



**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COTTONWOODS AT DALTON RANCH HOMEOWNERS' ASSOCIATION
REGARDING THE IMPOSITION OF FINES AND CHARGES FOR
VIOLATIONS OF THE DECLARATIONS, BYLAWS, DESIGN GUIDELINES AND/OR
RULES AND POLICIES**

This resolution is adopted by the Board of Directors of the Cottonwoods at Dalton Ranch Homeowners' Association pursuant to Article 9, Section 9.3 of the Declaration of Protective Covenants Conditions and Restrictions for the Cottonwoods at Dalton Ranch, La Plata County Colorado (Article 8.3 of the proposed First Amended and Restated Declaration) and C.R.S. § 38-33.3-302.

It is the desire of the Board of Directors to set forth the procedure for the imposition of fines, charges and penalties for violations of the Declarations, Bylaws, Design Guidelines and Rules and Regulations of the Association.

Now THEREFORE, the Board of Directors adopts the following procedure for the imposition of fines, charges and penalties for violations of the Declarations, Bylaws, Design Guidelines and Rules and Regulations adopted by the Board and/or Architectural Control Committee:

1. Sanctions / Fines: The Board of Directors may impose fines or sanctions for violations of the Declarations, Bylaws, Design Guidelines and Rules and Regulations only after the Owner(s) have been provided with notice and the opportunity to be heard. Monetary fines shall not exceed \$500.00 for any violation and/or \$25 per day (with no maximum amount) for continuing violations.
2. Demand / Notice of Violation. The Board will have a preference (but not a requirement) to attempt to resolve the alleged violation with a conversation with the Owner(s) involved. Before sanctions or fines may be imposed, a Notice of Violation including a demand to cease and desist from an alleged violation of the Declarations, Bylaws, Design Guidelines and Rules and/or Regulations or a demand to bring any Lot into compliance with the Declarations, Bylaws, Design Guidelines and Rules and/or Regulations shall be sent to the Owner(s) of the lot in violation. The Notice of Violations shall state: (a) the alleged violation(s); (b) the action required to abate the violation(s); (c) the date by which the violation(s) must be corrected; and (d) that sanctions in an amount of up to \$1,000 or \$25 per day (with no maximum amount) for continuing violations may be imposed.
3. Notice of Hearing. If the violation continues past the period allowed in the Notice of Violation, the Board shall provide written notice to the Owner(s) in violation that the Board of Directors will hold a hearing, with invitations to the Owner(s) initiating the complaint and the Owner(s) with the alleged violation, to determine if sanctions should be imposed. The Notice of Hearing shall contain: (a) the nature of the alleged violation; (b) the time and place of the hearing, (c) an invitation to the Owner(s) to attend the hearing in person and/or submit a written response and to produce any statement, evidence, and/or witnesses on his or her behalf; (d) a date by which the Owner must provide written notice of his/her intent to attend the hearing and/or a written response to the Notice of Violation; and (e) the proposed fine, charges or sanction to be imposed. In the event the Board of Directors does not receive written confirmation from the Owner of his/her intent to attend this hearing, then the Owner will have waived his/her appearance and the Board will be entitled to impose sanctions, which in its discretion are deemed to be appropriate based on the nature, type and length of violation.
4. Delivery of Notice of Violation and Notice of Hearing: Delivery of a Notice of Violation(s) and/or Notice of Hearing shall be deemed complete upon depositing the same in the U.S. Mail, certified or registered, addressed to the Owner's address as reflected on the Association's records. The Notice of Hearing shall

Rth: AREM Property Mngmt.
1201 Main Ave. Ste. 103
Durango, CO 81301

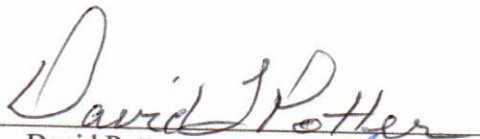
provide the Owner with a reasonable time to respond. In the event the Owner does not claim a Notice delivered by certified or registered mail, a process server may, at the Board's discretion, be used to deliver the correspondence. Cost associated with delivery by process server will be borne by the Owner regardless of the outcome of the hearing.

5. Legal Representation. The Board anticipates that the hearing process will involve only the Board and the Owner or the Owner's personal representative. Legal representation is not encouraged. However, should the Owner elect to retain and be represented by counsel at the schedule hearing, the Owner must provide the Board with at least twenty-four (24) hours written notice that legal counsel will be present at the meeting. Should the Board, in response, elect to be represented by legal counsel, the reasonable costs of that representation shall be borne by the Owner, if at the conclusion of the proceeding, the Owner is found to be/have been in violation as alleged.
6. Abatement of Violation. In the event that the Owner(s) abate the violation prior to the date of the hearing, the Board shall have the discretion but shall not be required to cancel the hearing.
7. Hearing. The hearing shall be held in executive session. After the hearing, if the Board determines that there has been or continues to be a violation as specified in the Notice of Hearing, the Board shall determine the sanction to be imposed, if any, including the amount of any fine(s). In imposing sanctions and fines against an Owner, the Board shall consider: (1) the seriousness of the violation; (2) whether this is a first violation, or a continuing violation; and (3) whether the type of offense poses a danger to property or any person. After the sanction and amount of any fine has been determined, the Board shall determine the due date for the payment of such fine(s). The Board shall provide the Owner with written notice of any sanctions including the amount and due date of any fines. The minutes of the meeting shall contain: (a) a written summary of the hearing; (b) sanctions and fines imposed, if any; (c) a copy of the Notice of Hearing and statement of the date and manner of delivery.
8. Collection. Collection of any fines may be enforced against any Owner in the same manner as the collection of delinquent assessments, including the placement of a lien on the Owner's lot if the fine is not paid in a timely manner. Any fine not paid within thirty days of its due date shall be deemed delinquent. Interest on delinquent fines shall accrue at the rate of 1.5% per month, and the Association shall be entitled to all costs and reasonable attorneys fees associated with collection whether or not formal legal action is commenced.
9. Continuing Violation. If the violation(s) continue beyond the date the sanctions were imposed, the Association may issue a new notice of violation and proceed with a new hearing process to include the imposition of sanctions and fines.

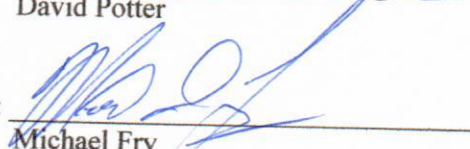
Date Adopted: 1/26/2018

On Behalf of the Board of Directors:

President:


David Potter

Vice President:


Michael Fry

Secretary:


Alan Markert