

## 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:** 1/25/2018

**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. **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. The Board

shall have sole discretion in appointing an individual or committee to investigate the matter.

4. **Initial Warning Letter.** If a violation is found to exist, an initial warning letter shall be sent to the Violator explaining the nature of the violation. The Violator will have 10 days from the date of the letter to come into compliance. The foregoing procedure will not be used, however, in the event the violation is determined by the Board to be a Repetitious Violation as defined in paragraph 13 of this policy. In such event, the procedure outlined in paragraph 13 shall be followed.
5. **Continued Violation After Initial Warning Letter.** If the alleged Violator does not come into compliance within 10 days of the initial warning letter, this will be considered a second violation for which a fine may be imposed following notice and opportunity for a hearing. A second and subsequent letter(s) shall then be sent to the alleged Violator, providing notice and an opportunity for a hearing, and explaining if a violation is found to exist, a fine may be imposed pursuant to this Policy. The letter(s) shall further state that the alleged Violator is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing within 10 days of the date on the violation letter. The foregoing procedure will not be used, however, in the event the violation is determined by the Board to be a Repetitious Violation as defined in paragraph 13 of this policy. In such event, the procedure outlined in paragraph 13 shall be followed.
6. **Notice of Hearing.** If a hearing is requested by the alleged Violator, the Board, committee or other person conducting such hearing as may be determined in the sole discretion of the Board, may serve a written notice of the hearing to all parties involved at least 10 days prior to the hearing date.
7. **Decision Maker.** Pursuant to Colorado law, the alleged Violator has the right to be heard before an "Impartial Decision Maker". An Impartial Decision Maker is defined under Colorado law as "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 architectural requirements, and 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." Unless otherwise disqualified pursuant to the definition of Impartial Decision Maker, the Board may appoint to act as the Impartial Decision Maker the entire Board, specified members of the Board, any other individual or group of individuals.
8. **Hearing.** At the beginning of each hearing, the presiding officer, 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, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. Neither the Complainant nor the alleged Violator are required to be in attendance at the hearing. The Impartial Decision Maker 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. Unless otherwise determined by the Board, all hearings shall be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Impartial Decision Maker shall, within a reasonable time, not to exceed 30 days, render its written findings and decision, and impose a fine, if applicable. Failure to strictly follow the hearing procedures set forth above shall not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

9. **Failure to Timely Request Hearing.** If the alleged Violator fails to request a hearing within 10 days of any letter, or fails to appear at any hearing, the Impartial Decision Maker 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.
  
10. **Notification of Decision.** The decision of the Impartial Decision Maker shall be in writing and provided to the Violator and Complainant within 30 days of the hearing, or if no hearing is requested, within 30 days of the final decision.
  
11. **Appeals.** The Violator may file a written appeal to the Board of Directors of any adverse decision of the hearing committee or individual within 15 days of the decision.
  
12. **Fine Schedule.** The Schedule of Fines reflected in Rules and Regulations to this Policy shall control with respect to the specific violations referenced therein. In addition to the fines applicable to specific violations referenced in the Schedule of Fines, the following fine schedule has been adopted for all other recurring covenant violations:

First violation	Warning letter
Second violation (of same covenant or rule)	\$25.00
Third and subsequent violations (of same covenant or rule)	\$50.00

- (a) Third and subsequent covenant violations may be turned over to the Association's attorney to take appropriate legal action. Any Owner

committing 4 or more violations in a 12 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.

13. **Repetitious Violations.** Repetitious Violations are defined as a series of identical or substantially similar individual violations that occur repeatedly or continuously within a period of time to be determined in the discretion of the Board, with each individual violation separated by a period of no less than 1 day, nor more than 90 days, the result of which is a pattern of violations of the same covenant restriction. In the event of such Repetitious Violation, in the discretion of the Board, each instance of noncompliance may constitute a separate violation, and the Board shall not be required to provide a period of 10 days from each violation for the alleged Violator to come into compliance. A warning letter shall be sent for the first violation in the series. After the warning letter, the Board may cause violation notices to be sent for each violation in the series stating the amount of the fine to be imposed (pursuant to the Fine Schedule in paragraph 12), and giving notice and an opportunity for a hearing. The Board shall individually consider each violation for which a hearing is requested, but is permitted to combine any and all hearings requested for Repetitious Violations on one date.

