

ARTICLE I – SCOPE OF POLICIES AND PROCEDURES

1.1 Scope. These Policies and Procedures shall apply to enforcement of the Declaration, including the Rules and Regulations and Design Review Guidelines adopted pursuant thereto, as well as any reimbursable costs incurred by the community for enforcing the Declaration and for correction of noncompliance with the Declaration, including but not limited to, abatement of unsightly conditions, towing and storage of improperly parked vehicles, removal of trash, and removal of non-complying landscaping, or improvements.

ARTICLE II – VIOLATIONS OF THE GOVERNING DOCUMENTS AND OPPORTUNITY TO BE HEARD

The Board hereby adopts the following policies and procedures for covenant and rule enforcement, which supersedes any previously adopted policies on the Enforcement of Covenants and Rules:

2.1 Violations. Any Person violating any provisions of the Declaration shall be liable to the Board for any expense, loss, or damage occasioned by reason of such violation and shall also be liable to the Community for the penalties set forth below.

(a) Notice of Alleged Violation Required. The Board shall not impose fines unless and until the Board has sent or delivered written notice with a 45 day cure period and provided an opportunity for a hearing in accordance with this policy. Notice may be given as soon as reasonably practicable following the receipt of complaint of discovery of such violation.

(i) The Board may also, at its option, provide a copy of such notice to any non-Owner violator.

(ii) Violations must be remedied within 14 days of notification.

(iii) The notice shall describe the nature of the alleged violation, the action required to cure the violation, the possible fine that may be imposed, and the right to request a hearing within 15 days of the notice. The notice, which shall be either hand delivered or sent by U.S. mail postage prepaid, may further state that the Board may seek to protect its rights as they are specified in the governing legal documents.

(b) Complaints of Alleged Violation. Any Owner may send the Managing Agent a formal, written complaint (by either electronic mail or regular mail using the Violation Complaint-Witness Statement) of a covenant or rule violation, with as much information as is known.

(i) Complaints may also be initiated by the Board, DRC, or duly authorized agent/management company.

(ii) Complaints that cannot be independently verified by the Board's Managing Agent, Board, or DRC must be in writing.

(iii) The Board shall have no obligation to consider oral complaints or anonymous complaints.

(iv) The Board shall have the authority to determine whether a written complaint is justified before continuing with the Notice and Hearing Procedure or any other enforcement.

(c) Right to Fair and Impartial Hearing. The District will schedule a fair and impartial hearing before The Appeals Board comprised of individual(s) considered "impartial decision maker(s)" (person(s) with authority to make a decision on a claimed covenant, rule, or architectural violation and without a direct personal or financial interest in the outcome of the hearing).

(i) Any member or individual who is incapable of objective and disinterested consideration at any hearing before The Appeals Board will disclose such prior to the hearing on the case.

(ii) Or, if advance notice is not possible, then such disclosure may be made at the hearing, and the member or individual may be disqualified from all proceedings with regard to the hearing.

(iii) If disqualification results in an even number of remaining individuals eligible to hear a case, the Presiding Officer may appoint a community liaison, or duly authorized agent, in good standing, to serve as a voting member of The Appeals Board/Arbiter for the hearing.

(d) Notice of Hearing. The Managing Agent shall inform the Owner of the scheduled time, place, and date of the requested hearing either by hand or U.S. mail postage paid. Notice of Hearings shall be sent not less than ten (10) days prior to the scheduled hearing date.

(e) Hearing Procedures. If a hearing is requested within the allotted 15-day period, the hearing shall be held before The Appeals Board.

(i) At the beginning of each hearing, The Appeals Board will explain the rules, procedures, and guidelines by which the hearing is to be conducted and may introduce the case.

(ii) The complaining parties and the Owner shall be afforded a reasonable opportunity to be heard.

(iii) Each party may present evidence, testimony, and witnesses.

(iv) If a complaining party is unable to attend the hearing, he or she may instead submit a letter explaining the basis of the complaint.

(v) The Appeals Board may grant continuances for good cause.

(vi) Prior to the effectiveness of sanctions imposed, The Board of Directors shall be informed of the action taken.

(f) Decision. The Appeals Board will render its written findings and decision within 10 days of the conclusion of the hearing. A decision, either a finding for or against the Owner, is by a majority vote of the hearing body.

(i) The decision may be based on the matters set forth in the Notice of Alleged Violation and Hearing and such evidence as may be presented at the hearing. The Owner may produce any statement, evidence, and witnesses on his or her behalf at the hearing.

(ii) If the Owner fails to attend the hearing, the individuals hearing the violation may determine if there was a violation based on the information available and, if appropriate, assess a reasonable fine as set forth in the fine schedule within a reasonable time after the hearing date

(iii) The Appeals Board may also impose a reasonable fine.

