

ARTICLE 8. POLICY AND PROCEDURES FOR THE ENFORCEMENT OF GOVERNING DOCUMENTS

1. ARROWHEAD PATROL COMMUNICATION: As part of their job functions, Arrowhead Patrol may observe or otherwise obtain information relating to potential violations of the Governing Documents. Upon learning of any potential violation, Arrowhead Patrol may provide the Owner with information regarding the Governing Documents and may notify the Owner that a violation exists. If Arrowhead Patrol does not believe that such information provided to the Owner will bring a satisfactory resolution of the potential violation, Arrowhead Patrol shall inform the Board of the potential violation and the information provided to the Owner.

2. ENFORCEMENT POLICIES AND PROCEDURES:
 - (A) ~~(A)~~—*Discretionary Procedures*:
 - (I) The Board, upon learning of an alleged violation of the Governing Documents, may: (a) provide an Owner with information relating to an alleged violation and/or the Governing Documents, (b) provide the Owner with a verbal or written request to remediate an alleged violation to the satisfaction of the Board or to otherwise take such action as to ensure no future violations occur, or (c) commence such enforcement action as the Board believes appropriate, ~~whether through imposing a fine or other legal action.~~ in accordance with the procedures set forth below. Given the breadth of alleged types of violations, the Board may engage in all or none of the above actions with respect to any alleged violation.
 - (II) The Board shall make available to Owners an informal complaint form and process that will allow Owners to notify the Board of alleged violations that may exist and allow the Board to engage in such enforcement action as the Board believes appropriate, if anything (an “Informal Complaint”). The Board shall resolve such Informal Complaints as the Board believes appropriate in its discretion.
 - (III) The Board of Directors shall also make available to Owners a formal complaint form and process (a “Formal Complaint”) that will allow Owners to directly request that an Owner be fined for an alleged violation. The Board will process a Formal Complaint as set forth below.-
 - (B) *Formal Complaint Procedure*: AIA shall not impose fines for any violation of any covenant, bylaw, guideline, rule or regulation of AIA until such time as AIA has complied with the following procedures:
 - (I) FORMAL COMPLAINT
 - (a) Any Owner may send or deliver to AIA via hand delivery, regular mail or email to AIA (current email address: aiaownerviolation@gmail.com) a Formal Complaint of any violation of any Governing Document. The Formal Complaint shall, at a minimum:
 - i. describe the covenant, bylaw, guideline, rule or regulation violated,

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- ii. identify the alleged violator to the best of the complaining Owner's knowledge, and
 - iii. provide a short and plain statement of the facts giving rise to the violation such that, if the facts stated in the Formal Complaint are true, the alleged violation would exist.
 - (b) The Board, upon the discovery of any violation of the Governing Documents, may lodge its own Formal Complaint by approving the same, which Formal Complaint shall meet the same minimum requirements for content set forth above.
- (II) AIA'S INITIAL REVIEW OF FORMAL COMPLAINT BY OWNER: Within 15 calendar days of receipt by AIA, AIA shall perform an initial review of any Formal Complaint provided by any Owner to determine whether the Formal Complaint meets the minimum requirements set forth in Article 8, Section 2.(B)(I) above. If the Formal Complaint does not meet these minimum requirements, AIA shall reject the Formal Complaint and notify the Owner who filed the Formal Complaint that the Formal Complaint does not meet the requirements of Article 8, Section 2.(B)(I). AIA may, but need not, provide to the complaining Owner a written explanation of why the Formal Complaint does not satisfy the requirements of Article 8, Section 2.(B)(I). If the Board believes, in its sole discretion, that the Formal Complaint is adequate, but that it is in the best interests of AIA to resolve the matter without imposing a fine, AIA may request that the complaining Owner allow the Formal Complaint to be treated as an Informal Complaint and, if the complaining Owner agrees, the Formal Complaint will be treated as an informal complaint, but if the complaining Owner wishes to continue with the Formal Complaint, the notice and hearing process shall continue as set forth below.
- (III) NOTICE OF ALLEGED VIOLATION: Within 15 calendar days of the Board lodging a Formal Complaint or the satisfactory completion of AIA's initial review of a Formal Complaint by an Owner that does not result in a conversion of the Formal Complaint into an informal complaint, AIA shall, if the Board reasonably determines that the alleged violation exists, mail to the alleged violator the following via regular mail:
- (a) A copy of the Formal Complaint;
 - (b) A copy of this Article 8 of the Regulations; and
 - (c) A notice of Formal Complaint (a "Notice of Complaint"), which shall state, at a minimum, in addition to any other notice required by law, that:
 - i. Complaint has been made,
 - ii. Whether, ~~based upon the allegations in the Formal Complaint~~, any of the alleged violations appear to be continuing violations and if they are continuing violations, the action or actions required to cure the alleged violation,
 - iii. Whether any of the alleged violations threaten public safety or health,

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- iv. The amount of the possible fine or other action AIA may take if the alleged violation or violations occurred or are occurring, and specifies that continuing violations may result in fines every other day,
- ivv. That the alleged violator has a right to a hearing and such other rights as provided by the governing documents for AIA-, and
- vi. The notices and opportunity to cure information required under Article 8, Section 2.(B)(IV) below, as and if applicable.

