



VILLA CASITAS HOMEOWNER'S ASSOCIATION COVENANT ENFORCEMENT POLICY

The undersigned, being all the Directors of Villa Casitas Homeowner's Association, a Colorado non-profit corporation (the "Association") hereby consent to vote in favor of and adopt the following Policy:

This Policy shall apply to any alleged violation ("violation") of the Association's Declaration, Articles of Incorporation, Bylaws and Policies, Procedures, Rules and Regulations (collectively called "Association Documents") except and excluding non-payment of assessments or other sums.

1. Complaints.

Initial complaints of any violation of any provision of any Association Document may be presented to the Board or the Association's management company in writing or orally by any person before or at any meeting. The Board shall, in its discretion, determine whether or not the complaint shows cause for further proceedings. The Board shall not decide the validity of the complaint at that meeting, but rather shall notify the Owner and shall set it for hearing at a later date, if it finds cause is shown that the Owner or alleged violator has committed or permitted a violation.

2. Notice of Hearing.

If the Board decides that cause has been shown for a hearing, the Board, or its officers or agents, shall then send a written notice (the "Notice"), by regular mail and certified mail, return receipt requested, to the Owner, and a copy may be sent to the alleged violator (if known) such as tenant, contractor, guest or family member of the Owner. The Notice shall indicate the time and place of the hearing, and any other information regarding the violation which the Board deems appropriate in its discretion. The Notice shall be deemed received by the owner three (3) days after mailing. The Notice may be sent to the unit if the owner has failed to register a current mailing address. The Notice may also be sent to the complaining party.

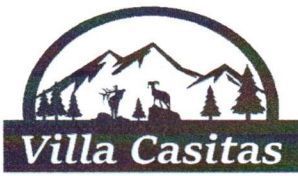
3. Notice.

(a) Violations that Threaten the Public Safety or Health

- a. The Association shall provide the Owner written notice, in English and in any language that the Owner has previously requested, in writing, that the Association uses in correspondences and notices to them, of the nature of the violation, the action or actions required to cure the violation and informing the Owner that they have seventy-two (72) hours to cure the violation or the Association, after inspecting the Owner's Unit, may pursue legal action against them and/or, after notice and an opportunity for a hearing, may fine the Owner up to every other day that the violation remains except that the Association may not pursue a foreclosure of the Owner's Unit based solely on fines.
- b. The Board may contact the police, any regulatory or licensing authorities or other third parties regarding the alleged violation, but any action or decision by those parties shall not bar the Board from proceeding.

(b) Violations that Don't Threaten the Public Safety or Health

- a. The Association shall, through certified mail, return receipt requested, provide the Owner written notice, in English and in any language that the Owner has previously requested, in



writing, that the Association uses in correspondences and notices to them, of the violation informing the Owner that they have thirty (30) days to cure the violation or the Association, after conducting an inspection and determining that the Owner has not cured the violation, may, after notice and an opportunity for a hearing, fine the Owner up to a total of five-hundred dollars (\$500.00) per violation.

- b. The Association shall grant the Owner a total of two (2) consecutive thirty-day periods to cure a violation before the Association may take legal action against the Owner for the violation. The Association may not pursue a foreclosure of the Owner's Unit based solely on fines.
- c. If the Owner cures the violation within the period to cure afforded the Owner, 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 Owner sends the notice. If the Owner's notice does not include visual evidence that the violation has been cured, the Association shall inspect the Unit as soon as practicable to determine if the violation has been cured.
- d. If the Association does not receive notice from the Owner that the violation has been cured, the Association shall inspect the Unit within seven (7) days after the expiration of the thirty-day cure period to determine if the violation has been cured. If, after the inspection and whether or not the Association received notice from the Owner that the violation was cured, the Association determines that the violation has not been cured:
 - i. A second thirty-day period to cure commences if only one (1) thirty-day period to cure has elapsed; or
 - ii. The Association may take legal action pursuant to this section if two (2) thirty-day periods to cure have elapsed.
- e. Once the Owner cures the violation, the Association shall notify the Owner, in English and in any language that the Owner has previously requested, in writing, that the Association uses in correspondences and notices to them:
 - i. That the Owner will not be further fined with regard to the violation; and
 - ii. Of any outstanding fine balance that the Owner still owes the Association.
- f. The Board may contact the police, any regulatory or licensing authorities or other third parties regarding the alleged violation, but any action or decision by those parties shall not bar the Board from proceeding.

