

ENFORCEMENT OF COVENANTS AND RULES

1. Power. The Board has the power and duty to hear and make decisions regarding violations and written Complaints filed with the Board pursuant to these Policies and Procedures. The Board may determine enforcement action on a case by case basis, and take other actions as it may deem necessary and appropriate to assure compliance with the Subassociation for Settler's Village Subassociation of Highland Ranch Community Association, Inc. (the "Declaration"), the Association's Bylaws, the Architectural Control Guidelines, and Rules and Regulations promulgated under any of the foregoing, and to create a safe and harmonious living environment.

These enforcement provisions are in addition to other specific provisions outlined in the Association's Rules and Regulations, Declaration, Architectural Control Guidelines, Bylaws, or Articles of Incorporation (the "Documents"). The Association may choose a legal or equitable remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control.

2. Complaint. The Notice and Hearing process may be initiated by the filing of a written Complaint with the managing agent by any Member, any officer of the Association, any member of the Board of Directors or any employee or agent of the Association. Written Complaints should be mailed or delivered to the Association's managing agent at the address set forth in Section 5 below. Written Complaints must state the specific violation believed to exist, and as many details as available, such as time, date, location and persons involved.

If the Board determines that the Complaint is insufficient to provide grounds for holding a Hearing, it shall notify the complainant, who shall have seven (7) days to amend the Complaint to render it sufficient. If the complainant does not render the Complaint sufficient within said period of time, the Complaint shall be dismissed without a hearing.

3. Notice of Violation. Upon receipt of a sufficient Complaint, the Board shall send a copy of the Complaint to the applicable Owner ("Respondent") as soon as reasonably practicable. The Board may also, at its option, provide a copy of the Complaint to any non-owner violator. Notice may be given to Respondent by personal delivery or by U.S. Mail, postage prepaid, addressed to the last registered address of the Owner as contained in the Association's records. Any notice personally delivered shall be deemed received on the date of delivery, and any notice mailed shall be deemed received on the third (3rd) day following the date of mailing.

A statement in substantially the following form shall accompany the Complaint:

Unless a written request for a hearing signed by or on behalf of a person named as Respondent in the accompanying Complaint is delivered or mailed to the Board of Directors within 15 days after the Complaint was served upon you, the Board of Directors may proceed upon the Complaint without a hearing, and you will have

thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing a “Notice of Defense” to the Board of Directors at the following address:

Settler’s Village Subassociation
c/o Highlands Ranch Community Association
9568 S. University Blvd
Highlands Ranch, CO 80126

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact:

Brian Sheppelman
Highlands Ranch Community Association
Phone: 303-471-8841

The Respondent is entitled to a hearing on the merits of the matter if the Notice of Defense with a request for hearing is received by the Association within 15 days after the Complaint was served on the Respondent.

4. Tribunal. The President shall appoint a hearing committee (“Tribunal”) of three natural persons upon receipt of a sufficient written Complaint. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the Respondent or any Members of Settler’s Village Subassociation who are essential witnesses to the alleged violation. The decision of the President shall be final, except that each Respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained, the President shall appoint another member to replace the challenged member of the Tribunal. All decisions of the Board of Directors in this regard shall be final. The Tribunal shall elect a Chairman and appoint a hearing officer who shall take evidence and ensure that a proper record of all proceedings is maintained.

5. Notice of Hearing. The Tribunal shall serve a Notice of Hearing on all parties at least 10 days prior to the hearing, if such hearing is requested by Respondent. The hearing shall be held no sooner than 30 days after the Complaint is mailed or delivered to each Respondent. The Notice of Hearing to each Respondent shall be substantially in the following form but may include other information.

You are hereby notified that a hearing will be held before a Tribunal appointed by the President of Settler’s Village Subassociation, at _____

on the ____ day of _____, 200__, at the hour of _____ upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to seek the attendance of witnesses and to compel the production of books, documents or other items in the possession of Settler's Village Subassociation by applying to the Board of Directors of Settler's Village Subassociation.