(iv) The final decisioning lies with The Appeals Board

(g) Notice of Noncompliance. After notice and opportunity for hearing, the Board may issue a Notice of Noncompliance, documenting the Board's finding of a violation and providing a 45 day cure period. Upon expiration of the 45 day cure period, if the violation continues, the Board may record the Notice of Noncompliance with the Clerk and Recorder. The Notice of Noncompliance may be released by The Board issuing and recording a Release of Notice of Noncompliance upon notice of satisfactory compliance with the Board's governing documents.

2.2 Fine Schedule.

(a) The Board will give new Owners a 30-day grace period from the day they close on their property before sending violation letters and levying fines pursuant to this policy. The purpose of the 30-day grace period is to allow new Owners the opportunity to move and settle into their homes before receiving violation letters.

(b) Except as may be provided elsewhere, the following fines are guidelines for violation of the provisions of the Declaration of Covenants, Conditions and Restrictions for East Bend, Rules and Regulations and Resolutions, and Design Guidelines of the Community:

First Violation:	Courtesy Letter
Second Violation:	Fine Threat Warning Letter
Third Violation:	\$100.00
Fourth Violation:	\$200.00
Fifth and Repetitive Violations:	\$300.00
Sixth Violation:	Legal Notice Letter and \$50 per day
Seventh Violation:	Legal Action Letter

(c) The Board reserves the right to fine for first violations of governing documents that involve health and safety issues and other violations where a warning may not be deemed necessary by The Board in its reasonable discretion. The Board reserves the right to levy fines in excess of the above-referenced schedule if the fines set forth in this schedule are not likely to provide effective incentives to induce compliance.

(d) Repetitive violations are violations of the same covenant or rule that occur within a one-year period from the date on the Notice of Violation after the Owner has corrected the previous violation. After notice and opportunity for a hearing, any repetitive violation may be assessed in accordance with the fine schedule above based on the number of prior violations of the same covenant or rule.

(e) The Board may fine for continuing violations of the same covenant or rule without repeating the notice and hearing procedures. Continuing violations are violations that have not been corrected after the Notice of Violation has been mailed/emailed to the Owner. Fines for continuing violations may be imposed on a daily, weekly, monthly, and/or seasonal basis, depending on the nature of the violation, and may range from \$50-\$100 per day. As an example, if an Owner receives notice and opportunity for a hearing for leaving trash containers outside of the garage and the Owner fails to

comply by the compliance deadline stated in the notice, The Board may impose fines until the containers are put away in the garage.

(f) The Board, at any time, may pursue legal action against an Owner to enforce the provisions of the governing documents without first following the preceding notice and hearing procedures if The Board determines that legal action is in The Board's best interests.

(g) To the extent that a hearing may be required for any remedy identified in Articles 2 and 3 of the Declaration, the hearing procedure set forth in Article 4 of the Declaration shall be followed.

2.3 Fine Waivers. The Board or DRC may waive all or any portion of the fines if, in its reasonable discretion, such a waiver is appropriate under the circumstances. Additionally, The Board or the DRC may condition a waiver of the entire fine, or any portion thereof, upon the violator coming into compliance with the Master Declaration, Rules and Regulations, or Design Guidelines.

2.4 Due Dates for Fines. All fines shall be due and payable upon notice of the fine and will be late if not paid as provided for in the Board's governing documents or the date that the Owner is notified of the imposition of the fine. Late fees and interest may be imposed as provided per the Community's governing documents. All fines and late charges shall be considered an assessment and may be collected as set forth in the Master Declaration. Fines shall be in addition to all other remedies available to The Board pursuant to the terms of the Master Declaration and Colorado law, including the Board's right to collect attorney fees as authorized by Colorado Law.

2.5 Additional Board Enforcement Rights

(a) Lawsuit. The Board, at any time, may pursue a lawsuit against an Owner to enforce the provisions of the Declaration, Rules, Policies, or Resolutions without first following the preceding notice and hearing procedures if the Board determines that such action is in The Board's best interests.

(b) Other Remedies. The Board shall have additional remedies as allowed by law and set forth in Articles 4 and 8 of the Declaration of Covenants, Conditions, and Restrictions for East Bend.

ARTICLE III – INTEREST

3.1 Interest. Interest charges shall accrue and shall be charged on all amounts not paid by the applicable due date, including delinquent penalties and any amounts expended by The Board to cure a violation of the Governing Documents, Design Guidelines, Rules, and Regulations or amounts expended by The Board to repair damages caused as a result of a violation of the Governing Documents, Design Guidelines, or Rules and Regulations. Interest charges shall accrue and shall be charged at the maximum statutory of 8% per annum.

