



RULE REGARDING VIOLATIONS

WHEREAS, Section 305 of the Declaration of Covenant (the "Covenants"), Section 2(b) of Article III(c) of the Articles of Incorporation (the "Articles"), Section 2(B) of Article IV and Section 3 of Article X of the Bylaws (the "Bylaws") empower the Board of Directors ("Board") of the Green Valley Ranch Homeowners Association (the "Association") to adopt and publish rules; and

WHEREAS, Section 401 of the Covenants allows the Board to impose fines and Section 406(b) of the Covenants allows the Board to impose special assessments for breach of the Covenants, Bylaws, or Rules; and

WHEREAS, the Board has adopted the procedures contained in this Rule in order to enforce the Association's Covenants, Bylaws and Rules.

NOW, THEREFORE, BE IT RESOLVED, that the following Rule has been adopted by the Board of Directors of the Association:

1. Special Assessment for Violations. This Rule shall apply to any alleged violation ("Violation") of the Association's Covenants, Articles of Incorporation, Bylaws and Rules, except and excluding non-payment of assessments or other sums. It shall be in addition to all other rights and remedies of the Association and may be exercised by the Association's Board in its sole discretion. Any special assessment under this rule shall also constitute a fine as set forth in the Covenants and Bylaws.
2. Complaints: Initial complaints of any Violation may be presented to the Board in writing or orally by any person in writing before or at any meeting. The Board shall, in its discretion, determine whether or not the complaint shows cause for further proceedings. The Board should not decide the validity of the complaint at that meeting, but rather should notify the alleged violator and shall set it for hearing at a later date, if it finds cause is shown that the alleged violator has committed or permitted a Violation.
3. Notice: If the Board decides that cause has been shown for a hearing, the Board, or its officers or agents, should then send a written notice (the "Notice"), by regular mail and certified mail, return receipt requested, to any alleged violator (and a copy should be sent to the owner, if the alleged violator is a tenant, contractor, guest or family member). The Notice should indicate the time and place of a hearing before the Board, and any other information regarding the Violation which the Board deems appropriate in its discretion. The Notice shall be deemed received by the alleged violator three (3) days after mailing. The Notice may be sent to the property if the owner has failed to register a current mailing address. The Notice may also be sent to the complaining party.
4. Hearing: At any hearing, the Board may consider any written or oral information produced by the alleged violator or other interested party. Hearings may, in the Board's sole discretion, be held in executive session because they may involve privacy and/or possible litigation issues. Any legal or statutory rule of evidence or procedure shall not apply to the hearing, and the Board may restrict testimony or proceed in any manner or order which it deems appropriate in its discretion. Generally, any

relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions.

Hearsay evidence shall be sufficient in itself to support a finding. The Board, in its discretion, may close the hearing to the public, press or any third parties. The Board may tape record or otherwise transcribe the hearing. The Board may proceed with the hearing even if the alleged violator fails to appear or refuses to participate or to submit information. The alleged violator may cross-examine any witnesses or documents presented. The alleged violator may be represented by legal counsel so long as the alleged violator gives the Board at least five (5) days prior written notice, in which case the Board's attorney may be present as well. After hearing any information, witnesses, or documents presented at the hearing, the Board's decision shall be made by majority vote of the Board members present, and a brief summary of the decision and the sanction, if any, shall be sent by regular mail to the alleged violator and to the owner, if necessary. The Board's decision may include a fine/special assessment imposed upon the Owner and the Lot pursuant the Covenants, the Articles, the Bylaws and this Rule.

5. Extent of Violations: Each incident or each day of a continuing Violation may be considered a separate Violation for which any maximum special assessment may be imposed. For example, each day during which a vehicle is illegally parked may be a separate Violation. The Board may in its discretion impose increased special assessments for repeated or intentional Violations.

6. Parties to Violations: Owners shall be responsible for Violations committed by their contractors, guests, family members, and tenants, for example, pets or vehicles kept by tenants. The Board may proceed against both the owner and the agent or tenant, simultaneously or separately, and actions against one shall not bar action against the other. The Board may contact the police, any regulatory or licensing authorities or other third parties regarding the alleged Violation, but any action or decision by those parties shall not bar the Board from proceeding.

7. Special Assessments and Sanctions: The amount of the special assessment shall be determined by the Board in its discretion after considering the Violation, including without limitation, a Special Assessment of \$50.00 per day which may be imposed for any continuing Violation of the Association's Covenants, Articles of Incorporation, Bylaws, and Rules, except and excluding non-payment of assessments. No special assessments will be retroactive, but will commence thirty (30) days after written notification of such Violation to that Association member. Any special assessment shall be both a personal obligation of the owner(s) of the property or the violator or both and shall also be a special assessment creating a lien which may be recorded against the property and may be foreclosed as provided in the Covenants. The Board may notify any lender and credit agency of such obligation and lien. Additionally, the Board may bring legal action to enforce the violated provision, to recover the special assessment, and to exercise all other rights and remedies, whether simultaneously or sequentially, and the exercise of any right or remedy shall not preclude or postpone any other. Any Violation shall entitle the Board to recover from the owner(s) of the property or violator or both, its reasonable attorneys fees, court costs, interest, and any other collection expenses, regardless of whether litigation is instituted or is successfully concluded. The Board may seek to recover such fees and costs by all legal remedies, including without limitation, charging such fees and costs to the owner's account with the Association and imposing late charges.

8. Substantial Compliance. Technical irregularities or defects in the complaint, Notice or other compliance with this Rule shall not invalidate the proceedings or any special assessment or sanction imposed. This Rule shall be liberally construed to accomplish prompt, effective enforcement of the Association's Covenants, Bylaws, and Rules.

9. Effective Date: This Rule may be applied by the Board to any Violations occurring, whether before or after the date of its adoption.

Adopted this 30TH day of DECEMBER, 2010.

Green Valley Ranch Homeowners Association,
a Colorado nonprofit corporation

By: Walter W. [Signature]
Its: President