6. Hearing.

(a) Oral evidence shall be taken only on oath or affirmation administered by a member of the Tribunal. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues; to impeach any witness; and to rebut the evidence against such party. If Respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall 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 over objection in civil action. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitive evidence shall be excluded.

(d) Neither the person filing the Complaint nor the Respondent must be in attendance at the hearing. The hearing shall be open to attendance by Members of Settler's Village Subassociation to the extent of the permissible capacity of the hearing room.

(e) In rendering a decision, official notice may be taken at any time of any provisions of the Subassociation Declaration, these Bylaws, the rules and regulations of Settler's Village Subassociation, or any generally understood matter involving those within the working of Settler's Village Subassociation. Persons present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings.

(f) The Tribunal may grant continuances on a showing of good cause.

(g) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the

Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member.

7. Decision. If a Respondent fails to file a Notice of Defense as provided above, or fails to appear at the hearing, the Tribunal may take action based upon the evidence presented to it without further notice to the Respondent. However, the Respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Tribunal shall make its determination in accordance with the Bylaws and this policy. After all testimony and documentary evidence has been presented by the Tribunal, the Tribunal may vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal shall be served by the President upon each person directly involved in the matter and his attorney, if any. Disciplinary action, levy of a Reimbursement Assessment or other action or remedies which require Notice and Hearing under the Subassociation Declaration, the Bylaws or rules and regulations of Settler's Village Subassociation, shall be imposed only by the Board of Directors of Settler's Village Subassociation and in accordance with the findings and recommendations of the Tribunal. The Board of Directors may adopt the recommendations of the Tribunal in their entirety or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent enforcement action than recommended by the Tribunal. The decision of the Board shall be in writing. The decision of the Board shall become effective 10 days after it is served upon each Respondent, unless otherwise ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within 15 days following service of its decision on the involved persons, on its own motion or petition by any party. However, no action against a Respondent arising from the alleged violation shall take effect prior to the expiration of the later of: (a) 15 days after each Respondent's receipt of Notice of Hearing; or (b) five days after the hearing required herein.

8. Enforcement, Attorney's Fees and Fines. The Association may enforce the Documents by any means available to the Association, including the levy of fines, suspensions of rights, or a lawsuit to force compliance, and may seek injunctive relief or damages, and may seek from any violator reimbursement of all attorney's and costs incurred by the Association. If the violation involves damage to Association property, the violator shall pay the costs of repair or replacement.

Fines may be levied for violations of the Documents as follows:

a. The Board shall apply the following penalty schedule relating to specific violations of the Documents:

<u>Number of offenses in a 12 month period</u>	<u>Fine Amount</u>
First Offense:	\$ 50.00
Second Offense	\$100.00
Third Offense	\$200.00

Any continuing offense not cured or rectified, following a reasonable period in which to do so, shall be deemed a new offense for the purpose of imposing an additional fine for a second and third offense. Additional violations, or violations still continuing, or violations which have an indefinite commencement or termination date, shall be subject to the maximum fine specified above, at the discretion of the Board.

All fines are cumulative. A member or guest who accumulates more than three (3) violations within a 12 month period will be deemed to be a habitual offender and subject to a suspension of membership privileges as determined by the Board of Directors.

b. The record Owner of the real estate subject to the Association's Declaration of Covenants, Conditions and Restrictions shall have the primary obligation to pay fines imposed for actions of their tenants, family members and guests.

c. Fines imposed pursuant to these enforcement policies and procedures shall become an assessment imposed and a lien against the record Owner's real estate as provided by the Declaration.

9. Modification. The Board reserves the right, from time to time, to amend or repeal these Policies and Procedures, subject to any limitations placed on the Board in the Documents or by law.

10. Violations or Offenses that Constitute a Present Danger. If, in its sole discretion, the Board deems that any violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, or that a habitual offender has not previously responded to violation Notices, the Board may seek any remedy available at law or in equity in a Court of competent jurisdiction, including filing legal action seeking a restraining order or injunction ordering the compliance of the offending Owner, without prior compliance with Sections 1 through 7 above.

11. Miscellaneous. Failure by the Association to enforce any provision of these Policies and Procedures shall in no event be deemed to be a waiver of the right to do so.