ARTICLE IV – LIEN FILING POLICIES AND PROCEDURES

4.1 Perpetual Lien. Pursuant to Section 32-1-1001(1)(j)(I), C.R.S., all Fees and Charges, until paid, shall constitute a perpetual lien on and against the Property to be served by the applicable District

and Board. Except for the lien against the Property created by the imposition of property taxes by the applicable District and other taxing jurisdictions pursuant to Section 32-1-1202, C.R.S., all liens for unpaid Fees and Charges shall to the fullest extent permitted by law, have priority over all other liens of record affecting the Property and shall run with the Property and remain in effect until paid in full. All liens contemplated herein may be foreclosed to the extent authorized by law at such time as The Board, in its sole discretion, may determine. Notwithstanding the foregoing, the lien policies and procedures set forth herein shall be implemented in order to ensure an orderly and fair execution of the lien filing and collections process.

4.2 Managing Agent's Procedures. The Managing Agent shall be responsible for collecting Fees and Charges imposed by The Board against the Property. In the event payment of Fees and Charges is delinquent, the Managing Agent shall perform the procedures listed below. Any Fees and Charges which have not been paid by the applicable due date are considered delinquent:

(a) Reminder Letter. A delinquent payment "Reminder Letter" shall be sent to the address of the last known owner of the Property according to the Managing Agent's records upon any Fees and Charges being 10 days past due. In the event the mailing is returned as undeliverable, the Managing Agent shall send a second copy of the Reminder Letter to: (i) the Property; and (ii) the address of the last known owner of the Property as found in the real property records of the Arapahoe County, Colorado Assessor's office (collectively the "**Property Address**"). Said Reminder Letter shall request prompt payment of amounts due.

(b) Warning Letter. On the tenth day following the scheduled due date for payment of any fees and charges, a "**Warning Letter**" shall be sent to the Property address by U.S. Mail or hand delivery requesting prompt payment and warning of further legal action should the Owner fail to pay the total amount owing. Along with the Warning Letter, a summary of these Policies and Procedures, a copy of the most recent account ledger reflecting the total amount due and owing The Board according to the records of the Managing Agent, along with the name and contact information of individual an Owner can contact to make a payment or obtain additional information, shall also be sent. The Managing Agent may offer the option for a payment plan prior to attorney referral.

(c) Legal Referral. Upon the first business day of the month following the postmark date of the Warning Letter, in the event the total amount owed on the Property, inclusive of Interest and Costs of Collections (as defined below), has exceeded \$1,000.00 and the Managing Agent has performed its duties outlined in these Policies and Procedures, the Managing Agent shall refer the Delinquent Account to The Board's General or Special Counsel (the "**Counsel**"). However, if the amount owed on the Delinquent Account is less than \$1,000.00, the Managing Agent shall continue to monitor the Delinquent Account until the amount owed on such account is \$1,000.00 or greater, at which point the Delinquent Account shall be referred to Counsel. At the time of such referral, the Managing Agent shall provide Counsel with copies of all notices and letters sent and a copy of the most recent ledger for the Delinquent Account.

4.3 General Counsel Procedures. Upon referral of a Delinquent Account from the Managing Agent, Counsel shall perform the following:

(a) Demand Letter. Upon Referral of the Delinquent Account from the Managing Agent, a "Demand Letter" shall be sent to the Property address, notifying the Owner that his/her Property has been referred to Counsel for further collections enforcement, including the filing of a lien against the Property. Along with the Demand Letter, a copy of the most recent account ledger reflecting

the total amount due and owing The Board according to the records of the Managing Agent, along with the name and firm contact information, shall also be sent.

(b) Notice of Intent to File Lien Statement. No earlier than 15 days from the date of the Demand Letter, a “Notice of Intent to File Lien Statement,” along with a copy of the lien to be filed, shall be sent to the Property address of the Delinquent Account notifying the Owner that a lien will be filed within 30 days of the Notice of Intent to File Lien Statement postmark date.

(c) Lien. No earlier than 45 days from the postmark date of the Notice of Intent to File Lien Statement, a lien for the total amount owed as of the date of the lien shall be recorded against the Property with the County Clerk and Recorder’s Office; all Fees and Charges, Interest, and Costs of Collection (as defined below) will continue to accrue on the Delinquent Account and will run with the Property until the total amount due and owing The Board/District is paid in full.

ARTICLE V – COSTS OF COLLECTIONS

“Costs of Collections” are generated by the Managing Agent and General Counsel’s collection efforts. They consist of the following fixed rates and hourly fees and costs:

5.1 Action Fees. The following fixed rate fees shall be charged to a Delinquent Account once the corresponding action has been taken by either the Managing Agent or General Counsel:

(a) Reminder Letter Fee. No charge for the Reminder Letter. This action is performed by the Managing Agent.

