

**Resolution
of
Sundial Townhomes Homeowners' Association, Inc.**

Covenant Enforcement Policy

The undersigned being all of the Directors of Sundial Townhomes Homeowners' Association, Inc. a Colorado non-profit corporation (the "Association") hereby consents to, votes in favor of, and adopts the following resolution:

WHEREAS, the Board of directors is empowered to govern the affairs of the Association pursuant to Section 12.2 of the Covenants;

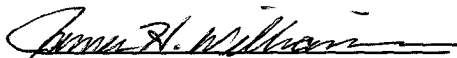
WHEREAS, the Board of Directors, in an effort to comply with this statute, desires to establish a policy pertaining to covenant enforcement procedures;

IT IS THEREFORE RESOLVED that the policy attached hereto as Exhibit A (hereafter referred to as "The Covenant Enforcement Policy") shall be adopted to replace any previous policy on enforcement of covenants and hereby be established as the policy of this Association;


IT IS FURTHER RESOLVED that this policy shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

IT IS FURTHER RESOLVED that this policy shall supersede any and all prior Covenant Enforcement Policies enacted by the Board of Directors, and


IT IS FURTHER RESOLVED that this policy shall take effect January 1 2014.
EXECUTED this 1st day of January 2014.



President



Vice President



Treasurer

EXHIBIT A

COVENANT ENFORCEMENT POLICY

I. Notice of Violations

1. Anyone observing an alleged violation should notify the Management Company in writing, of the alleged violation within a reasonable amount of time. For proper documentation, such notification can be provided by email or in writing and should include the name and address of the alleged violator, as well as the time, date, and location of the alleged violation. The person observing the alleged violation needs to include their name, address and phone number when providing the notification to the management company. Anonymous reports will not be considered valid. Violations may also be reported in person at any meeting of the Board. Information may be required to validate any alleged violation. The Management Company will handle the report confidentially within reason or unless disclosure is legally required to pursue any legal action necessary. Please note that the Management Company does a periodic drive through of the Association and also will report alleged violations.
2. The property manager may investigate the alleged violations as an impartial decision maker (IDM) as it relates to the validity of the complaint. When a complaint is such that the person reporting the violation is the only witness, the alleged violator will be sent a letter. After the initial complaint the Board may be asked to help verify the validity of the complaint. If the complaints continue, the person making the complaints may be asked for proof of the alleged violation. Such proof could be a picture, audio tape or something similar.
3. Any alleged violator is entitled to a hearing and to be conducted by an IDM. That IDM can be a Board member or an outside party who will receive no greater benefit or detriment from the outcome of the decision than the general membership of the association. The owner/violator will sent written notice of the Hearing, which has been scheduled to discuss the violation, as well as the identity of the proposed IDM. The owner/violator must submit a written letter at least five (5) days before the scheduled hearing if he or she believes that any of the persons chosen is not qualified to serve as a IDM, but must give the specific reason for that objection. If the Board, in its sole discretion, determines that the owner/violator made a legitimate objection to the IDM, a member (in good standing) of the community may be asked by the remaining IDM to be the IDM and hear the violation hearing. The hearing may be held in an executive session to protect the owner/violator's privacy and/or if the hearing will involve legal actions. If there are no privacy or lawsuit issues the hearing may be held in open session.
4. The Board may ask any person, other than the owner/violator, to leave during the hearing, including any witnesses.
5. The Board may proceed directly to the hearing notice on any violation that is considered by the Board, at its discretion, to constitute a health or safety risk to a homeowner or the community. Any hearing or request for hearing shall not stop the other enforcement procedures.

6. The Board or agent shall provide notice by personal delivery, email, regular mail and/or certified U.S. Mail, return receipt requested, to the Owner of any Hearing scheduled to deal with the violation. A copy of the Notice may be sent to the alleged violator; such as a tenant, contractor, guest or family member of the Owner. The Notice shall be deemed received by the Owner three (3) days after mailing. The Notice may be mailed to the property address if the Owner has failed to register a current mailing address with the Association. The Board may have an agent send a copy of the violation letter to the complaining party at its discretion.
7. If the Owner plans to be represented by legal counsel at the Hearing, the Owner must give the Board at least five (5) days prior written notice of said representation.

II. Notification of Violations

1. ***First Notification.*** Notice of violation may be by personal phone call, door tag, postcard, or letter sent by mail.
2. ***Second Notification.*** If violation is not corrected, a second letter may be sent to the owner of the unit and in the case of a rental unit a letter may also be sent to the resident of the unit. The letter will state the Rules and Regulations, or provision of the Association governing documents that is being violated.
3. ***Hearing Notification.*** The Board will state a time and date for a hearing or state but an owner may make one request a hearing to reschedule a hearing. The Board may conduct the hearing even if the violator fails to appear or refuses to participate.
4. ***Meeting in lieu of hearing.***

In the event of any dispute involving the Association and a Member, the Member is invited and encouraged to meet with the Board of Directors to resolve the dispute informally and without the need for litigation. If the Member requests to meet with the Board, the Board shall make a reasonable effort to comply with the Member's request.

The primary purpose of hearings before the Board is to resolve covenant enforcement matters as early as possible, without the expense of litigation. As a result, any Member or alleged violator who appears at a hearing is encouraged to discuss resolution in lieu of or in addition to the hearing. If the Board believes that the Member/violator is acting in good faith and that there is a realistic chance of resolution, the Board may reschedule the hearing and attempt to use the remainder of the time that was originally scheduled for hearing for the alternative dispute resolution. However, if at any time the Board, in its sole judgment, believes that delay will harm the interests of the Association, it may proceed with the hearing.

5. ***Fine Notification.*** If after notice and hearing (whether the owner was present or not) any owner, occupant or other person who is found to be in violation of the governing

documents or any portion thereof, shall be subject to a minimum fine of fifty dollars (\$50.00) per violation per day or occurrence. Each incident or each day of a continuing violation shall be considered a separate violation for which an additional fine may be imposed retroactively. A repeat offender may justify a higher fine to be imposed at the Board's discretion. In addition, the owner will be liable for the actual cost of investigation, legal fees, demand letters and costs of other remedial measures. Owners shall be responsible for the compliance and fines of their tenants, occupants and guests.

6. ***Other Remedies.*** In addition to the rights to require Owners to evict their tenants for violations, as described in Section 7.2 of the Covenants, the Board may also suspend voting rights and exercise other rights or remedies, including but not limited to, use of recreational facilities, or other rights of a member in good standing of the Association (including the right to notice of or to speak at meetings, run for the Board and to inspect the records of the Association), all in accordance with the governing documents. The association may also take legal action and seek recovery of cost, expenses and reasonable attorney fees and may file a lien against the unit, for same, which may be foreclosed on as provided by the Declaration.
7. ***Fines.*** Fines are due and payable within ten (10) days after the fine was imposed. Fines will be considered delinquent thirty (30) days after the due date. A delinquent fine may result in a lien being filed on the unit for nonpayment and bear interest, late fees, and legal fees. Failure to pay any fines may result in imposition of the remedies described in paragraph 6. Payment of assessed fines does not relieve the violator from the responsibility of correcting the covenant violation.

Violations that are not resolved, by meeting or by hearing, may be turned over to Alternative Dispute Resolution but may be turned over to the association's attorney for legal action, at any time, that the Board deems necessary and the violator will be responsible for the cost of such attorney's fees.

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. The Rule shall be liberally construed to accomplish prompt, effective enforcement of the Association's Declaration, Articles on 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 of the Covenants 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 the record with the Clerk and Recorder of El Paso County.