(I) OPPORTUNITY FOR CURE:

- (a) If AIA through the Board or the Board's designated representative reasonably determines that the violation threatens public safety or health, the Board shall provide the Owner written notice, in English and in any language that the Owner has indicated a preference for correspondence and notices, of the violation informing the Owner that the Owner has seventy-two hours to cure the violation or AIA may fine the Owner after a Notice of Decision has entered against the Owner. If, after an inspection of the Lot, the Board determines that the Owner has not cured the violation within seventy-two hours after receiving the notice, and once a Notice of Decision has entered against the Owner, AIA may impose fines on the Owner every other day in the amounts set forth in the Notice of Decision and may take legal action against the Owner for the violation; except that in accordance with CCIOA, AIA shall not pursue foreclosure against the Owner based on fines alone.
- (b) If AIA through the Board or the Board's designated representative reasonably determines that an Owner committed a violation of the Governing Documents, other than a violation that threatens the public safety or health, the Board shall, through certified mail, return receipt requested, provide the Owner written notice, in English and in any language that the Owner has indicated a preference for correspondence and notices, of the violation informing the Owner that the Owner has thirty days to cure the violation or AIA, after conducting an inspection and determining that the Owner has not cured the violation and after a Notice of Decision has entered against the Owner, may fine the Owner; however, the total amount of fines imposed for the violation may not exceed five hundred dollars. AIA shall grant an Owner two consecutive thirty-day periods to cure a violation before AIA may take legal action against the Owner for the violation that does not threaten the public safety or health. As provided by CCIOA, AIA shall not pursue foreclosure against an Owner based on fines owed.
- (c) If the Owner cures the violation within the period to cure afforded the Owner, the Owner may notify AIA of the cure and, if the owner sends with the notice visual evidence that the violation has been cured, the violation is deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include visual evidence that the violation has been cured, AIA shall inspect the Lot as soon as practicable to determine if the violation has been cured.

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- (d) If AIA does not receive notice from the Owner that the violation has been cured, AIA shall inspect the Lot within seven days after the expiration of the thirty-day cure period to determine if the violation has been cured. If, after the inspection and whether or not AIA received notice from the Owner that the violation was cured, AIA determines that the violation has not been cured:
 - i. A second thirty-day period to cure commences if only one-thirty day period to cure has elapsed; or
 - ii. AIA may take legal action if two thirty-day periods to cure have elapsed.
 - (e) Once the Owner cures a violation, AIA shall notify the Owner, in English and in any language that the Owner has indicated a preference for correspondence and notices:
 - i. That the Owner will not be further fined with regard to the violation; and
 - ii. Of any outstanding fine balance that the Owner still owes AIA.
- (IV) REQUEST FOR HEARING: If the alleged violator desires a hearing on the Formal Complaint, including any possible action that AIA may take if the violation or violations alleged in the Formal Complaint occurred or are occurring, the alleged violator must provide a written request for a hearing (the "Request for a Hearing") to AIA by certified mail, return receipt requested. The Request for a Hearing must be postmarked no later than 15 calendar days of the date of the Notice of Complaint. The Request for a Hearing shall not be effective unless it is actually received by AIA. The Request for a Hearing shall include, at a minimum:
- (a) a statement of any allegations in the Formal Complaint which the alleged violator disputes,
 - (b) with respect to any defense other than a denial of the facts alleged in the Formal Complaint, a short and plain statement of any grounds or bases for any defense, and
 - (c) to the extent that the alleged violator believes that the fine or other action identified by AIA in the Notice of Complaint would not be the correct fine or other action, a short and plain statement of why it is incorrect and what the correct fine or other action would be.
- (V) NOTICE OF HEARING: Within 7 calendar days of the receipt of a Request for a Hearing, AIA shall provide written notice to the alleged violator via regular mail of the date, time and location of the hearing (the "Notice of Hearing"). The hearing shall be held no less than 15 calendar days from the date of mailing the Notice of Hearing. Unless the alleged violator and AIA agree otherwise, the hearing shall be held no sooner than expiration of any applicable cure period and no later than 65 calendar days from the date of mailing the Notice of Hearing.~~the hearing shall be held no more than 25 calendar days from the date of mailing the Notice of Hearing.~~
- (VI) DECISION MAKERS:

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- (a) Owner shall have the option of having a Third Party Attorney, as defined below, or the Board act as the decision maker at the hearing. Unless otherwise requested, the Board shall act as the decision makers at the hearing unless any one or more member(s) of the Board will not be an impartial decision maker, in which case the other Board members, or such members thereof as they so choose, shall serve as the decision makers; provided, however, that in their sole discretion, the Board may appoint an Owner or Owners to serve as the decision makers in lieu of the Board or any member of the Board. In no event shall there be more decision makers at a hearing than there are members of the Board, but the Board may have any number of decision makers less than the total number of Board if desired; provided, however, that there shall always be an odd number of decision makers. Regardless of whether the Formal Complaint was lodged by AIA, there may be only one decision maker if the Board, in its sole discretion, elects to have only one decision maker.

 - (b) Alternatively, if the alleged violator so elects, an attorney shall serve as the decision maker at the hearing. If the alleged violator elects to have an attorney serve as the decision maker, the alleged violator must provide AIA with a request for an attorney to serve as the decision maker at least 5 business days prior to the scheduled hearing (the "Request for Third Party Attorney"). If AIA receives the Request for Third Party Attorney at least 5 business days prior to the scheduled hearing, the hearing date will be canceled and AIA shall provide the alleged violator with a list of at least three attorneys that: i. are licensed to practice law, ii. have offices located in Gunnison or Montrose County, iii. do not represent AIA, iv. have not represented AIA within the last two years, v. are not members of any law firm that has represented AIA within the last two years and does not currently represent AIA, and vi. is willing and able to serve as the decision maker at the hearing. From this list, the alleged violator shall within five business days of being provided such list select one attorney to serve as the decision maker at the hearing (the "Third Party Attorney"). AIA shall establish a mutually agreeable time for the hearing with the alleged violator and the Third Party Attorney; provided, however, that if the alleged violator cannot make himself or herself available at a mutually agreeable time within 60 days of the selection of the Third Party Attorney, AIA shall schedule the hearing for the last possible date within such 60 days that is mutually agreeable to both AIA and Third Party Attorney, provided that such date is at least 20 days from the date of selection of the Third Party Attorney. AIA shall provide the alleged violator with a notice stating the date and location of the hearing at least 15 days prior to the hearing date unless the date and location are set by mutual agreement of the alleged violator, in which case no notice shall be necessary.
- (VII) **ALL DECISION MAKERS SHALL BE IMPARTIAL:** All decision makers at the hearing shall be impartial decision makers. A person cannot be an impartial decision maker if he

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or she has any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of AIA. Any person who cannot serve as an impartial decision maker shall, sufficiently prior to the hearing to enable the appointment of a substitute decision maker if desired by the Board, inform the Board and recuse himself or herself from serving as a decision maker at the hearing.

(VIII) CONDUCT OF HEARING: The scope of the hearing shall include, at a minimum, those subjects to be included in the Notice of Decision. The decision makers may, by majority vote at the hearing, elect one decision maker to serve as the presiding officer for the hearing. If a presiding officer is elected, the presiding officer will be responsible for the efficient administration of the hearing. In the absence of a presiding officer, the decision makers shall be responsible for the efficient administration of the hearing. The hearing shall be conducted in such a manner that provides the party filing the Formal Complaint and the alleged violator with an opportunity to be heard, to present any witnesses with testimony relevant to the alleged violation or violations, and to present any other evidence relevant to the alleged violation or violations. The party filing the Formal Complaint, if unable to be present, may submit a letter or other documentary evidence to the decision makers for review, and the alleged violator shall have the opportunity to review the documentary evidence and respond to such at the hearing. In the interest of efficiency, the presiding officer or, in the absence thereof, the decision makers, may stop the presentation of evidence and argument that is duplicative or irrelevant. Unless otherwise determined by the Board in accordance with Colorado law, all hearings shall be open to attendance by all members of AIA. Any party, AIA, and the decision makers may record the hearing if so desired.

(IX) NOTICE OF DECISION.