(b) Warning Letter Fee. \$15.00 per Warning Letter sent. This action is performed by the Managing Agent.

(c) Demand Letter Fee. \$150.00 per Demand Letter sent. This action is performed by Counsel.

(d) Notice of Intent to File Lien Fee. \$150.00 per Notice of Intent to File Lien Statement sent. This action is performed by Counsel.

(e) Lien Recording fee. \$150.00 per each lien recorded on the Property. This action is performed by Counsel.

(f) Lien Release Fee. \$150.00 per each lien recorded on the Property. This action is performed by Counsel.

5.2 Attorney Fees and Costs. After turnover of an account to Counsel, all attorney fees and costs generated by the Counsel to collect unpaid Fees and Charges shall also be assessed to the Delinquent Account.

5.3 Recovery of Costs of Collections. In accordance with Section 29-1-1102, C.R.S., nothing in these Policies and Procedures shall be constructed to prohibit The Board from recovering all the Costs of Collections whether or not outlined above.

ARTICLE VI – WAIVER OF INTEREST AND COSTS OF COLLECTIONS

6.1 Waiver of Interest. The Managing Agent and Counsel shall each have authority to and discretion to waive or reduce portions of the Delinquent Account attributable to Interest. Such an action shall be permitted if either the Managing Agent or Counsel, in its discretion, determines that such a waiver or reduction will facilitate the payment of the penalties due. Notwithstanding, if the cumulative amount due and owing The Board on the Delinquent Account excess of \$1,000.00, neither the Managing Agent nor Counsel shall have any authority to waive or reduce any portion of the Interest. In such case, the person or entity owing in excess of \$1,000.00 shall first submit a request for a waiver or reduction, in writing, to The Board, and The Board shall make the determination in its sole discretion.

6.2 Waiver of Delinquent Penalties and Costs of Collections. Neither the Managing Agent nor Counsel shall have the authority to waive any portion of delinquent penalties or Costs of Collections. Should the Owner desire a waiver of such costs, she/he shall submit a written request to The Board, and The Board shall make the determination in its sole discretion.

6.3 No Waiver of Future Interest. Any waiver or reduction of Interest or other costs granted pursuant to Section 6.1 and 6.2 hereof shall not be constructed as a waiver or reduction of future Interest or as the promise to waive or reduce future Interest. Nor shall any such waiver or reduction be deemed to bind, limit, or direct the future decision-making power of The Board, Managing Agent, or Counsel, whether related to the Property in question or other properties within the District.

ARTICLE VII – PAYMENTS PLANS

8.1 Payment Plans. Neither the Managing Agent nor Counsel shall have the authority to enter into or establish payment plans for the repayment of a Delinquent Account longer than 6 months. Should the owner desire to enter into a payment plan with the Board for longer than 6 months, such owner shall first submit a written request to The Board, and The Board shall make the determination in its sole discretion.

ARTICLE VIII – RATIFICATION OF PAST ACTIONS

9.1 Ratification of Past Actions. All waivers and payment plans heretofore undertaken by the Managing Agent or Counsel that would otherwise have been authorized by these Policies and Procedures are hereby affirmed, ratified, and made effective as of the date said actions occurred.

ARTICLE IX – ADDITIONAL ACTIONS

10.1 Additional Actions. The Board directs and authorizes its officers, staff, and consultants to take such additional actions and execute such additional documents as are necessary to give full effect to the intention of these Policies and Procedures.

ARTICLE X – COLORADO AND FEDERAL FAIR DEBT COLLECTIONS ACTS

11.1 Acts Not Applicable. Protective covenant enforcement as described herein is not a consumer transaction and, therefore, is not subject to the Colorado Fair Debt Collection Practices Act or the Federal Fair Debt Collections Practices Act, or the Federal Fair Debt Collections Practices Act.

ARTICLE XII – SEVERABILITY

12.1 Severability. If any term or provision of these Policies and Procedures is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable term or provision shall not affect the validity of these Policies and Procedures as a whole but shall be severed here from, leaving the remaining terms or provisions in full force and effect.

ARTICLE XIII – SAVINGS PROVISION

13.1 Savings Provision. The failure to comply with the procedures set forth herein shall not affect the status of the Fees and Charges as a perpetual lien subject to foreclosure in accordance with law. Failure by the Managing Agent, Counsel, or other authorized representative to take any action in accordance with the requirements as specifically provided herein shall not invalidate subsequent efforts to collect the Fees and Charges