

THE SPIRES DRAINAGE HOMEOWNERS ASSOCIATION, INC. UPDATED: COVENANT AND RULE ENFORCEMENT POLICY

Effective Date: August 19, 2011

The Board of Directors desires to adopt a uniform and systematic policy to address covenant and rule enforcement.

The Association hereby adopts the following policies and procedures for covenant and rule enforcement:

The Approving Authority, aka the Architectural Control Committee (ACC) is appointed by and reports to the Board of Directors. The purpose of this Committee is to ensure the governing documents (Articles of Incorporation, Bylaws and Declaration), Design Guidelines, Rules and Regulations and Resolutions for the community are complied with. Examples of this would be painting, re-roofing, new gutters, windows, stucco, adding a new or replacement deck, adding new or replacement concrete, landscaping or any item that requires a noticeable or significant change to the exterior of the home. The purpose of the Design Guidelines is to promote and retain the design excellence and high quality appearance of the homes in The Spires Drainage Homeowners Association.

Any Association representative to include the ACC, Property Manager, Board Members or other committee's as appointed from time to time, shall have the authority to report violations of the governing documents as noted above. Under this policy, the use of the words Board or ACC is interchangeable except where noted.

1. Enforcement Procedure. The Board shall not impose assessment fines unless and until the Association has sent or delivered written notice to the Owner and/or violator as provided below.

A. Complaint. Any Owner within the community may send the Association a formal, written complaint via either electronic mail or regular mail of a covenant or rule violation, with as much information as is known. All complaints must be in writing and complaints may also be initiated by the Manager, or any member of the Board of Directors or of the ACC. The Board will not consider oral complaints or anonymous complaints. The Board or the ACC shall have the authority to determine whether a written complaint is justified before continuing with the Notice and Hearing Procedure.

B. Notice of Alleged Violation. A Notice of Alleged Violation of any provisions of the Declaration, Bylaws, Design Guidelines, Rules and Regulations, or Resolutions shall be provided in writing to the applicable Owner within two (2) weeks prior to the next scheduled Board meeting following the receipt of a complaint or written discovery by the Board of such violation. The Board may also, at its option, provide a copy of such notice to any non-Owner violator. The notice shall describe the nature of the violation and the possible fine that may be imposed, the right to request a hearing before the Board to contest the violation or possible fine, and may further state that the Board may seek to protect its rights as they are specified in the governing legal documents. All notices shall be delivered by messenger or sent by regular mail. A copy may also be sent by certified mail.

C. Conflicts. Any Board member who is incapable of objective consideration on any hearing before the Association shall disclose such to the President of the Association prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and the Board member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board member(s) results in an even number of remaining Board members eligible to hear a case, the Presiding Officer may appoint an ACC Member, Association member, in good standing, to serve as a voting member of the hearing board.

D. Request for Hearing. If an Owner desires a hearing to challenge or contest any alleged violation and possible fine, or to discuss any mitigating circumstances, the Owner must request such hearing, in writing, within 14 days of the date of the Notice of Alleged violation. In lieu of a request for a hearing, the Owner may submit a written response to the Notice of Alleged Violation for the Board's consideration within 14 days of the date of the Notice. The request for hearing or other written response shall describe the grounds and basis for challenging the alleged violation or the mitigating circumstances. If a hearing is requested, the Board shall notify the Owner of the date, time and place of the hearing by regular and certified mail. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived. If a hearing is not requested within the 14 day period, the Board shall determine if there was a violation based upon the information available to it (including any written response submitted by the Owner), and if so, assess a reasonable fine as set forth in the fine schedule, within a reasonable time after expiration of the 14 day period. The Board of Directors shall give written notice of said fine to the applicable Owner.

E. Board of Directors to Conduct Hearing. The Board shall hear and decide cases set for hearing pursuant to the procedures set forth herein. The Board may appoint an officer or other Owner to act as the Presiding Officer at any of the hearings. The Board shall determine whether a violation exists and impose fines or other corrective actions as required.

F. Hearing. The Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall establish a quorum, explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board. The complaining parties and the Owner shall have the right, but not the obligation to be in attendance at the hearing. Each party may present evidence, testimony, and witnesses. The decision of the Board at each hearing shall be based on the matters set forth in the Notice of Alleged Violation and Hearing, Request for Hearing, and such evidence as may be presented at the hearing. Unless otherwise determined by the Board of Directors, all hearings shall be open to attendance by all members of the Association. If a complaining party is unable to attend the Hearing, he or she may instead submit a letter to the Board explaining the basis of the complaint.

G. Decision. After all testimony and other evidence have been presented to the Board at a hearing, the Board shall render its written findings and decision, and impose a reasonable fine, if applicable, within 20 days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority vote of the Board of Directors present.

