

TERRACE HOMEOWNERS ASSOCIATION (B) INC.,
POLICY AND PROCEDURES FOR ENFORCEMENT
OF ASSOCIATION DOCUMENTS

SUBJECT: Adoption of a policy and procedure regarding enforcement of Association covenants in compliance with C.R.S. 38-33.3-209.5.

PURPOSE: To adopt standard procedures regarding the enforcement of the Association’s Declaration, Articles of Incorporation, Bylaws, and rules and regulations (collectively the “Documents”).

AUTHORITY: The following procedures have been adopted pursuant to the provisions of C.R.S. 38-33.3-209.5.

EFFECTIVE DATE: September 30, 2023

RESOLUTION: The Association hereby adopts the following policy:

The Association hereby gives notice of its adoption of the following policies and procedures for the enforcement of its covenants.

1. Complaint. Complaints regarding alleged violations of the Association’s Documents may be reported by the Association’s manager or by an Owner. All complaints by Owners shall be submitted to the Association’s manager in writing and shall state the alleged violation and as many specifics as are available as to time, date, location and persons involved. Complaints by members of the Board or the Association’s manager may be made in writing or by any other means deemed appropriate by the Board.

2, Warning Letter. If upon investigation by the Board or the Association’s manager a violation is determined to exist, the Association shall send a Warning Letter to the alleged violating Owner. The Warning Letter shall be sent to the Owner’s address on file with the Association and shall advise the Owner of (1) the details of the complaint and (2) that the Board has reason to believe that the Owner has violated the Governing Documents of the Association, (3) that the Owner has 30 days to cure the violation , (4) the actions required to cure the violation, and (5) that if the violation is not cured within 30 days, the Association, after conducting an inspection, may impose a fine on the Owner’s account.

3. Fine Letter. If, after inspection within 7 days of the expiration of the Warning letter, it has been determined by the Board or the Association’s manager that the Owner has not cured the violation, the Association shall send a second notice to the Owner (“Fine Letter”). The Fine Letter shall be sent to the Owner’s address on file with the Association and shall (1) advise the Owner of the details of the complaint, (2) request that the Owner immediately cure the violation, or such other time period as the Board deems appropriate, (3) advise the Owner of the imposition of a fine on the Owners account with the Association, including the amount of the fine, (4) state the actions required to cure the violation, and (5) advise that if the violation is not cured within 30 days, the

Association, after conducting an inspection, may impose additional fines on the Owner's account, not to exceed \$500 per violation. The Fine Letter shall further advise the Owner that he/she is entitled to a hearing on the merits of the matter at the next scheduled Board meeting, provided that such hearing is requested in writing and submitted to the Association's manager within 7 days of the date on the Fine Letter.

4. Additional Action. If, after inspection within 7 days of the expiration of the Fine Letter, it has been determined by the Board or the Association's manager that the Owner has not cured the violation, the Association may send additional Fine Letters to the Owner or take other action deemed appropriate by the Board including referral to an attorney for legal action .

5. Cure by Owner. If the Owner cures the violation with the period to cure, the Owner may notify the Association of the cure and if the Owner sends with the notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the notice was sent. If the Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the Lot as soon as practicable to determine if the violation has been cured. Once a violation has been cured, the Association shall send the Owner a notice stating any outstanding fine balance that the Owner still owes the Association and that the Owner shall not be further fined with regard to the specific violation, subject to a repeated violation as set forth in section 11 below.

6. Notice of Hearing. If a hearing is requested in a timely manner by the Owner, the Association shall serve a written notice of the hearing to the Owner at least 10 days prior to the hearing date.

7. Hearing. Each hearing shall be held at the scheduled time, place and date, unless the Owner has failed to appear at the hearing. The Board may grant continuances for good cause. Each hearing shall be held by a Hearing Committee. The Hearing Committee shall consist of a person or persons appointed by the Board, which may be the Board itself, who do not have any direct personal or financial interest in the outcome of the hearing. A person is deemed not to have a direct personal or financial interest if he/she will not receive any greater benefit or detriment from the outcome than will the general membership of the Association. The Hearing Committee may: (a) exercise its discretion as to the specific manner in which a hearing shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit it to reach a just decision. Any decision by the Hearing Committee shall be fair and reasonable taking into consideration all of the relevant facts and circumstances. Each hearing shall be open to attendance by all members of the Association.

8. Decision. If the Owner does not appear, but a written response is filed, the Hearing Committee shall render its decision based on the information available to it, including the written response, considering all of the relevant facts and circumstances. If neither an appearance nor a written response is made, the Hearing Committee need not conduct a hearing or make any further findings except that it may determine that the Owner's failure to appear or respond constitutes a waiver of the right to a hearing and impose the sanctions provided for herein. If an appearance is made, after all testimony and other evidence has been presented to the Hearing Committee at a hearing, the Hearing Committee shall render its decision, taking into consideration all of the relevant facts and circumstances. Except as provided herein, the Hearing Committee's decision

shall have an effective date no sooner than five (5) days after the hearing. If the Hearing Committee does not inform the Owner of its decision at the time of the hearing, or if no hearing is held, the Hearing Committee will provide a written notice of the decision to the Owner's address of record within five (5) days after the decision is made.

