

Compliance Policy

Park Washington Condominiums Association

Per the Park Washington Condominiums Association's (the "Association") Adoption and Amendment of Policies, Procedures and Rules and Regulations Policy, the Association can adopt a new policy at any time by a majority vote of the Managers presented at any meeting of the Managers.

The Association adopts the following Compliance Policy, pursuant to the requirement of the Colorado Common Interest Ownership Act section C.R.S. 38-33.3-209.5 (l) (b) (IV), and to allow the Association to enforce violations of the rule and regulations of the Association's governing documents, effective 16 day of March, 2011.

Any terms not identified in this policy shall hold the meaning in the Declaration of the Association.

Pursuant to the Declaration of the Association, Section 19, each owner shall comply strictly with the provisions of the Declaration, the Articles of Incorporation and the Bylaws of the Association, and the decision, rules and resolutions of the Association (the "Association Documents") adopted pursuant thereto as the same may be lawfully amended from time to time.

Pursuant to the Bylaws of the Association, Article VII, Section 3, each owner shall comply with all of the provisions of the Declarations, the Articles of Incorporation and the Bylaws of the Association and any rules and regulations issued by the Board of Managers (the "Board").

Pursuant to the Articles of Incorporation of the Association, Article IV, Sections 3, the Association has the power to enforce the terms, covenants, restrictions, conditions, uses limitations and obligation set forth in the Declaration and in the Bylaws of the Association and to make and enforce rules and regulation.

Failure by the Association or any Owner to enforce any covenants, conditions, restrictions of the Association or any other provision of any of the aforesaid Association Documents, shall in no event be deemed a waiver of the right to do so thereafter.

Association's Enforcement Rights. In the event of an alleged violation by a Member of the Association Documents, the Board of Managers shall have the right, after Notice and Hearing is offered as hereinafter provided, to take any one or more of the following actions:

- (a) pursuant to the Declaration of the Association, Section 17 (i), the Association may suspend any owner's voting rights in the Association or the right for the owner to use the General Common Elements during any period or periods during which such owner fails to comply with the Association's rules and regulations or with any other obligation of such owner under the Declaration. The Bylaws of the Association, Article V, Section 6, also permit the Association to suspend voting rights for violation of the Association Documents.

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- (b) levy a fine against such Member in an amount determined by the Board;
- (c) record a Notice of Noncompliance against the Unit;
- (d) file a lien of noncompliance; and/or
- (e) pursuant to the Declaration of the Association, Section 17 (i), the Association may also take judicial action against any Owner to enforce compliance with such rules, regulations or other obligations or to obtain damages for noncompliance, all to the extent permitted by law.

The remedies set forth above and otherwise provided in the Declaration or the Bylaws shall be cumulative and not be deemed exclusive.

However, any individual Member must exhaust all available internal remedies of the Association prescribed by the Dispute Resolution Policy, before that Member may resort to a court of law for relief with respect to any alleged violation by another Member of the Association Documents, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of assessments.

In the event that the perceived violation also violates federal, state or local laws, the Board may request the reporting homeowner or resident to contact the appropriate government agent to report the perceived violation. The Board shall have no obligation to take enforcement action in the event of a violation of federal, state or local laws, but instead may allow the appropriate federal, state or local entity to perform enforcement, even if specified as a rule and regulation in the governing documents of the Association.

Homeowners are responsible for their guests, visitors and tenants knowing and obeying the Rules and Regulations of the Association. In that regards, any actions of their guest and visitors or tenants or tenant guests and visitors, that are in violation of the Association Documents, the homeowner is in violation and accountable.

However, any individual Member must exhaust all available internal remedies of the Association prescribed by the Bylaws and the Rules and Regulations, before that Member may resort to a court of law for relief with respect to any alleged violation by another Member of the Declaration, the Bylaws or the Rules and Regulations, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Common Assessments, Special Assessments, or Reimbursement Assessments.

The Board shall have no obligation to take enforcement action in the event of a violation of federal, state or local laws, but instead may allow the appropriate federal, state or local entity to perform enforcement, even if specified as a rule and regulation in the

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Association Documents.

