

4. Fine Policy, Notice and Hearing Procedures (CLRRA):

4.1 Fine Policy. The Association may levy fines for violations of the Association Documents in accordance with the following fair and impartial fact-finding process which is designed to determine whether the alleged violation actually occurred and whether the owner allegedly violating the Association Documents is the one who should be held responsible for the violation.

4.2 Notice of Violation (“Notice”). The Notice of Violation process is as follows:

4.2.1 The Association or any member of the Association may report a violation. If reported by a member, the member should report the violation in writing to the Association at the Association’s address. If the violation is of the type that can be readily photographed, any report of the violation should include one or more photographs of the violation.

4.2.2 The Crystal Lakes Road & Recreation Association (CLRRA) Board of Directors authorizes the Manager to designate persons or committees to verify the violation and issue a written Notice to the violating Owner. The Notice will describe the nature of the violation, the time frame for correcting the violation (expressed as a certain number of days after the effective date of the Notice as determined below), and state that the Association may seek to remedy the violation and otherwise protect its rights as specified in the Association Documents and as provided by law.

4.2.3 The Notice, together with a copy of this Policy, will be hand delivered or sent via U.S. Mail, first class postage prepaid, addressed to the last registered address of the Owner as listed in the Association’s records. The Notice will be considered effective immediately if hand delivered or three days after it is deposited in the mail.

4.2.4 The Owner receiving the Notice then has the amount of time specified in the Notice to correct the violation.

4.2.5 If the violation is not corrected within the specified time, a fine is levied starting on the first day after the time period for correcting the violation expires, subject to the Request for Hearing provisions below.

4.3 Requests for Hearing. Any Owner receiving a violation Notice has the right to request a hearing before the Hearing Panel, which serves as the impartial decision-maker on behalf of the CLRRA Board of Directors in such cases. To request a hearing, the Owner must contact the Association in writing within four days after the effective date of the Notice. The Association’s Hearing Panel shall then set a date for the hearing, usually the Sunday following the third Saturday of each month. If the hearing, for whatever reason, cannot be held prior to the date when the fine is otherwise scheduled to commence, the date the fine begins shall be extended to the day following the hearing. No Hearing Panel member or CLRRA Board member may have any direct personal or financial interest in the outcome of the hearing process. A Hearing Panel member or Board member shall not be deemed to have a direct personal or financial interest in the outcome if that member will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. Any Hearing Panel member or Board member who does have any direct personal or financial interest in the outcome of the hearing process shall not participate in the hearing. The purposes of the

hearing are to (1) determine if the Owner receiving the Notice should be held responsible for the alleged violation, (2) evaluate any mitigating circumstances, and (3) make arrangements for bringing the violation into compliance over a period of time if warranted.

The hearing process will not and cannot be used to determine if a particular provision of the Association Documents is desirable.

4.4 Hearing Procedure. The general procedure for the hearing is as follows:

4.4.1 The presiding Hearing Panel member shall (1) establish a quorum, (2) explain the Fine Policy and procedures, and (3) describe the nature of the violation as specified in the Notice.

4.4.2 The Owner may then provide rebuttal to the Notice using witnesses or any other information deemed relevant and necessary.

4.4.3 The Owner may elect to submit a written rebuttal if s/he does not choose to personally attend the hearing. The Owner shall include a statement in the rebuttal acknowledging their choice to not appear in person at the scheduled hearing, and that the Owner shall abide by the conclusions reached at the hearing by the Hearing Panel.

4.4.4 After all testimony and other evidence has been presented, the Hearing Panel shall decide whether the Owner should be held responsible for the alleged violation. If the Hearing Panel finds that the Owner has violated the Association Documents, a fine shall then be assessed by the Hearing Panel or mutually agreeable arrangements made with the Owner to ensure correction of the violation and compliance in the future. If the Hearing Panel finds that the Owner should not be held responsible for the alleged violation, then (1) no fine shall be assessed, and (2) the Association shall not allocate to that Owner's Association account any of the Association's costs or attorneys' fees incurred in asserting or hearing the alleged violation.

4.5 Fines. If levied, a fine shall be paid within fifteen days. If an Owner fails to pay the fine in a timely manner or the violation is not corrected, the Hearing Panel has the right to assess a one-time fine in the amount of \$100 to \$500 (as the Hearing Panel deems reasonable and necessary to promote correction of the violation). In addition, the Hearing Panel may assess daily fines for any continuing or persistent violation in the amount of \$15 to \$25 per day (as the Hearing Panel determines to be reasonable and necessary to promote correction of the violation) until the Owner has corrected the violation. The Owner is responsible for notifying the Association in writing if and when the violation has been corrected. Any daily fine shall continue at the stated rate until the earlier of (a) the date on which the Owner gives written notice of correction, regardless of when the violation was corrected, or (b) 120 days after commencement of the daily fine. The Crystal Lakes Road & Recreation Association Board of Directors will accept appeals in written form.

4.6 Injunction. If the violation has not been corrected within 120 days after commencement of a daily fine, or after imposition of a one-time fine, the Association may commence the necessary legal proceedings under the Association Documents or under Colorado law to compel correction of the violation as well as to recover any unpaid fines, court costs, attorneys' fees and other Association expenses arising from the

violation. Nothing in this paragraph shall preclude the Association from commencing legal proceedings to correct the violation prior to expiration of the 120 day period.

4.7 Collection of Fines. Assessed fines shall be billed to the Owner by U.S. Mail, and are legally collectable as Assessments in accordance with the Association Documents and Colorado law. The fines are the personal obligation of the violating Owner and, in addition, constitute a lien against such Owner's property. Furthermore, the violating Owner is responsible for all costs and reasonable attorney fees incurred by the Association as a result of the violation.

4.8 Repeat Violations. A "repeat violation" is a violation committed by an Owner which is the same as the original violation committed by that Owner, and which occurs within twelve months after the original violation. A repeat violation is considered a continuation of the original violation, and thus an Owner committing a repeat violation is not entitled to the same hearing procedures set forth above. However, the Association shall provide Notice of the repeat violation to the Owner in accordance with Section 4.2 above. If the repeat violation has not been corrected within the time period specified in the Notice for correction of the violation, then the fine (which will be determined by the Hearing Panel and may be up to double the amount of the fine assessed for the original violation) will commence upon the expiration of the correction period, notwithstanding any other provisions of this Fine Policy to the contrary. An Owner committing a repeat violation shall have no right to a hearing on such repeat violation before the Board.

4.9 Fine Not Exclusive Remedy. Fines levied under this Policy are not the Association's exclusive remedy for addressing a violation. Nothing in this Fine Policy precludes the Association from pursuing any other remedy provided under the Association Documents or under Colorado law for correcting the violation.

Adopted by the Joint Boards of Directors January 17, 2009

Revised and adopted by the CLRRRA Board of Directors August 15, 2009