

**RESOLUTION
OF THE
SANDSTONE 70 CONDOMINIUM ASSOCIATION
REGARDING ENFORCEMENT OF COVENANTS AND RULES**

EFFECTIVE

DATE: March 5, 2012

RESOLUTION: The Association hereby adopts the following Policy in compliance with CRS 38-33.3-209.5 by and through its Board of Directors:

1. Adoption. These policies and procedures are hereby adopted for the purpose of compliance with C.R.S. 38-33.3-209.5(1)(b)(iv), and to promote the recreation, health, safety, and welfare of the owners and residence of the Association, for the improvement and maintenance of the Common Area, and to maintain a uniform and fair procedure for enforcement of the Association governing documents.

2. Purpose. These policies and procedures shall govern the enforcement of covenants and rules other than those adopted for collection of unpaid assessments which are addressed elsewhere in the Association governing documents and by a separate policy and procedure for the same, adopted by the Executive Board.

3. Who is Subject. All owners and their guests, licensees, and invitees shall be subject to the Association governing documents, which specifically includes any and all rules and regulations and covenants adopted by the Association.

4. Power of Board. The Executive Board shall have the power to impose reasonable fines, which shall constitute a lien upon a Unit as a default assessment, and to suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed upon them under the Declaration, or any rules and regulations duly adopted, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit. In the event that any occupant of a Unit other than an Owner violates the Declaration, or rules or regulations or any other governing documents related to the Association and a fine or penalty is imposed, the fine shall also be deemed assessed against the Owner. Failure of the Board to enforce any provisions of the Declaration, any rule or regulation or other portion of the governing documents of the Association shall at no time be deemed a waiver of the right of the Board to do so thereafter.

5. General Procedure for Notification of Violation. The following shall constitute the general procedure by which notification of any violation of a rule, regulation or covenant of the Association, other than payment of dues and assessments, shall be addressed but in the event of an emergency or other situation that does not in the Board's discretion lend itself to this procedure the Board may implement penalties and address violations as it deems appropriate. The Board may also engage legal counsel at

any time for advice and assistance which attorney fees and costs may be assessed against the offending Owner regardless of the process below:

5.1 Upon a violation or enforcement issue Notice shall be provided via posting on the door of the Unit, e-mailed to the e-mail address on record, or mailed regular United States mail to the address on record for the offending Owner on the form, or a similar type of form, attached hereto as Exhibit "A" ("Notice Form"). The Notice Form generally should include:

- 5.1.1 nature of the alleged violation;
- 5.1.2 proposed sanction to be imposed;
- 5.1.3 name, address and telephone number of a person to contact to challenge the proposed action;
- 5.1.4 statement that the violator may challenge whether a violation occurred, the proposed sanction, or both by delivering to the Association written notice, to the address on the Notice Form, that the Owner desires to challenge the violation and/or sanction along with a statement of the reason for the challenge ("Challenge"). Unless otherwise provided on the Notice Form the time period for making a Challenge is fifteen (15) days from the date of the Notice Form. A violation shall be deemed to have occurred and any sanction shall be effective as of the date of its assessment which can date back to the original violation date unless a timely Challenge occurs and the Board determines ultimately that a violation did not occur and/or modifies the sanction. If no Challenge is timely made the fines and/or sanctions shall not be subject to further review or challenge. An Owner may request a hearing before an impartial decision maker in their Challenge.

5.2 Hearing. If an Owner makes a timely Challenge and in the Challenge requests a hearing ("Hearing") the Hearing shall be scheduled at the Board's discretion and shall be before an impartial decision maker(s) appointed by the Board ("Decision Maker"). The Hearing shall afford the alleged violator a reasonable opportunity to be heard which time period can be reasonably limited by the Decision Maker or Board. Written documentation may be demanded by and may be submitted to the Board for dissemination to the Decision Maker. The Hearing may be held telephonically. Upon receipt of a timely Challenge the Board shall provide written notice of the date and time of the Hearing to the Owner who requested the Hearing and who the Decision Maker will be. The Notice of the Hearing shall be provided not less than three (3) days before the date of the Hearing. The Notice of the Hearing shall provide the time and place and format for the hearing with an invitation to the violator to attend the Hearing and produce any statements, evidence, and witnesses. Proof of Notice of the Hearing shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, manager or director who delivered such notice. The notice requirement shall be deemed satisfied if an Owner who is being sanctioned appears at the Hearing. The minutes of the Hearing shall contain a general written

statement of the results of the Hearing and the sanction, if any, imposed. The decision of the Board and/or Decision Maker at the Hearing is final and non-appealable.

