

**RESOLUTION
OF THE
ARAPAHOE RIDGE HOMEOWNERS ASSOCIATION, INC.
REGARDING POLICIES AND PROCEDURES FOR COVENANT AND RULE
ENFORCEMENT**

SUBJECT: Adoption of a policy regarding the enforcement of covenants and rules and procedures for the notice of alleged violations, conduct of hearings and imposition of fines.

PURPOSE: To adopt a uniform procedure to be followed when enforcing covenants and rules to facilitate the efficient operation of the Association.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association. and Colorado law.

**EFFECTIVE
DATE:** January 1, 2006

RESOLUTION: The Association hereby adopts the following procedures to be followed when enforcing the covenants and rules of the Association:

1. Reporting Violations. Complaints regarding alleged violations may be reported by an Owner or resident within the community, a group of Owners or residents, the Association's management company, if any, Board member(s) or committee member(s) by submission of a written complaint.
2. Complaints. (a) Complaints by Owners or residents shall be in writing and submitted to the Board of Directors. The complaining Owner or resident shall have observed the alleged violation and shall identify the complainant ("Complainant"), the alleged violator ("Violator"), if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed and any other pertinent information. Non-written complaints or written complaints failing to include any information required by this provision may not be investigated or prosecuted at the discretion of the Association. (b) Complaints by a member of the Board of Directors, a committee member, or the manager, if any, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Director or Manager.

3. Notice of Complaint. In accordance with the Bylaws, a copy of the Complaint shall be served on each Violator either personally or by mail. Along with the Complaint, a warning letter shall be sent to the Violator explaining the nature of the violation and stating the following:

Unless a written request for a hearing signed by or on behalf of a person named as a Violator in the accompanying Complaint is delivered or mailed to the Board within (15) days after the Complaint is served upon you, the Board may proceed upon the Complaint without a hearing, and thus you will have waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled "Notice of Defense" to the Board at the following address: Hammersmith Management, 1707 Cole Blvd, #300, Golden, CO 80401.

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings of items on file in connection with this matter in the possession, custody, or control of the Board of Directors, you may contact the manager for the Association at the above address.

4. Investigation. Upon receipt of a complaint by the Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by a Board designated individual or committee. In accordance with the Bylaws, the President shall appoint a Hearing Committee ("Tribunal") of three natural Persons (the "Tribunal Members") to investigate the matter. If a hearing is requested, the Tribunal shall elect a Chairman and appoint a hearing officer who shall take evidence, if necessary, and ensure that a proper record of all proceedings is maintained.

5. Notice of Hearing. If a hearing is requested by the alleged Violator, the Tribunal shall serve a written Notice of the Hearing to all parties involved at least 10 days prior to the hearing date. The hearing shall be held no sooner than 30 days after the Complaint is mailed or delivered to each Violator. The Notice of Hearing shall state the place, date, and time of the hearing. In addition, the Notice of Hearing shall indicate that the Violator may be present (though not required to be), may but need not be represented by counsel, may present any

relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against the Violator. The Notice of Hearing shall further state that the Violator is entitled to seek the attendance of witnesses and to compel the production of books, documents or other items in the possession of the Association by applying to the Board of Directors of the Association, or its manager.

6. Hearing. At the beginning of each hearing, the Chairman of the Tribunal shall introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative, may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, examine witnesses, cross-examine witnesses on any matter relevant to the issues, impeach witnesses, introduce exhibits, rebut evidence, and make a closing statement. If the Violator does not testify in his own behalf, he may be called and examined as if under cross-examination. All oral evidence shall be taken only on oath or affirmation administered by an officer of the Association. The use of affidavits and written questions in lieu of oral testimony shall be encouraged by the Tribunal.

The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence in which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil action. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitive evidence shall be excluded. The Chairman may also impose such other rules of conduct as may be appropriate under the given circumstances.

Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The hearing shall be open to attendance by all Members of the Association to the extent of the permissible capacity of the hearing room. If the Violator fails to file a Notice of Defense or fails to appear at a hearing, the Tribunal shall base its decision solely on the matters set forth in the Complaint, results of the

investigation and such other credible evidence as may be presented at the hearing. However, the Violator may make any showing by way of mitigation.

In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Declaration, Bylaws, Rules and Regulations, or the working of the Association. Persons present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings.

The Tribunal may grant continuances on a showing of good cause. Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member.

After all testimony and other evidence have been presented at a hearing, the Tribunal shall prepare written findings of fact and recommendations for consideration by the Board. A decision shall be made by a majority of the Tribunal members present at the hearing and shall be made by secret ballot. In accordance with the findings and recommendations of the Tribunal, the Board shall, within a reasonable time, not to exceed 10 days, decide whether a fine should be levied and/or any other enforcement step should be taken. The Board may adopt the recommendations of the Tribunal in their entirety or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event, shall the Board impose more stringent enforcement action than recommended by the Tribunal.

7. Notification of Decision. The decision of the Board shall be in writing and provided to the Violator and Complainant either personally or by mail within 10 days of the hearing, or if no hearing is requested, within 10 days of the final decision. The decision of the Board shall become effective 10 days after it is served upon the Violator. The Board may order reconsideration at any time within 15 days following service of its decision on the Violator, on its own motion or on petition by any party. However, no action against a Violator arising from the alleged violation shall take effect prior to the expiration of the later of 15 days after the Violator(s) receipt of Notice of Hearing or five days after the hearing required herein.

8. Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within 15 days of any letter, or fails to appear at any hearing, 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 alleged Violator may be assessed a fine pursuant to these policies and procedures.

9. Notification of Decision. The decision of the Board, committee or other person, shall be in writing and provided to the Violator and Complainant within 10 days of the hearing, or if no hearing is requested, within 10 days of the final decision.

10. Fine Schedule. The following fine schedule has been adopted for all recurring covenant violations:

First Violation	Warning letter
Second Violation (of same covenant or rule)	\$25.00 - \$200.00
Third Violation (of same covenant or rule)	\$50.00
Fourth Violation (of same covenant or rule)	\$100.00
Fifth and subsequent Violations (of same covenant or rule)	\$200.00

Fifth and subsequent covenant violations may be turned over to the Association's attorney to take appropriate legal action. Any Owner committing four or more violations in a 6 month period (whether such violations are of the same covenant or different covenants) may be immediately turned over to the Association's attorney for appropriate legal action.

11. Waiver of Fines. The Board may waive all, or any portion, of the fines if, in its sole discretion. such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the Violator coming into and staying in compliance with the Articles, Declaration, Bylaws or Rules.

12. 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, Bylaws, Articles of Incorporation and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

13. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

14. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

15. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

16. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Arapahoe Ridge Homeowners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on February 15th, 2006 and in witness thereof, the undersigned has subscribed his/her name.

**ARAPAHOE RIDGE HOMEOWNERS
ASSOCIATION, INC.,**
a Colorado nonprofit corporation

By: _____


President