(a) After the hearing, the decision makers for such hearing shall make their decision by majority vote. The decision makers shall, in rendering their decision, take into account the Formal Complaint, the Request for a Hearing, and the evidence and argument presented at the hearing. The written decision shall be mailed via regular mail to the alleged violator and the party making the Formal Complaint no later than 15 calendar days after the hearing (the "Notice of Decision"). The Notice of Decision shall include:

- i. a finding of whether the violation or violations alleged in the Formal Complaint occurred or are occurring,
- ii. a finding of whether the alleged violator is the one who should be held responsible for the violation,
- iii. if such violation or violations exist, a finding of whether the violation or violations are a continuing violation, ~~and~~
- iv. a finding of what, if any, fine or other action shall be imposed by AIA as a result of any violation or violations, if any.

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- v. if such violation or violations exist, a finding as to whether the violation threatens the public safety or health, and
- vi. a statement of any applicable cure and all other matters that the Owner must be given notice of pursuant to Article 8 2. (b) (X) and (XI), as applicable.
- (b) The decision makers may also determine, based upon the evidence presented at the hearing that additional, separate or different violations from those alleged in the Formal Complaint occurred or are occurring provided that such evidence was relevant to the alleged facts or violations in the Formal Complaint and the same violator is responsible. If such finding of additional, separate or different violations is made, the Notice of Decision shall also:
- i. identify those violations,
 - ii. state whether such violations are continuing violations, **and**
 - iii. state whether such violations threaten public health or safety, and
 - iv. state what, if any, fine or other action shall be imposed by AIA as a result of such violations.
- (X) FAILURE TO MAKE REQUEST FOR A HEARING: Upon the failure of an alleged violator to make a timely Request for a Hearing, AIAthe Board may, within 30 calendar days of the date of the Notice of Complaint and the expiration of any opportunity to cure, consider all allegations in the Formal Complaint as true and shall assess the fine or take such other action as was identified in the Notice of Complaint. Alternatively, if no timely Request for a Hearing is made, AIAthe Board may conduct its own independent investigation and, following such investigation, assess the fine or take such other action as was identified in the Notice of Complaint or impose a lesser fine or take such lesser action that AIAthe Board, in its sole discretion, believes appropriate. AIAThe Board shall mail to the violator via regular mail a written notice of the fine or other action imposed by AIA as a result of the violation or violations, if any. This Board determination is also a "Notice of Decision" and must include the information and determinations required of a Notice of Decision as set forth above.
- (XI) COSTS OF PROSECUTION: AIA is entitled to recover from a violator all costs incurred by AIA in the successful prosecution of a Formal Complaint lodged by AIA, including AIA's reasonable attorneys' fees and the fees of any Third Party Attorney. AIA shall have engaged in the successful prosecution of a Formal Complaint lodged by AIA if the decision maker or decision makers at the hearing determine that any one or more of the alleged violations occurred or are occurring. The party that is not successful is responsible for the fees of any Third Party Attorney and its own attorney and the reasonable fees of the opposing party's attorney.
- (XII) DUE AND PAYABLE; DELINQUENCY: All fines shall be due and payable at the date the fine is imposed and delinquent if not paid within 30 days of AIA mailing to the violator notice thereof via regular mail. All delinquent fines shall be treated the same as other delinquent assessments, except as provided by CCIOA, and shall incur

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late fees and interest as set forth in AIA's Dues Collection Policy with respect to delinquent assessments, except if otherwise provided by CCIOA.

- (XIII) **NON-COMPLIANCE ASSESSMENTS:** All fines, attorneys' fees, late charges and other amounts owed incurred by AIA prior to the imposition of a fine that AIA incurred because of an actual violation by an Owner are owed by the Owner to AIA. The non-compliance assessment may be collected as set forth in the Covenants and Colorado law, including without limitation AIA's right to collect attorneys' fees as authorized by Colorado Law and the Covenants.
3. **OWNERS RESPONSIBLE FOR GUESTS, TENANTS AND OTHERS:** An Owner is responsible for all violations of the Governing Documents by that Owner's guests, tenants, licensees, invitees, contractors, construction professionals, and all other persons on that Owner's Site or the Common Areas at the request, instruction or permission of that Owner. An Owner is subject to a fine for such persons' violations of the Governing Documents to the same extent and as if such violations were committed by the Owner directly.
 4. **NOT SUBJECT TO DISPUTE RESOLUTION POLICY:** The Policy of Dispute Resolution Between AIA and Owners (the "Dispute Resolution Policy") does not apply to this Article 8, including without limitation the fine process under this Article 8.
 5. **LEGAL ACTION:** Notwithstanding any other provision of these policies and procedures, AIA, at any time, may pursue legal action to enforce the Governing Documents without first following the fine procedures set forth above if the Board determines, in its sole discretion that such action is in AIA's best interests. Without limitation, AIA may also institute legal action to recover unpaid fines, attorneys' fees, and interest. In the event that AIA believes that an Owner is in violation of the Governing documents and determines not to proceed with the fine process, AIA may proceed directly with the filing of a legal action in court without first imposing any fine after providing notice and an opportunity to cure in accordance with, and otherwise complying with, C.R.S. § 38-33.3-209.5, if the notice and cure provisions are applicable. Except with respect to the fine process set forth in Article 8, Section 2, AIA's cure process shall be the cure process set forth in C.R.S. § 38-33.3-209.5.
 6. **SUSPENSION OF RIGHTS:** The right of an Owner to vote may be suspended as set forth in the Governing Documents. In addition, the right of an Owner to vote shall be automatically suspended if the Owner is more than 30 days delinquent in payment of any assessment, fee, or other charges by AIA.
 7. **SERVICE OF NOTICES:** Whenever mailing of any document or notice to an Owner is appropriate under this Article 8 and in addition to any other specification on notice under this Article 8, such document or notice shall be mailed to the most current address of the Owner that is in AIA's records or, if the Owner has elected to receive documents from AIA by email, and at the Owner's most current email address on file with AIA. Similarly, whenever mailing of any document or notice to AIA is appropriate under this Article 8, such document or notice shall be mailed to AIA at the most current address the Owner is advised of in writing or, if no such address has been provided, at the most current address for AIA with the Colorado Secretary of State- and emailed to