6. Penalties and Fines.

6.1. General Fines and Penalties. The following constitutes the general fine and penalty schedule for violations of the governing documents of the Association, other than nonpayment of assessments and dues, which has a separate collection policy. The Board may implement a different fine schedule for specific events or violations as the Board deems appropriate from time to time which can be set forth on the Notice Form. If not otherwise noted on the Notice Form the fines and penalties shall be as listed below but these fines and penalties are in addition to any actual damages, penalties or related costs and expenses that may be the responsibility of the offending Owner. An "Offense" for purposes of this section shall mean a violation of Colorado law or the Association governing documents with second, third, subsequent and ongoing Offenses relating to Offenses that a Notice Form had been previously provided for:

- 6.1.1 First time Offense occurs - twenty five dollars (\$25.00);
- 6.1.2 Second time Offense occurs - fifty dollars (\$50.00).
- 6.1.3 Third time Offense occurs - one hundred dollars (\$100.00).
- 6.1.4 Any subsequent Offense - two hundred dollars (\$200.00).
- 6.1.5 For ongoing or continuing Offense, which are Offenses that continue unabated for 24 hours after a Notice Form is served the fine shall be \$25.00 every 24 hours after the Notice Form was served until the Offense is remedied or ceases in full;

6.2. Failure to Pay. Any fines not paid within thirty days (30) from the Notice Form or confirmation of the sanction after a Hearing shall be considered a delinquent assessment, and shall constitute as a lien upon the offending Owner's unit. Said lien may be enforced in the same manner as a lien for unpaid assessments in accordance with the Declaration of the Association including the recovery of all attorney fees and costs incurred in collecting the lien and entitled the Association to all collection rights and options as provided for any delinquent assessment.

7. Miscellaneous

7.1 Who May Enforce. Any action to enforce the Association documents, rules and regulations and policies may be brought by the Association, the Executive Board, the managing agent and/or the Association's counsel in the name of the Association on behalf of the Owners.

7.2 Remedies. In addition to the remedies set forth in the Association documents and any rules, regulations and policies promulgated by the Association, any violation of said Association documents shall give the Board and the managing agent, or

the Association's counsel, on behalf of the Owners, the right to enter upon the offending premises and take the appropriate peaceful action to abate, remove, modify, or replace at the expense of the offending Owner, a structural thing, condition or issue that may exist thereon, contrary to the interests and meaning of the Association documents and an Owner hereby grants an easement in and to his Unit for the purpose of complying with the Association documents. The cost shall be at the expense of the Owner responsible for the offending condition. Owners are responsible for the actions of their guests, family members, invitees, and tenants.

7.3 Non-Exclusive Remedies. The remedies set forth are cumulative and non-exclusive.

7.4 No Waiver. The failure of the Executive Board, managing agent of the Association or aggrieved owner to enforce the Association documents shall not be deemed a waiver of the right to do so for any subsequent violations or a waiver of the right to enforce any other part of the Association documents or the rules, regulations and policies at any future time.

7.5 No Liability. No member of the Executive Board or the managing agent or any Owner shall be liable to any other Owner for the failure to enforce any of the Association documents at any time.

7.6 Recovery of Costs. If legal assistance is obtain to enforce any provisions of the Association documents or any legal proceeding, whether or not suit is brought, for damages for enforcement of the Association documents including rules, regulations and policies or to restrain a violation of the Association documents, the Association shall be entitled to recover all attorney fees and costs incurred by in such action.

7.7 Additional Enforcement Rights. Notwithstanding any other provisions in the Declaration to the contrary or in this Policy, the Association, acting through its Board of Directors, may elect to enforce any provision of the Declarations, Rules and Regulations by self help or by suit at law or in equity to enjoin any violation and to recovery monetary damages or both without the necessity for compliance with the procedures set forth herein. In any such action the Owner responsible for the violations for which abatement is sought shall pay all costs, including reasonable attorney fees actually incurred.

7.8 Authorization for Emergency Action. The policy and procedures herein shall not apply to any emergency action which the Board deems is appropriate to take in regard to any violation of the Association governing documents including rules, regulations and policies. In the event what is deemed by the Board to be an emergency, including any matter that affects life safety or affects the immediate well being of the Owners or the units, the Association may act immediately in enforcing the Association governing documents without the requirement to meet the procedures set forth above. In such event the offending Owner(s) is responsible for all costs and expenses, including

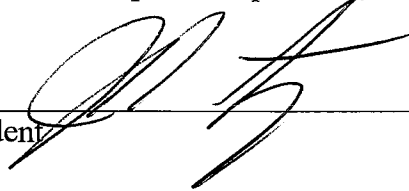
attorney fees, incurred by the Association as a result of the violation regardless of the fact that a notice and hearing did not occur in advance.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Sandstone 70 Condominium Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on March 5, 2012, and in witness thereof, the undersigned has subscribed his/her name.

Sandstone 70 Condominium Association
a Colorado non-profit corporation,

By: _____
President

A handwritten signature in black ink, appearing to be initials or a stylized name, written over a horizontal line.