

**CONSENT OF DIRECTORS OF THE
AUSTIN HEIGHTS OWNERS' ASSOCIATION, INC.**

The undersigned, being all of the Directors of the Austin Heights Owners' Association, a Colorado non-profit corporation (the "Association"), hereby unanimously vote in favor of and adopt the following resolution.

WHEREAS, the Board of Directors of the Austin Heights Owners' Association, Inc. is empowered to govern the affairs of the Association pursuant to Article VI, Section 605 of the Declaration of Covenants, Conditions and Restrictions of Austin Heights Owners Association, (hereby referred to as "Declaration") and Article IV Section 1 of the Bylaws, and Article IV of the Articles of Incorporation (all collectively the "Governing Documents"); and

WHEREAS, per Article VIII of the Bylaws, the duties of the Board of Directors included enforcing by means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; and

WHEREAS, the Governing Documents establish certain standards for exterior structures and improvements placed erected, installed or made upon any Unit (as defined in the Declaration). Plans for all such structures and improvements must be approved by the Architectural Committee (AC) prior to commencement of construction or installation; and

WHEREAS, Articles II and III of the Declaration establishes certain use restrictions which must be complied with by all Owners and occupants of any Unit in addition to those requirements set forth in the Design Guidelines and Rules and Regulations; and

WHEREAS, from time to time, Owners fail to bring timely resolution to activities which constitute a violation of the governing documents; and

WHEREAS, it is the pleasure of the Board of Directors to delegate the day-to-day responsibilities of managing the governance of the Austin Heights community to the Association's management company ("Management") on behalf of the Board in accordance with Article IX, Section 915 of the Declaration,

IT IS THEREFORE RESOLVED that the attached Austin Heights Covenant Management Policy and Exhibit A, is hereby adopted to further define the procedures that Management is to implement when verification has been made that a violation of the Governing Documents has occurred or does exist and is adopted effective as of the date below. Such Policy shall remain in effect until amended, replaced or otherwise terminated.

EXECUTED this 3rd day of December, 2008.



Dave Frisch, Board Member

Austin Heights Covenant Management Policy

Scope:

Lots within the Austin Heights community are encumbered by the Declaration of Conditions, Covenants and Restrictions for Austin Heights (Declaration), the Articles of Incorporation, and the Bylaws (collectively known herein as the "Governing Documents"). All purchasers of property within the Austin Heights community are presumed to have received a copy of all aforementioned documents outlining the requirements set forth in the community at the time of closing.

The Austin Heights Homeowner's Association is authorized to enforce the provisions of the governing documents on behalf of all the Owners. The rights and remedies for enforcement are set out in the Declaration.

In order for the Association's management company ("Management") to carry out the covenant management needs of the community in a timely manner, the following policy is hereby adopted giving specific steps that are to be used unless extenuating circumstances exist.

Procedure:

Most Declaration violations (known herein in the singular as "Violation" and in the plural as "Violations") occur as a result of misinformation or the Owner being uninformed of the restriction or standard. Therefore, the following procedure is established as a standard plan of action in managing the resolution of Declaration violations within the Austin Heights community:

1. If an alleged Violation comes to the attention of Management (by whatever means), Management shall verify the existence of the Violation within five (5) business days of receiving the information concerning the alleged Violation. If the nature of the allegation is a circumstance that Management cannot tangibly observe by visiting the site at a given time, the complainant must give adequate information (in writing) about the Violation observed, providing the Association with details which Management can rely upon for further action. If insufficient information is provided or if a complainant is unwilling to give written testimony to the circumstances, the Association reserves the right to not pursue further action.
2. Once verification has been made that a Violation exists (or reasonable determination that such circumstances occurred), Management shall send a preprinted postcard designed to act as a courtesy to the Owner, making them aware of the Violation. This postcard will state the nature of the Violation as well as the date after which re-inspection will occur (usually, at least 10 days).
3. Following the given compliance date, Management shall re-inspect the property to verify compliance. If the requested remedy has been met, no further action shall be taken.
4. If remedy has not been met, a first notice of Violation shall be sent to the Owner.
5. This "Notice of Violation" to the Owner shall state the following information:
 - a. Nature of the Violation
 - b. Basis for the Violation (specify applicable section of the Declaration or Guidelines)
 - c. Action required for remedy

- d. Date by which remedy must be completed but generally not more than 10 days from the date of notice.

6. Following the given compliance date, Management shall timely re-inspect the property to verify compliance. If the requested remedy has been met, no further action shall be taken.