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the email address for the Board as set forth on AIA's website. Any hardcopy mailing of notice under this Article 8 shall be sent by first class mail and by certified mail return receipt requested, and by regular first class mail.

8. FAILURE TO ENFORCE: Failure of AIA to enforce any Governing Document or part thereof shall not be deemed a waiver of the right to do so for any subsequent violations of such Governing Document or part thereof. Nor shall the failure of AIA to enforce any Governing Document or part thereof be deemed a waiver of the right to enforce any other Governing Document or part thereof.
9. ALTERNATE SERVICE: Notwithstanding any other provision in this Article 8, any document, including without limitation any notice, required to be given by AIA may be given by hand delivery, posting, or any form of mailing. Any such alternate form of delivery may be in addition to or in lieu of any method otherwise stated in this Article 8 and any such alternate delivery shall be effective upon receipt.
10. SEVERABILITY: If any provision or portion of any provision in this Article 8 is invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of the provision or any other provision, which shall to the fullest extent permitted by law be valid and enforceable.

ARTICLE 9. FINE SCHEDULE

1. SCHEDULE OF FINES: Except as otherwise set forth in the Governing Documents, the schedule of fines for violations of the Governing Documents is as follows:
 - (A) Article 2: Use of Sites Violations.
 - **Use of a Site other than as a Single Family Residence or single family campsite:**
\$~~1000~~500.00 for First Violation
 - **Existence of 2nd RV on a Site for more than 14 days per month during the camping season:**
\$150.00 - a continuing violation
 - **Occupancy of RV on homeowner Site for more than 14 days a month:**
\$150.00 - a continuing violation
 - **Not removing camping equipment including RVs by designated date:**
\$150.00 - a continuing violation
 - **Vehicle abandoned on an owner's Site, Common Areas, Filing Roads or Winter Parking Lot:**
\$150-a continuing violation
 - **Existence of a pit toilet:**
\$150.00 - a continuing violation. Removal required
 - **Elevated fuel tanks that violate size and placement:**
\$150 - a continuing violation
 - **Advertising sign installed on site:**
\$150 - a continuing violation
 - **Failure of an owner to maintain his/her site:**

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\$150.00 - a continuing violation

- **Inadequate screening of garbage cans or storage areas:**
Current: \$150 - a continuing violation

To the extent not expressly provided above, any violation of Article 2 of the Regulations has a base fine amount of \$150.00.

(B) Article 3: Common Areas Violations.

- **Violating any of the restrictions on the use of the Common Areas:**
\$150.00 for First Violation
- **Horseback riding in prohibited areas or maintaining a horse on site, failure to execute and comply with Boarding Facility Use Agreement:**
\$150.00 for First Violation

To the extent not expressly provided above, any violation of Article 3 of the Regulations has a base fine amount of \$150.00.

(C) Article 4: Forestry Violations.

- **Removing a living tree over 2 inches in diameter without approval from the designated authority:**
~~\$1,000~~500 for First Violation

To the extent not expressly provided above, any violation of Article 4 of the Regulations has a base fine amount of \$150.00.

(D) Article 5: Lakes and Fish Violations.

- \$100.00 for violating any of the General Rules for Fishing

(E) Article 6: Health, Safety and Public Welfare.