2. Fine Schedule.

A. The following fines are guidelines for violation of the provisions of the Declaration, Bylaws, Design Guidelines, Rules and Regulations and Resolutions of the Association or of any Supplemental Declarations which the Association may enforce:

First violation:	Courtesy reminder letter
Second violation:	Warning letter / Notice of Hearing
Third and subsequent violations:	\$100.00 to \$1,000/occurrence

The Board may impose a fine of \$100 to \$1,000 per violation per day "occurrence" which is defined as a twenty-four hour period for violations of the governing documents and Design Guidelines and for making an architectural or landscaping change to a property without prior approval from the ACC.

Continuing violations shall be considered a separate occurrence for each day it continues after the date of the hearing and a per diem fine of \$100.00 to \$1,000 per day may be imposed, retroactively if required, after the hearing until such time as the violation is remedied.

The Board, at its sole discretion, shall determine what constitutes a major architectural or landscaping change. Examples of this type of major change are (but not limited to):

- Large scale landscaping installations or changes;
- Making significant changes to the exterior of an existing home, such as: paint or stucco color, type of roofing material, type of siding, installation of decorative stone, installation or replacement of driveways, patios, colored concrete;
- Putting an addition, porch, sun room, large deck, patio cover, etc. onto a home;
- Installing a yard fence or privacy wall;
- Beginning new home construction;
- Applying exterior materials or colors to a new construction or existing home;
- Significant deviations from approved plans during remodeling or new home construction.

When made aware of the unapproved architectural or landscaping change, the Board will issue a cease and desist letter and will allow the builder/homeowner 14 days from the date of Association notice to submit proper plans for review by the ACC.

The Board reserves the right to fine for first violations of any governing documents, Design Guidelines, Resolutions and Rules that involve health and safety issues and other violations where a warning may not be deemed necessary by the Board in its reasonable discretion. Additionally, upon prior written notice, 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.

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

B. All fines shall be due and payable upon notice of the fine and will be late if not paid within 30 days of the date that the Owner is notified of the imposition of the fine. A late fee charge of \$30.00 per month will be imposed and an additional 1.5% per month interest fee charge may be applied. All fines and late charges shall be considered an assessment and may be collected as set forth in the Declaration. Fines shall be in addition to all other remedies available to the Association pursuant to the terms of the Declaration and Colorado law, including the Association's right to collect attorney fees as authorized by Colorado law.

3. Additional Enforcement Rights.

A. Legal Action. The Association, at any time, may pursue legal action against an Owner to enforce the provisions of the Declaration, Bylaws, Design Guidelines, Rules or resolutions by following the preceding notice and hearing procedures.

B. Self-help Remedies. Reference the Declaration, Article II, Approving Authority, Section 203. The Association or its duly authorized agents shall have the power to enter a Lot to abate or remove, using such force as may be reasonably necessary any structure, thing or conditions that violates the Declaration, Bylaws, Rules or Design Guidelines, provided, however, the violating Owner or resident is given at least ten (10) days prior written notice requesting that the violation be removed and abated and that the property restored to substantially the same condition as existed prior to the structure, thing or condition being placed on the property and causing the violation.

If the Association exercises its right subject to this paragraph, all costs of self-help, shall be assessed against the Owner's Lot and shall be a lien on the Owner's Lot.

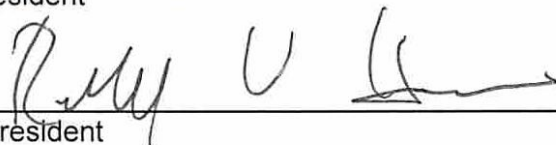
C. Suspension of Right to Vote. The right of an Owner to vote shall be automatically suspended if the Owner is in violation of the Declaration, Bylaws, Design Guidelines, Rules and Regulations or Resolutions of the Association.


4. Failure to Enforce. Failure of the Association to enforce the Declaration, Bylaws, Design Guidelines, rules and resolutions will not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any of the above referenced governing documents for the Association.


IN WITNESS WHEREOF, the undersigned certify that this Covenant and Rule Enforcement Policy was adopted by resolution of the Board of Directors of the Association on this 19th day of August 2011.

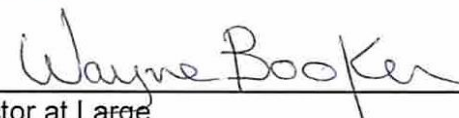
THE SPIRES DRAINAGE HOMEOWNERS ASSOCIATION, INC.,
a Colorado nonprofit corporation,

By: 
Its: President

By: 
Vice President

By: 
Secretary

By: 
Treasurer

By: 
Director at Large