4. Hearing.

- (a) Hearings may be held in executive session because they may involve privacy and/or possible litigation issues. The Board may exclude any person other than the Owner or alleged violator and witnesses, when testifying.
- (b) The Board shall constitute "impartial decision makers" which means a person or group of persons who have the authority to make a decision regarding the enforcement of the Association's covenants, conditions, and restrictions, including its architectural requirements, and the other rules and regulations of the Association and do not have any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association.



- (c) At the hearing, the Board may consider any written or oral information produced by the Owner, the alleged violator or other interested party. Any legal or statutory rule of evidence or procedure shall not apply to the hearing, and the Board may restrict testimony or proceed in any manner or order which it deems appropriate in its discretion. Generally, any relevant evidence may be admitted if it is the sort of evidence on 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 actions. Hearsay evidence shall be sufficient in itself to support a finding. The Board may tape record or otherwise transcribe the hearing. The Board may proceed with the hearing even if the Owner fails to appear or refuses to participate or to submit information. The Owner may be represented by legal counsel so long as said Owner gives the Board at least five (5) days' prior written notice, in which case the Board's attorney may be present as well and the Owner may have their account charged for the costs and fees related to the Association's attorney preparing for and attending the hearing. Any participant may question any witnesses and examine any documents presented at the hearing.
- (d) After hearing any information, witnesses, or documents presented at the hearing, the Board's decision shall be made by majority vote of the Board members present and a brief summary of the decision and the sanction, if any, should be sent by regular mail to the owner and, if necessary, to the alleged violator. If, as a result of the fact-finding process described above, it is determined that the unit Owner should not be held responsible for the alleged violation, the Association shall not allocate to the unit Owner's account with the Association, any of the Association's costs or attorney fees incurred in asserting or hearing the claim.

5. Extent of Violations

Continuing violations may be fined every other day until the violation is cured or the fines reach a total of five-hundred dollars (\$500.00). For example, each day during which a pet or activity or an item violates the Covenants, is a continuing violation. The Board may, in its discretion, impose increased fines for repeated or intentional violations up to a maximum of five-hundred dollars (\$500.00) per violation.

6. Parties to Violations.

Owners shall be responsible for violations committed by their contractors, guests, family members, and tenants, for example, pets kept by tenants or signs placed by real estate agents. The Board may proceed against both the Owner and the alleged violator, simultaneously or separately, and actions against one shall not bar action against the other. The Board may contact the police, any regulatory or licensing authorities or other third parties regarding the alleged violation, but any action or decision by those parties shall not bar the Board from proceeding.

7. Fines and Sanctions.

- (a) Any violation of the Governing Documents will subject the Owner to a reasonable fine assessment imposed by the Association as follows:
- (i) first time or minor violations between \$25 and \$75
 - (ii) repeated minor violations between \$50 and \$100
 - (iii) repeated; flagrant; or health and safety violations between \$100 and \$500



This schedule may be amended by the Board at any time and is not intended to cover all possible violations and there are instances where the amount of fines may vary depending on the circumstances. The amount of the fines are intended to bear a reasonable relationship to the actual harm that is being caused; the potential risk of loss to the Association if compliance does not take place; the costs of investigative demand letters and hearings to ensure compliance; and the cost of remedial measures (if used).

- (b) Any fine shall be both a personal obligation of the Owner or the violator or both and shall also be an assessment creating a lien which may be recorded against the unit and may be foreclosed as provided in the Declaration. The Board may notify any lender and credit agency of such obligation and lien. Additionally, the Board may bring legal action to enforce the violated provision and to recover the fine.
- (c) Any violation shall entitle the Board to recover from the Owner or violator or both, its reasonable attorney's fees, court costs, interest, and any other collection expenses, regardless of whether litigation is instituted or is successfully concluded.
- (d) The Board may seek to recover such fees and costs by all legal remedies, including without limitation, charging such fees and costs to the Owner's account with the Association.

8. Substantial Compliance.

Technical irregularities or defects in the complaint, Notice or other compliance with this Rule shall not invalidate the proceedings or any fine or sanction imposed. This Rule shall be liberally construed to accomplish prompt, effective enforcement of the Association's Declaration, Articles of Incorporation, Bylaws, and Rules.

9. Board Resolves Questions of Construction.

If any doubt or questions shall arise concerning the true intent or meaning of any provision of the Association's Governing Documents or these Rules, the Board shall determine the proper construction of the provision in question and shall set forth in a written statement the meaning, effect and application of the provision. These determinations will thereafter be binding on all parties so long as it is not arbitrary or capricious, and they may be filed for record with the County Clerk and Recorder.

Adopted this 26th day of Oct, 2022, at a duly called and held meeting of the Board of Directors and becomes effective August 10, 2022.