- **Starting a fire outside of an approved fire pit:**
\$500.00 for First Violation
- **Violating a fire ban:**
\$500.00 for First Violation
- **Violating any provision of the Outdoor Fire Permit:**
\$500.00 for First Violation
- **Discharging a firearm:**
\$500.00 for First Violation
- **Setting off fireworks or explosive devices:**
\$500.00 for First Violation
- **Hunting or trapping on private lots or common ground:**
~~\$1,500.00~~
- **Creating excessive noise or a public nuisance:**
\$150.00
- **Animals not under owner's control or off-site:**
\$150.00
- **Using poisons or pesticides outside of buildings:**

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\$150.00

- **Trash or garbage not properly stored or removed:**
\$150.00
- **Discharging black or grey water onto the ground:**
\$150.00 for First Violation
- **Lawn Watering:**
\$150.00

To the extent not expressly provided above, any violation of Article 6 of the Regulations has a base fine amount of \$150.00.

(F) Article 7: Vehicles and Traffic Control.

- **Failure to register vehicles, snowmobiles, ATVs UTVs, or trailers with the AIA:**
\$150.00 - a continuing violation
- **Speeding in excess of the posted speed limit:**
\$150.00
- **Unauthorized parking on the Filing Road:**
\$150.00
- **Operating street vehicle after road closure:**
\$150.00
- **Any motorized vehicle being operated off the Filing Roads or approved parking areas**
\$150.00 to \$500.00 depending on the damage caused
- **Failure to obey signs:**
\$150.00
- **Operation of off-highway vehicles in a manner that violates these Regulations:**
\$150.00
- **Failure to remove vehicles, trailers, snowmobiles and sleds from winter parking lot by designated date:**
\$150.00 - a continuing violation

To the extent not expressly provided above, any violation of Article 7 of the Regulations has a base fine amount of \$150.00.

(G) Articles 18, 19, and 20: Design Review Guidelines.

- **Failure to obtain approval of plans, plan changes or failure to follow approved plan:**
~~\$1,000~~500.00 for First Violation
- **Use of unapproved materials in building an Improvement:**
~~\$1,000~~500.00 - a continuing violation
- **Failure to obtain a Design Review Permit:**
~~\$1,000~~500.00 -a continuing violation
- **Failure to comply with ten (10) foot Setback restrictions:**
~~\$1,000~~500.00 for First Violation-a continuing violation
- **Detached garage with utilities other than electricity, propane or a wood stove:**
~~\$1,000~~500.00 for First Violation – a continuing violation

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- **Shed with utilities other than electricity, propane or a wood stove:**
\$~~1,000~~500.00 for First Violation – a continuing violation
- **Moving a prefabricated or existing shed onto a site without the approval of DRC:**
\$~~1,000~~500.00 - a continuing violation
- **Moving a prefabricated residence onto a site:**
\$~~1,000~~500.00 - a continuing violation
- **Installing Solar Equipment without DRC approval:**
\$~~1,000~~500.00 - a continuing violation
- **Building a fence without approval:**
\$~~1,000~~500.00 for building a fence without DRC approval
- **Failure to Dry-In within 3 years:**
\$~~1,000~~500.00 for First Violation - a continuing violation
- **Construction vehicles parked on a site without an active project or beyond the end of the building season:**
\$150.00 – a continuing violation

To the extent not expressly provided above, any violation of Articles 18, 19, or 20 of the Regulations has a base fine amount of \$~~1,000~~500.00.

(H) Any violation of any provision of the Covenants shall have the same fine as any violation of any corresponding provision of the Regulations. To the extent any provision of the Covenants does not have a corresponding provision of the Regulations, the amount of fine for the violation of the Covenants shall be \$150.00. To the extent that no fine is provided above for any provision of these Regulations, the base fine amount is \$150.00.

2. SCHEDULE OF FINES FOR SECOND AND SUBSEQUENT VIOLATIONS: Upon the occurrence of a second violation of the same covenant, bylaw, guideline, rule or regulation by the same violator, the amount of the fine shall be double the amount of the initial fine and, for every violation thereafter of the same covenant, bylaw, guideline, rule or regulation by the same Owner, it shall be triple the amount of the initial fine.

