

East Quincy Highlands II Homeowners Association, Inc.  
RESPONSIBLE GOVERNING POLICY  
In Compliance with Senate Bill 100  
**POLICY REGARDING ENFORCEMENT OF COVENANTS AND RULES, INCLUDING  
NOTICE AND HEARING PROCEDURES AND THE SCHEDULE OF FINES**

As Board Members in a covenant-protected Community, we recognize that the real and perceived value of our Community centers around reasonable and consistent property standards. We further recognize that a very important part of the consideration that prospective property owners make when selecting a Community in which to live and invest in, is the condition, quality and curb appeal of the Community they are considering.

To standardize the quality and level of maintenance and care afforded a Community; Declarations are established by the original Community Developer. As a Community, we supplement those Declarations with more specific standards of care and behavior with rules and regulations and/or architectural control guidelines.

In a perfect world, owners would fully and timely comply with all of the requirements and responsibilities necessary in our Community. We understand that realistically, covenants and other standards of behavior are necessary for those few individuals who choose not to conform to and comply with the documents those individuals originally agreed to abide by.

Enforcement action and monetary penalties are sometime necessary to garner cooperation and follow through from owners who chose to violate the laws of our Community. Inaction regarding and violations of our governing documents can lead to conditions that cost all owners far more than the reasonable fines and penalties the Association may consider.

Based upon these very important circumstances, we agree to approve the following enforcement policy for any and all violations of our Declarations/Covenants, rules, regulations or guidelines that we have not previously addressed in writing:

- All enforcement action will be consistent and not arbitrary or capricious.
- We consider all existing and written enforcement policies to be consistent and not arbitrarily or capricious. We will follow those policies unless and until we determine that they violate Senate Bill 100.
- In the event that we have an enforcement policy that violates Senate Bill 100 or in the event that we have a violation that we have not previously addressed with a written policy, we will adhere to the following enforcement policy –

**Covenant and Rules Enforcement in the Event No Policy Currently Exists in Writing**

1. Any owner, resident, or agent of the Community may file a written complaint or petition with the Community's management company. This document will set forth the reason for the complaint or petition, including dates, times, locations, names and addresses, as well as any additional details known by the person making the complaint.
2. The management company may respond to any complaint or petition, as it deems appropriate. Copies of all complaints and/or petitions will be provided to the Board of Directors, as requested.
3. Second and subsequent violations of the same rule will require a hearing to consider a fine or fines for the continued violation or violations. The owner will be notified of the date, time and place of the hearing. All hearings are conducted before a quorum of the Board of Directors or an established Committee.

4. Notice will be mailed to the owner and/or renters of the homes who have an interest in the hearing.
5. Each hearing will be held in the normal meeting place of the Board of Directors or an established Committee at the scheduled time, place, and date. Such hearing will be open to all persons. Hearings will not take place during a meeting of the members. Meeting procedures for the hearing will be explained and a summary of any notices or other relevant documents will be read aloud. Both the Community (through the managing agent) and the violating parties will have three minutes each to present their findings and concerns. The Board of Directors or established Committee will ask questions of both groups if questions arise. If additional time is needed, the Board/Committee will allow additional time with a majority vote of the attending Board/Committee quorum. Hearings will not be recorded either via audio or video devices.
6. The Board of Directors or established Committee will deliberate on all hearings in executive session and reach or recommend a decision in the open board meeting. The Board considers the decision to be of a possible personal or private nature that may be an unwarranted invasion of individual privacy. Decisions will generally be made on the same date as the hearing; however, if that is not possible, a decision will be made within 14 days after the hearing. Decisions will be approved by a simple majority vote of the attending Board quorum. All parties named on the complaint or petition will be informed of the decision in writing.