If remedy has not been met, a second notice of Violation (“Notice of Sanction”) shall be sent to the Owner which a) again defines the conditions of the Violation and the required actions for remedy and b) includes a notice that a sanction (fine) may be imposed unless a request for a hearing is received within 15 days of the notice.

If the circumstances of the Violation are deemed to be a safety issue or otherwise detrimental to the community, a second notice may be waived and legal action pursued immediately, subject to Board approval.

7. Pursuant to the Notice of Sanction, if the Owner requests a hearing within the allotted 15-day period, the hearing will be held before the Board of Directors of the Austin Heights Owners Association (“Board”). Notice of the hearing, together with a statement giving the date and manner of delivery by the person delivering the notice, must be placed in minutes of the meeting.

The purpose of the hearing is to obtain all facts regarding the circumstances, giving the Owner the opportunity to present extenuating circumstances that may exist concerning the Violation. Following the hearing, the Board shall make a determination based on the information received. The minutes of the meeting shall contain a written statement of the results and the sanction, if any, imposed. The Owner shall be advised of the Board’s decision in writing.

8. If the Owner fails to request a hearing within 15 days of the Notice of Sanction, pursuant to Section 38-33.3-302(1)(k) of the Colorado Statutes, a sanction as established by the Fines Schedule in the attached Exhibit A shall be levied and imposed against the property. The sanction shall be due and payable within 30 days, together with any cost incurred in filing notice of the Violation(s) in the public record. The Notice of Sanction shall also include a compliance date that must be met in order to avoid additional sanctions being imposed.

9. Following the given compliance date agreed upon at the hearing or given in the Notice of Sanction, a final inspection shall be performed by Management to verify compliance. If compliance has not been satisfied, Management shall report the actions taken to the Board of Directors for determination of further action in the discretion of the Board.

10. At Management’s discretion, Management may make a request to the Board that the Violation be turned immediately over to legal counsel for enforcement through the court system, with costs (including attorney fees) being assessed against the losing party. Such action shall be administered by the Board and shall not be a responsibility of Management other than to communicate between legal counsel and the Board.

END.

Exhibit A

FINES SCHEDULE

In the event sanctions are imposed, they are to be imposed as follows:

- 1) For the first Violation within any 180 day period the sanction amount shall be \$50;
- 2) For a second Violation (whether the prior Violation resulted in a sanction) occurring within any 180 day period, the sanction for that second Violation shall be \$250;
- 3) For any additional Violation or Violations beyond the second Violation (whether the prior Violation(s) resulted in a sanction) occurring within any 180 day period after the first prior Violation, the sanction for that third or subsequent Violation shall be \$500;
- 4) Sanctions shall be in addition to any other fees and charges (including attorneys fees) allowed by the Declaration and shall be lienable against the violating owner's property in the community;
- 5) Each sanction shall be due and payable within 30 days of its assessment, together with any cost incurred in filing notice of the Violation(s) in the public record;
- 6) For purposes of imposing sanctions, separate Violations need not be of the same type of violation but may be of a different kind or nature and shall consist of any violation of the Declaration;
- 7) For purposes of imposing sanctions, Violations continuing after i) the first notice of Violation or ii) any subsequent notice of Violation shall be deemed to be additional Violations; and
- 8) In the event of flagrant, repeated or excessive Violations, the Board, in its discretion, reserves the right to impose larger sanctions or sanctions of a different nature.

(By way of example, if an owner becomes subject to a sanction because of a Violation that occurred on July 1 and was not properly corrected, the owner would be subject to a \$50 fine for that Violation. If that same owner becomes subject to another sanction because of a Violation that occurred on September 1 of that same year, and was not properly corrected, the owner would then be subject to an additional \$250 sanction for that second Violation. Subsequently, if an owner becomes subject to a sanction because of a Violation that occurred on January 15 of the following year and was not properly corrected, the owner would be subject to a sanction of \$250 for that Violation, (and not \$500, because the owner was out of the 180 day period for the July 1 Violation but was within the 180 day period for the Sept. 1 Violation. Thus, in this case, the Sept. 1 Violation now becomes the 1st Violation in a new 180 day period. Alternatively, using the same facts above and in addition there was also an uncorrected Violation on Dec. 15, prior to the Jan. 15 Violation. The sanction for the Dec. 15 Violation would be \$500 and for the Jan. 15 Violation would be \$500 as both were 3rd Violations in a given 180 day period (period starting July 1, for the Dec. 15 Violation and period starting Sept. 1 for the Jan 15 Violation.))