***Example 1:** If an owner shoots off fireworks, he would be liable for a fine at the base rate for shooting off fireworks. If the owner subsequently shot off fireworks, he would be liable for the base fine for the first firework event and subject to double fines for the second event and treble for the third event. Each event in which fireworks are shot off is treated as a single violation.*

***Example 2:** If an owner chops down a tree in violation of the Governing Documents, he will be liable for a single fine at the base rate per tree. Tree cutting violations have an especially high base fine because trees are seen as an integral part of the community. Accordingly, if the owner cuts down two trees, he will be liable at the base rate for the first tree, but liable at double the amount of the initial fine for the second and three times the amount for each subsequent tree removed in violation of the Governing Documents. By way of illustration, if the fine for unpermitted tree removal is \$~~1,000~~200 and the owner cuts down twenty trees to improve his view, he will be fined \$~~1,000~~200 for the first tree,*

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\$2,000,400 for the second tree, and \$3,000,500 (the maximum fine amount) for each of the remaining 18 trees for a total fine of \$57,000,600.

3. **INCREASED FINES:** The decision makers at any hearing, if one occurs, and AIA, if a hearing does not occur, may impose up to triple the amount of the fine as shown on the schedule of fines set forth above if the decision makers or AIA find:
- (A) That the violator acted with an intentional disregard of the covenant, bylaw, guideline, rule or regulation violated, or
 - (B) That the violation created a substantial risk to the health or safety of persons other than the violator.

***Example 1:** Owner John tells Owner Bob that he would love to shoot off fireworks, but shooting off fireworks in the subdivision violates its Governing Documents and is prohibited. Owner Bob agrees he also likes to shoot off fireworks and he proceeds to shoot off fireworks anyway. Owner Bob, knowing that shooting off fireworks violates the Governing Documents, could be charged three times the base fine amount for shooting off fireworks even if it is just his first violation.*

4. **CONTINUING VIOLATIONS:** Continuing violations are a separate violation for each day the violation exists, but fines are imposed every other day. If the violation is a continuing violation, a separate finding of a violation for each day that the violation continues is not necessary and the fines will automatically escalate pursuant to Article 9, Section 2 above, ever other day. A continuing violation will not be considered to have ceased until the violation in fact ceases as determined pursuant to C.R.S. § 38-33.3-209.5.

***Example 3:** An Owner constructs an Improvement without first obtaining the required approvals in accordance with the Governing Documents. The Improvement constitutes a new violation each day it continues to exist because it is a continuing violation. If the fine amount for constructing an Improvement without approval is \$1,000,100, the Owner will be fined \$1,000,100 for the day the Improvement is constructed, \$2,000,200 for the day after the Improvement is constructed, \$3,000,300 on the third and every day thereafter.*

5. **DEFINITION OF CONTINUING VIOLATION:** A continuing violation is any violation which by its nature will continue unless the violator or some other person removes, stops, or otherwise rectifies the cause for the violation. By way of example and not limitation, a continuing violation would include placing a prohibited number of recreational vehicles on a lot. Article 9, Section 1 provides a non-exhaustive and non-exclusive list of potential violations of the Regulations for AIA and, where applicable, identifies whether such violations will generally be considered continuing violations. Article 9, Section 1 does not identify certain violations of the Regulations as continuing violations where the violation will not generally be a continuing violation. However, though a particular violation is not designated in Article 9, Section 1 as a continuing violation, the actual violation may be a continuing violation notwithstanding the absence of such designation in Article 9, Section 1.
6. **MAXIMUM FINES:** Notwithstanding any other provision of the Governing Documents to the contrary, pursuant to C.R.S. §38-33.3-209.5, the total amount of fines imposed for a violation may not exceed five hundred dollars.

