

ARTICLE III
COVENANT AND RULE ENFORCEMENT

Section 3.1 Reporting Violations. An Owner, resident or property manager within the community or the Executive Board may report complaints regarding alleged violations of the Association's covenants, policies, restrictions, rules and regulations.

Section 3.2 Complaints.

a. Owner. Owners or residents must submit complaints to the Executive Board in writing. Each written complaint must: identify the individual making the complaint (the "Complainant"); identify the alleged violator ("Violator"), if known; set forth a statement describing the alleged violation, including the specific provisions of the Association Documents alleged to have been violated; when the violation was observed; and any other appropriate 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, and may be returned to the Complainant for revision or clarification.

b. Management. A Board member or Manager may make complaints in writing or by any other appropriate means if a Board member or Manager observed such violation.

c. Pet Policy Resolution. Owners, residents or property manager must submit complaints about renter's pets on Lake Forest property violation to the BOARD and HOA Manager. A violation of the Pet Policy is a **no warning violation** and a fine will be issued immediately to the owner by the HOA Manager.

Section 3.3 Investigation. Upon receipt of a complaint, the Executive Board may investigate the alleged violation either in person, or by appointing a fair and impartial designated individual or committee. The Board has sole discretion in appointing an individual or committee to investigate the matter. The investigator will attempt to determine whether a violation has occurred and if the Violator should be held responsible. If the investigator determines a violation exists and the Violator should be responsible, the Violator will be contacted in person, by telephone or in writing regarding the possible violation and obtain an explanation or proposed remedy to rectify the violation from the Violator.

Section 3.4 Initial Warning Letter. If an alleged violation is found to exist that has not been corrected following the initial contact with the Violator, the Violator shall be given written notice explaining the nature of the violation. The notice may be personally delivered, mailed to the Violator at the Violator's last known address by certified, return receipt requested mail or sent by e-mail if the Violator has registered an e-mail address and the Violator confirms receipt of such e-mail notice. The Violator will have ten (10) days from the date of the notice to come into compliance.

Section 3.5 Continued Violation After Initial Warning Letter. If the alleged Violator does not come into compliance within ten (10) days of the first 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 letter will be sent to the alleged Violator as provided in Section 3.4 above, 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 Article III. The letter will further state that the alleged Violator is entitled to a fair and impartial fact-finding process on the merits of the matter if requested, in writing, within fourteen (14) days of the date of the second violation letter.

Section 3.6 Notice of Hearing. If the alleged Violator requests a hearing, the Board, committee or other person conducting such hearing, as may be determined in the sole discretion of the Board, will serve a written notice of the hearing to all parties involved at least ten (10) days prior to the hearing date. The notice must be served upon the Complainant, the Violator, and the Board, if the Board is not conducting the hearing. An impartial decision maker will conduct the hearing if the Board is not conducting the hearing. An impartial decision maker 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 other rules and regulations of the Association, and do not have any direct personal or financial interest in the outcome.

Section 3.7 Hearing. At the beginning of each hearing, the presiding officer will introduce the case by describing the alleged violation and the procedure to be followed during the hearing.

- a. The presiding officer may impose such other rules of conduct as may be appropriate under the circumstances.
- b. Each party or designated representative may make an opening statement, present evidence and testimony, present witnesses, and make a closing statement.
- c. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing.
- d. The Board, Committee or person conducting the hearing will base its decision solely on matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing.
- e. Unless the Board determines otherwise, all hearings will be open to attendance by all Owners.
- f. After all testimony and other evidence has been presented at a hearing, the Board, Committee or person conducting the hearing will, within a reasonable time, not to exceed ten (10) days, render its written findings and decision, and impose a fine, if applicable.
- g. A decision, either a finding for or against the Violator, will be by a majority of the Board members present at the hearing.

h. Failure to strictly follow the hearing procedure set forth above will not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

Section 3.8 Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within fourteen (14) days of the second letter, or fails to appear at the hearing, the Executive Board 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.

Section 3.9 Notification of Decision. The decision of the Executive Board, committee or other person, will be in writing and provided to the Violator and Complainant within ten (10) days of the hearing, or if no hearing is requested, within 10 days of the final decision.

Section 3.10 Appeals. The Violator may file a written appeal of decisions of a Committee or other persons to the Board of any adverse decision of a hearing committee or individual within 10 days of the decision.

Section 3.11 Fine Schedule. The following fine schedule applies to all recurring covenant violations:

First violation:	\$200.00
Second Violation	\$350.00

Third and subsequent covenant violations are subject to a \$500.00 fine, and may be turned over to the Association's attorney to take appropriate legal action. Any Owner committing four or more violations in a six 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.

Section 3.12 Continuous Violations. Continuous violations are defined as violations of Owners obligations that are uninterrupted by time. Each day of non-compliance with such violations constitutes a separate violation. If an Owner is determined as having a continuous violation, in accordance with the terms of this Section, such Owner may be subject to a daily fine as defined in the Fine Schedule for each day the violation, following a notice and opportunity for a hearing as set forth above. The Executive Board need not issue a separate notice or have a separate hearing for each day of a continuous violation.

Section 3.13 Waiver of Fines. The Executive 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 Association Documents.

Section 3.14 Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means that are available to the Association through the Association

Documents and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

Section 3.15 Attorney Fees. A Violator will be responsible for the Association's reasonable attorney's fees and costs incurred incident to their violation of any provision of the Association Documents or violation by any guest or occupant in the Violator's Unit. If either before or after the hearing it is determined that a Member has not committed any violation, the Association will not allocate to the Member's account any costs or attorneys' fees incurred in connection with the alleged violation.