#### General

1. Upon written application by any owner, any of the Rules and Regulations set forth within this document may be granted a temporary variance or extension of time which the Board deems necessary. In severe cases, the Board may grant a waiver. Any such written variance, extension or waiver will only apply to the applicant and the instance set forth within the application. Information regarding all granted written variances, extensions or waivers will be made available to management personnel, maintenance personnel, and any personnel hired by the Association to enforce the Rules and Regulations. The Board of Directors may revoke any written variance, extension or waiver at any time for any reason in its sole discretion.
2. Any actions which, in the opinion of the Board of Directors or the Association's Insurance Agent, adversely affect or compromise the Association's insurance coverage, policy or premiums will be considered a violation of our Rules and Regulations.
3. Failure to notify or enforce any of the Rules and Regulations will not be deemed a waiver of any of the Rules and Regulations.
4. All of our Rules and Regulations will be severable, and if one or more are found to be invalid, all others will remain in full force and effect.

#### Fines

1. For all violations (other than the immediate towing of violating vehicles), the fine for a first violation of a Rule or Regulation will be no more than \$50. The fine for a second offense of the same nature will be no more than \$100 above the amount of the previous fine. Subsequent fines for similar offenses will increase by no more than \$100 above the amount of the previous fine per subsequent offense, unless in its sole discretion, a greater amount is deemed appropriate by the Board. Fines assessed against the Owner will become assessments collectable against the property pursuant to the Declarations and Colorado Law and will be collected in the customary manner and pursuant to the business practices of the Association.
2. In all instances, the imposition of an amount less than the maximum possible fine will not preclude the Board from imposing the maximum fine allowable under this section for subsequent offenses.
3. Any non-compliance with the Rules and Regulations by any owner, renter, or guest will be the responsibility of the Owner.

## ARBITRATION

Any violation in dispute may be referred to arbitration by either party delivering to the other written notice via certified U.S. Mail, hereinafter called "Arbitration Notice," specifying the name and address of the arbitrator designated by it, the nature of the dispute, the amount (if any) involved and the qualifications of such arbitrator necessary to meet the requirement hereinafter imposed. Within seven (7) days after the delivery of an Arbitration Notice by one party, the other party shall deliver a response, hereinafter called "Response to Arbitration Notice," specifying the name and address of the arbitrator designated by it and the qualifications of such arbitrator necessary to meet the requirements hereinafter imposed. If either the Association or rules violator fails to deliver its Response to Arbitration Notice within such seven (7) day period, the other party may request the American Arbitration Association, hereinafter called "AAA," to appoint the second arbitrator. Within five (5) days after the delivery of a Response to Arbitration Notice (or appointment of the second arbitrator by AAA), the two arbitrators appointed shall elect a third arbitrator. If the two initial arbitrators cannot agree upon a third within such five (5) day period, they shall immediately notify the Association and rules violator, whereupon the third arbitrator shall be appointed, upon the application of the arbitrators or of either party, by the office of AAA located closest to the Association.

Each of the initial two arbitrators shall be persons who have experience in the operation of and knowledge of community associations similar to the Association. The third arbitrator shall be a neutral person with no financial or personal interest in the result of the arbitration or any present relationship with the parties or their counsel. The arbitrators appointed shall convene in the County in which the Association is located within five (5) days after the appointment of the third arbitrator and shall render their decision and award upon the concurrence of at least two of their number, as promptly as possible, and in any event, within thirty (30) days after the appointment of the third arbitrator. Such decision and award shall be in writing and counterpart copies thereof shall be delivered to the Association and rules violator.

The arbitration shall be determined in accordance with the Commercial Arbitration Rules then in use by AAA, as amended by this section (or, if AAA shall not then be in existence, such other organization, if any, as shall then become the successor of AAA or if there be no successor, pursuant to the applicable laws of the State of Colorado).

The arbitrators shall not be empowered to call for any pre-hearing conference, pre-hearing testimony or other pre-hearing examination of either the Association or rules violator and shall limit requests by the parties for the production of documents and other records to only those necessary for determination of the issue before them.

The Association and purported rules violator shall pay the fees and expenses of the arbitrator appointed by each respectively and the fees and expenses of the third arbitrator shall be borne by both parties equally. The arbitrators may award legal fees and costs in connection with arbitration.

Except as may be required under applicable law, all proceedings with respect to any arbitration shall remain confidential.

The application for any arbitration shall not extend the times for performance by the Association or rules violator of their respective obligations under our governing documents or limit or delay the right of either party to seek temporary injunctive relief from the appropriate body or board with regard to the matter being arbitrated.

The decision and award of the arbitrators shall be binding on both parties hereto.