Homeowners are responsible for their guests and tenants knowing and obeying the Association Documents. In that regards, any actions of their guest or tenants or tenant guests that are in violation of the Association Documents, the homeowner is in violation and accountable.

Verification of the Violation. A violation can be verified by one of the following means:

- a) A representative of the Board observes a violation. In the event that a representative of the Board reports a violation that is questionable, the remaining Board Members will determine if enforcement action should be taken;
- b) A representative of the management company observes a violation;
- c) A homeowner or resident sends in a written complaint and the written complaint clearly identifies the violation, address of violator and the rule and regulation in violation. Also the individual who reports the violation must be willing to be a witness, if needed, at a hearing. In an event where a homeowner or resident reports a violation that is questionable, the Board will determine if enforcement action should be taken. In the event that the perceived violation also violates federal, state or local laws, the Board may request the reporting homeowner or resident or Board Member to contact the appropriate government agency to report the perceived violation.

Fines and Fees. The Association has the right to levy and collect fines for the violation of any provision of any of the Association Documents. In any action instituted or maintained, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. The amount of the fines and other fees shall be due and payable to the Association thirty (30) days after notice to the Member of the decision of the Board of Managers. A Member shall be entitled to Notice and Hearing prior to the issuance of fine and fee against such Owner by the Association.

Enforcement Actions. The following is the compliance process:

1st Warning: Once a violation is verified, the first warning letter will be sent to the Member in violation at the address specified in the Association's files. In the event that the Member's address is an offsite address, then the letter will also be sent to the property address. The first warning letter shall specify 1) when the violation was observed, 2) the rule and regulation in violation, 3) how the violation can be remedied and 4) offer a hearing. The warning letter should also state that if the information in the letter is inaccurate, please contact the Association.

Remedy. The Board will allow fourteen (14) days from the date on the first warning letter for the Member in violation to remedy the violation. Remedy can

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occur by 1) coming into compliance, 2) requesting an extension to the Board in writing, 3) disputing the violation to the Board in writing and 4) requesting a hearing to the Board in writing.

2nd Warning: If the Member in violation does not remedy the violation within fourteen (14) days of the date on the first warning letter, then the second warning letter will be sent to the Member at the address specified in the Association's files. In the event that the Member's address is an offsite address, then the letter will also be sent to the property address. The second warning letter shall specify 1) the date the first warning letter was sent, 2) the date when the violation was observed again, 3) the rule and regulation in violation, 4) how the violation can be remedied, 5) offer a hearing and 6) threat of a fine.

Remedy. The Board will allow fourteen (14) days from the date on the second warning letter for the Member in violation to remedy the violation. Remedy can occur by 1) coming into compliance, 2) requesting an extension to the Board in writing, 3) disputing the violation to the Board in writing and 4) requesting a hearing to the Board in writing.

3rd Warning, Fines and Threat of Legal Action: If the Member in violation does not remedy the violation within fourteen (14) days of the date on the second warning letter, then a third warning letter will be sent to the Member in violation at the address specified in the Association's files. In the event that the Member's address is an offsite address, then the letter will also be sent to the property address. A fine will also be assessed according to the fine schedule outlined below. The third warning letter shall specify 1) the date the first and second warning letters were sent, 2) the date when the violation was observed again, 3) the rule and regulation in violation, 4) how the violation can be remedied, 5) fines have been applied with the amount, 6) offer a hearing, 7) additional fines may be imposed and 8) threat of lien and legal action.

Remedy. The Board will allow fourteen (14) days from the date on the third warning letter for the Member in violation to remedy the violation. Remedy can occur by 1) coming into compliance, 2) requesting an extension to the Board in writing, 3) disputing the violation to the Board in writing and 4) requesting a hearing to the Board in writing.

4th Warning, Fines and Legal Action: If the Member in violation does not remedy the violation within fourteen (14) days of the date on the third warning letter, then a fourth warning letter will be sent to the Member at the address specified in the Association's files. In the event that the Member's address is an offsite address, then the letter will also be sent to the property address. A fine will be assessed according to the fine schedule outlined below, the violation forwarded to an attorney for covenant enforcement actions and a Notice of Noncompliance against the Unit filed on the property. The fourth warning letter will specify 1) the date the first, second and third warning letters were sent, 2) the date when the violation was observed again, 3) the rule and regulation in violation, 4) how the violation can be remedied, 5) further fines have

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been applied with the amount, 6) offer a hearing, 7) additional fines may be imposed, 8) the enforcement has been turned over to the Association's attorney with the name, date and contact of the attorney and 9) a Notice of Noncompliance against the Unit has been filed on the property.