9. Fine Schedule. Fines may be levied for violations of the Documents as follows:

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| First Fine Letter (after warning letter) | \$125.00 |
| Failure to Cure within cure period | \$50.00 every other day |
| Repeat Violations | Up to \$500. |

The Association may vary the fine amounts set forth above, based on the severity of the violation. Notwithstanding the above, the Association may not impose more than \$500 in fines for any specific violation.

10. Referral to Attorney. An Owner who accumulates two or more fine letters or fails to cure a violation, may be referred to the Association's attorney to commence a lawsuit to force compliance and/or recover damages. If the account is sent to the association's attorney, any legal fees and costs incurred by the Association in connection with collecting such fines will be charged to the owner(s) account, and the owner(s) shall be liable for repayment in full of any and all such fees and costs. Notwithstanding the above, the Association may not foreclose on an Owner's Lot solely based on fines owed.

11. Willful and Wanton Violations. In the event of a determination by the Hearing Committee of a willful, wanton or flagrant disregard for the provisions of the Documents, or based on the severity of the violation, the Hearing Committee may impose such additional fines as are deemed reasonable by the Hearing Committee without regard to the schedule set forth above, so long as the total amount of fines does not exceed \$500.

Repeat Violations: A repeat violation is a violation that is committed by an Owner that is the same or factually similar to a previously cited and cured violation and occurs within 12 months of the cure of the previous violation. A repeat violation is considered a continuation of the previous violation and therefore an Owner committing a repeat violation is not entitled to the hearing procedures set forth above. The Association shall provide notice to the owner of the repeat violation in accordance with the warning notice provisions in section 2 above. If the owner fails to cure the repeat violation within the time period set forth in the notice specified by the association, the association may immediately start to assess new fines not in excess of \$500 and or take other legal action to enforce its covenants.

12. 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 Owner coming into and staying in compliance with the Documents.

13. Responsibility for Actions of Tenant or Guest. Owners shall at all times be responsible for the actions of their tenants and guests. In the event that an Owner's tenant or guest violates the Documents and a fine is imposed, the fine shall be assessed against that Owner.

14. Violations or Offenses that Constitute a Present Danger. If, in its sole discretion, the Board reasonably deems that any alleged violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, the Board may take the appropriate expedited action necessary to abate the threat to health, safety or welfare of the community or individual. Such action may include demanding that the violation be cured within 72 hours and notifying the Owner that if the violation is not cured within this time period the Association may fine the Owner and/or take legal action, including seek an injunction in a court of law. Limitations as to fine amounts do not apply to violations constituting a present danger.

15. Communication with Owners.

a) Any letters sent to an Owner pursuant to this Policy shall also be sent via e-mail if the Owner has provided the Association with an e-mail address.

b) An Owner may designate another person to be contacted on the Owner's behalf regarding any notices, letters or correspondence sent pursuant to this Policy. The Owner must notify the Association in writing of any designated contact. Such notification should include the designated contact's name, address and, if applicable, e-mail address. Any notices, letters or correspondence sent to a designated contact shall also be sent to the Owner.

c) An Owner may request that all correspondence and notices from the Association be made in a language other than English. If a preference is not indicated, the Association shall send all correspondence and notices in English.

d) The Association shall maintain a record of all contacts with a delinquent Owner, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made.

16. Miscellaneous.

a) Failure by the Association to enforce any provision of this Policy shall in no event be deemed to be a waiver of the right to do so thereafter.

b) Fines imposed pursuant to this Policy shall become an Assessment imposed against the record Owner's Lot and enforceable as provided in the Declaration and the collections policy.

c) The provisions of this Policy shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

d) The provisions of this Policy shall not limit, or be a condition precedent to, the Association's right to enforce the Documents by any means available to the Association, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages.

e) The Association shall be entitled to reimbursement of all reasonable attorney's fees and costs incurred by the Association in connection with any enforcement action, including any proceeding under this Policy.

f) Unless otherwise defined in this Policy, capitalized terms defined in the Declaration shall have the same meaning herein.

g) The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the laws of the State of Colorado.

h) This Policy is intended to replace and supersede any previous enforcement policy adopted by the Board.

PRESIDENT'S CERTIFICATION:

The undersigned, being the President of the Terrace Homeowners Association (B) Inc., certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association on September 30, 2023 and in witness thereof, the undersigned has subscribed his/her name.

THE TERRACE HOMEOWNERS ASSOCIATION (B) INC.

Cristian Basso
Signature

September 30, 2023
Date

Cristian Basso
By, Print name

Its President (original signature on file)