100.00 plus \$20.00 per day after receipt by the owner of the notice until the violation is remedied.

Regular violations: Initial \$50.00 plus \$10.00 per day after receipt by the owner of the notice until the violation is remedied.

8. Whether a violation is a serious or regular violation will be based on the violation's impact on the Association, to be determined in the sole discretion of the Board.

9. When fines accrue against an owner to the amount of \$250.00, the Board shall take the position that the imposition of fines is ineffective in accomplishing compliance and will then determine what further enforcement action is necessary.

10. Nothing in this policy requires the Board to assess fines before taking other forms of enforcement.

11. Any fines assessed shall be assessed against the owner and added to amounts due by the owner and shall be a lien against the unit and enforceable as a lien pursuant to the Declaration and Colorado law.

12. Additional forms of enforcement include the Association taking corrective action at the expense of the owner, the filing of a covenant enforcement action in court, and foreclosure on the owner's unit. If legal action is necessary, the owner will be responsible for all attorneys' fees and costs.