Remedy. Remedy options shall be discussed at this time between the Member in violation and the Association's attorney to include 1) coming into compliance, 2) requesting an extension to the Association's attorney in writing, 3) disputing the violation to the Association's attorney in writing and 4) requesting a hearing with the Board to the Association's attorney in writing.

Attorney. Once the violation has been referred to the attorney, all communication from the Member needs to be directed to the Association's attorney and not through the Board or Management Company. The Association's attorney will keep the Board updated on at least a monthly basis of the status of the enforcement of the violation.

Fines will be further applied per the fine schedule below every thirty (30) days after the fourth violation letter is delivered until the violation has been remedied.

The Board has the right to decide on a case by case basis not to forward to the attorney in their best discretion based on the severity of the violation compared to attorney cost and other factors.

All attorney fees in relation to the enforcement of the violation will be assessed to the Member in violation as a fee.

Reoccurring Violations. If a Member has already been communicated to regarding a violation, that Member remedies the violation and then the same violation occurs within ninety (90) days of the previous violation by the same Member, the Association has the right to start the compliance policy where the Member left off from the previous violation.

Hearing. The Member in violation can request a hearing with the Board to determine whether enforcement action under this policy or the Declaration or the Bylaws should be taken by a written request to the Board, unless enforcement has been turned over to the Association's attorney, then written request would need to go to the Association's attorney. The Association shall respond back in writing within fourteen (14) days of receipt of the Member's request to the Member with a day, time and location of the hearing. The procedure for the hearing will be as followed:

- a) The hearing shall be open to any member of the Association that would be allowed to any regular meeting of the Board, except when allowed to be in executive session pursuant to the state law;
- b) The President of the Board, or another Board Member or Person at the meeting assigned by the Board, will act as the chairman for the hearing;
- c) The chairman of the hearing will state the accused violation and allow the Member a ten (10) minute without interruption opening statement and presentation of evidence to the Board. The time allocated for the opening

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- statement can be extended by the Board;
- d) The Board will then be allowed to ask questions. Each person asking a question and each person responding to a question shall be allowed three (3) minutes without interruption per question;
 - e) The Member will then be allowed a ten (10) minute without interruption closing statement to the Board;
 - f) The Board will then provide a ten (10) minute without interruption closing statement;
 - g) Any person present at the hearing that would like to speak must be recognized by the chairman first;
 - h) The chairman of the hearing will state each person's name speaking when recognized;
 - i) A hearing will follow the Conduct of Meeting Policy in relation to disruptive person.;
 - j) The Board will deliberate and make a decision based on the evidence and statements presented in the hearing; and
 - k) The Board's decision will be delivered to the Member within fourteen (14) days of the hearing.

Fine Schedule. The fine schedule is as follows:

1st offense – written warning and offer a hearing.

2nd offense – written warning, offer a hearing and threat of fine.

3rd offense - written warning, \$25 fine, offer a hearing and threat of notice of non compliance and attorney.

4th offense - written warning, \$50 fine, offer a hearing, a notice of noncompliance against the Unit was filed and was sent to an attorney.

5th offense and all subsequent offenses – \$50 fine every thirty (30) days the violation is not remedied.

The Board can determine on a case by case basis to increase fines for offenses that are over ninety (90) days.

In the event of conflict between the Compliance Policy and the provisions of the Association's Declaration, Articles of Incorporation, the Bylaws, the provisions of the Declaration, Articles of Incorporation, the Bylaws and the Compliance Policy shall prevail in that order.

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The undersigned, the PRESIDENT of the Association, hereby signs to confirm that the above policy was adopted by the Board of Directors on 16 day of March, 2011.

Brenda L. Henry
Signature

BRENDA L. HENRY
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