

rules & regulations

RESOLUTION OF VIOLATIONS

PROSPECT POINT MASTER, TOWNHOME, AND CONDOMINIUM ASSOCIATIONS (Version August 9, 2001)

The Boards of Directors of the Prospect Point Master Association, Prospect Point Townhome Association, and the Villas at Prospect Point Condominium Association have adopted this Resolution of Rules document to give the Manager and the Boards of Directors a common means of rules enforcement. At present, the Manager is Columbine Management and Real Estate Company, P.O. Box 3286, Dillon, CO 80435; telephone (970)-468-9137.

1. Definition of Violation: As used in this document, violation refers to any infringement of the enforceable standards specified in any of the three Prospect Point Declarations, Articles of Incorporation, Bylaws, or House Rules, hereinafter called Rules.

2. Violation Resolution Process: The Boards of Directors of the three Prospect Point Associations hereby establish the following process for resolving violations of, or noncompliance with, the Rules of their respective Associations by an owner, guest or tenant.

A. Any member or agent of the appropriate Prospect Point Association may request an owner, guest or tenant to cease, desist or correct any act or omission which appears to be in violation of the Rules of that Association.

B. If the alleged violation is not corrected immediately, the Manager must be notified. If the Manager is satisfied that there is a violation, the Manager shall notify the owner in person or by telephone, and may, but is not required to do so, also notify the tenant or the guest. In the notification, the Manager shall be very specific about which particular Rule under which particular Association's document has been violated. The time interval for Financial Penalties (see Section 3 below) starts when the Manager notifies the owner in person or by telephone.

C. Prompt correction or adequate explanation of the alleged violation by the owner to the satisfaction of the Manager will satisfy this part of the Rules violation process. In this case, the Manager may, at the Manager's discretion, assess a One-time Occurrence, First Offense financial penalty.

D. Within five (5) days following notification of a violation by the Manager, the Manager shall mail a written notice of violation ("Notice") to the owner in an envelope marked "URGENT - FINANCIAL CONSEQUENCES INVOLVED" by Certified Mail, Return Receipt Requested. The Notice shall give details of the violation, date of the violation, and the dollar amount of the financial assessment. As in paragraph B above, in the written notice, the Manager shall be very specific about which Rule under which particular Association's document has been violated.

E. Service of the Notice on one owner of a unit shall be service on all owners of the unit. The Boards of Directors of the three Prospect Point Associations may rely on the accuracy of the address list of owners kept in the offices of the Manager. It is the owner's obligation to keep the

Manager notified of any change of address. Failure to do so will not affect the validity of service.

F. If an alleged violation is not corrected and/or if the Manager is notified that such violation has been repeated on another occasion, the Manager, shall, in its sole discretion, satisfy itself that there is a repeated or continuing violation, and further financial penalties shall be assessed after following the notification process outlined above.

G. All owners, guests and tenants shall comply with requests of the Manager regarding the resolutions of violations, but the owners are ultimately responsible for the behavior of their family, guests, and/or tenants, and thus for the resolutions of violations. Therefore, while a violator is subject to procedures, the non-compliance of the violator may result in a penalty assessment against the owner of that unit.

3. Financial Penalties:

A. Where the violation is a single incident (barking dog, for example), the One-time Occurrence penalty as set forth below is meant to apply. Where the offense is a continuing one (refusal to remove an illegally parked vehicle, or refusal to remove a charcoal grill from a balcony, for example), the incident will be deemed, at the discretion of the Manager, to be a continuing one, and the Continuing Occurrence penalty as set forth below shall apply until the resolution of the violation.

B. The Boards of Directors of the three Prospect Point Associations hereby establish the financial penalties for violation of, or noncompliance with, the Rules by an owner, guest or tenant, as follows:

	<u>One-Time Occurrence</u>	<u>Continuing Occurrence</u>
First Offense	\$25	\$25/day for the first five (5) days, \$50/day thereafter until resolved
Second Offense	\$50	\$50/day until resolved
Third or More Offenses	\$100	\$50/day until resolved

Each day, or fraction thereof, that the violation continues is a separate violation for purposes of levying penalties.

C. If, after Notice and an opportunity to be heard (see Section 4 below), a violation or series of violations is deemed to have occurred, the penalties shall be assessed from the date of the first violation. Any penalty assessed, if not voluntarily paid to the Association whose rules were violated, will be added to the next billing statement and will be payable within thirty (30) days thereafter. Any unpaid amount shall be charged against the owner's property and will be

recorded as any other debt charged against the property. Nothing herein shall operate to limit the Association's remedies.

D. Assessments of penalties may be waived in whole or in part or adjusted downward at the exclusive discretion of the Board of Directors and its Manager. Waiver or adjustment in one case will not set precedence in any other.

E. In the event the assessments are not paid in a timely manner, the Board of Directors may impose charges for late payments, recover other legal costs for the collection of assessments and other actions to enforce the Rules of the Association, regardless of whether a suit was initiated.

4. Hearing Process.

A. Any owner who has received a Notice of violation resulting in the assessment of a financial penalty shall have an opportunity to request a hearing. The owner must contact the Manager within ten (10) days following the date of receipt of the Notice and request a hearing. The Manager will then schedule a formal hearing to include at least two (2) members of the Board of Directors of the Association under whose Rules the alleged violation has occurred (the "Panel"). The Manager shall be a non-voting member of the Panel. If the Notice concerns a violation of Master Association Rules, then the Panel must contain at least one (1) member of the Master Association Board of Directors appointed by each of the Villas and Townhome Association Boards of Directors respectively. The owner must participate in the hearing and may have witnesses present. The owner may participate personally, may appoint a representative to act in his or her stead, or may submit a written statement to the Panel in advance of the hearing date. The hearing may be conducted in person or by telephone conference within ten (10) days from the date of the hearing request, unless otherwise consented to by the parties.

B. The Panel may confer with witnesses or other members of the Board of Directors of the Association under whose Rules the alleged violation has occurred or the Manager before rendering a decision. A final decision usually will be rendered at the end of the hearing. In the event that there are circumstances that prevent the Panel from rendering its decision at the end of the hearing, a final decision will be made within five (5) days after the hearing, and the owner will be notified verbally and in writing of the Panel's decision at that time. The Panel must have a unanimous vote of its members to uphold the financial penalty.

C. Failure of the owner to participate in the hearing will result in a decision against said owner.

D. If, after the opportunity to be heard, a violation or series of violations is deemed to have occurred, the assessment of penalties shall be upheld from the date of the first violation. The owner shall also be responsible for all expenses, if any, incurred by both parties in completing the resolution and hearing process.

E. If the assessment of penalties is overturned by the Panel, any payment already made by the owner will be refunded by the property manager or, if no payment has yet been made, the assessment will be removed from the owner's next billing invoice. In that event, each party will be responsible for its own expenses, if any, incurred in completing the resolution and hearing process.