ARTICLE 11. DUES COLLECTION POLICY

1. **POLICY:** AIA's policy and procedures for the collections of dues and assessments, including all delinquent and other assessments, are as follows:
 - (A) Payments for assessments are to be mailed to AIA at the mailing address for AIA as set forth on its website: www.arrowhead1.org.
 - (B) Dues assessments are sent quarterly to each owner at the beginning of each quarter (January, April, July, and October).
 - (C) All assessed amounts are due by the end of the first month of the quarter (January 31, April 30, July 31, and October 31).
 - (D) A reminder notice is sent in the second month of the quarter (February, May, August, November).
 - (E) Any returned checks are subject to a \$25.00 returned check charge.
 - (F) Any unpaid amounts are included in the next billing cycle.
 - (G) An account is considered delinquent if unpaid four months after the due date (five months from the time the first billing was mailed: unpaid 1st quarter dues are delinquent on May 31; unpaid 2nd quarter dues are delinquent on August 31; unpaid 3rd quarter dues are delinquent on November 30; unpaid 4th quarter dues are delinquent February 28).
 - (H) Delinquent accounts are charged a late fee of thirty-five dollars (\$35.00), plus interest at a rate of ~~12%~~ 18% per year (0.66% per month).
 - (I) ~~AIA's attorney, on behalf of AIA, On a monthly basis and in accordance with C.R.S. § 38-33.3-209.5, will cause a Notice of Delinquency to be mailed by first-class mail and, if AIA has the relevant e-mail address, by e-mail, AIA shall send to each Owner with who has any outstanding balance owed AIA an itemized list of all assessments, fines, fees, and charges that the Owner owes to AIA. AIA shall send the itemized list to the Owner in English or in any language for which the Owner has indicated a preference for correspondence and notices and to any designated contact for the Owner.~~
 - (J) ~~AIA, before it turns over a delinquent account. The Notice of an Owner to a collection agency or refers it to an attorney for legal action, must send the Owner a notice of Delinquency will specify delinquency by certified mail, return receipt requested, specifying: (i) the total amount due, include a copy of the ledger that accounts for with an accounting of how the total was determined, state; (ii) whether the Owner is eligible opportunity to enter into a payment plan, and provide exists pursuant to C.R.S. § 38-33.3-316.3 and instructions for contacting AIA the entity to enter into such a payment plan. The notice will further inform the Owner; (iii) the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledge in order to verify the amount of the debt; and (iv) that action is required to cure the delinquency is required to be taken within thirty (30) days and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner owner, the filing and foreclosure of a lien against the Owner's Owner's property, or other remedies available under Colorado law. The notice of delinquency must: (i) be written in English and in any language that the Owner has indicated a preference for correspondence and notices; (ii) specify whether the delinquency concerns unpaid assessments; unpaid fines, fees, or charges; or both unpaid assessments and unpaid fines, fees or charges, and if the notice of delinquency concerns unpaid assessments, the notice~~

EXHIBIT A

of delinquency must notify the Owner that the unpaid assessments may lead to foreclosure; (iii) include a description of the steps AIA must take before AIA may take legal action against the Owner, including a description of AIA's cure process; and (iv) include a description of what legal action AIA may take against the Owner, including a description of the types of matters that AIA or the Owner may take to small claims court, including injunctive matters for which AIA seeks an order requiring the Owner to comply with the Governing Documents.

- (K) If the Owner is unwilling or unable to cure the delinquency in full within thirty (30) days, AIA's attorney, on behalf of AIA, will make a good faith effort to set up a payment plan with an Owner for the payment of delinquent assessments, UNLESS the Owner does not occupy the property and has acquired the property as a result of the foreclosure of a security interest encumbering the property OR the Owner has previously entered into a payment plan for the payment of delinquent assessments, in which case the Owner is not entitled to enter into a payment plan.
- (L) Any payment plan entered into with an Owner shall permit the Owner to pay off the deficiency in equal installments over a period of at least ~~six~~eighteen months. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment must be in an amount of at least twenty-five dollars until the balance of the amount owed is less than twenty-five dollars. An Owner who has entered into a repayment plan may elect to pay the remaining balance owed under the repayment plan at any time during the duration of the repayment plan. The Owner must remain current with regular assessments as they come due during the ~~six~~eighteen-month period, or such longer period as the Board may agree. ~~If Nothing in the Article prohibits AIA from pursuing legal action against an Owner if the Owner fails to comply with the terms of the Owner's payment plan, including the. An Owner's failure to remit payment of an three or more agreed-upon installmentinstallments or to remain current with regular assessments, the owner shall be in default and AIA may, without further notice to the owner, pursue legal action to collect the delinquent assessments. as they come due during the eighteen-month period, constitutes a failure to comply with the terms of the Owner's payment plan.~~
- (M) Legal remedies available to AIA to collect a delinquent account pursuant to the Governing Documents and Colorado law include filing suit to recover a money judgment personally against the Owner and foreclosure of AIA's statutory lien for assessments, which remedies may be pursued simultaneously. The Board shall review delinquent accounts to determine appropriate collections efforts on a case by case basis and will retain such legal counsel and collections agencies as may be appropriate in its discretion.
- (N) All attorney fees and costs incurred in pursuing legal remedies to collect a delinquent account, including but not limited to, negotiating and drafting payment plan agreements, preparing and recording of any notice of lien and release of lien, court filing fees, and service of process fees, shall be assessed to the Owner.
- (O) All payments received on a delinquent account are applied in the following order: first to assessments owed, with the oldest paid first, and the remaining amount first to interest, then to late fees, then to court costs, and then to attorney fees, ~~and then to dues-assessments with the oldest of each paid first.~~
- (P) In addition, there will be a transfer fee for the transfer of each Lot to be paid to the Association's manager. The amount of the transfer fee will be set forth in the schedule of fees established by the Board.