Examples of Repetitious Violations include, but are not limited to repeatedly or continually parking a restricted recreational vehicle in the community, repeated failure to remove and store a portable basketball hoop, or failure to remove excessive weeds growing on a lot. In each one of these examples, the Owner will receive a warning letter on the first instance of the violation. On the second instance of the violation, the owner will receive a fine letter reflecting the applicable fine amount for the second such violation, and notice and opportunity for a hearing. On the third instance of the violation, the owner will receive a fine letter reflecting the applicable fine amount for the third such violation, and notice and opportunity for a hearing. On the fourth instance of the violation, the owner will receive a fine letter reflecting the applicable fine amount for the fourth such violation, and notice and opportunity for a hearing. If hearings are requested, the Board may set them all on the same date.

14. **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.
15. **Other Enforcement Means.** If the actions described above do not cure the default, or in the event of an emergency, health or safety reasons, the Association will thereafter have the right (but not the obligation) to undertake whatever actions are reasonably necessary to remedy such violation, including, but not limited to:

- a. *Government Agencies.* The Board may contact law enforcement authorities, 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 with covenant enforcement action;
  - b. *Right of Entry.* The Association shall have the right to enter any portion of a Unit for the purpose of correcting the default, in which case the party performing such action shall not be liable for any losses, costs or damages to the tenant or Owner of any Unit on account of its performance of such action except for any loss, cost or damage caused by the party's gross negligence or willful misconduct. Said right of entry shall include, but is not limited to, the right to make repairs, perform maintenance, remove any nuisance or otherwise undertake action to cure the breach or otherwise bring the Unit into compliance; and or
  - c. Lien. In the event the Association elects to make repairs, perform maintenance or take other action, the Association will submit all charge for same to the Owner or persons responsible for the Unit upon which or for whose benefit such costs were incurred. If the Association's costs have not been paid after expiration of thirty days after the date they become due, the Association may thereafter record a lien against the Unit (including improvements thereon) for all costs (including reasonable attorneys' fees) incurred by the Association in performing the maintenance and in collecting such costs and foreclosing upon a lien. This lien may thereafter be foreclosed upon in the manner provided by Colorado law for foreclosing upon real estate mortgages. This lien shall provide all sums expended by the Association (including reasonable attorneys' fees) shall be additional indebtedness secured by lien.
16. **Enforcement By Court Action.** At the Board's discretion, correction of a violation may be enforced through courts of law or equity, such enforcement may be independent, concurrent, or subsequent to the imposition of fines. The Board may use the Association's attorney for further action and court proceedings related to the violations of the Declaration, Bylaws, or House Rules.
17. **Time Limits.** Enforcement of the Covenants, Bylaws, or House Rules is not waived by any prior non-enforcement. The Association may enforce its rights and remedies, including its lien, for a period up to six years from the date it discovers the violation.
18. **Substantial Compliance.** Technical irregularities or defects in the complaint, notices, or other compliance with the House Rules shall not invalidate the proceedings or any fine sanction imposed. This policy is to be liberally construed to ensure prompt, effective, complete enforcement of the Covenants, Bylaws, and House Rules.
19. **Definitions.** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

20. **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.

21. **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.

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

**PRESIDENT'S**

**CERTIFICATION:** The undersigned, being the President of Association of Owners, Satellite Apartment Building, Inc. certifies that the foregoing Policy was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board on **1/25/2018** and in witness thereof, the undersigned has subscribed his/her name.

**Association of Owners, Satellite  
Apartment Building, Inc., a**

Colorado non-profit corporation

By:



Its: President