

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.  
ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES  
POLICY AND PROCEDURES**

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for adoption and amendment of policies, procedures and rules.

1. The Board of Directors, in its sole discretion, shall determine if a policy, procedure or rule is necessary for an issue, which has an effect on the community.
2. The Board of Directors may, but is not obligated to, provide notice to the Unit Owners of the meeting when the issue and the proposed policy, procedure or rule will be discussed.
3. Prior to adopting or amending a policy, procedure or rule, the Board of Directors shall consider the following criteria:
  - a. Necessity and reasonableness
  - b. Contribution to the protection, enhancement and preservation of property values.
  - c. Clarity of definition
  - d. Enforceability
  - e. Absence of conflict with Association's governing documents and applicable local, state or federal regulations or statutes.
4. Any adoption or amendment of a policy, procedure or rule shall be performed at a Board of Directors meeting open to all members or their representatives.
5. An affirmative vote from a majority of the Board of Directors in attendance when a quorum is present at the meeting shall be required to adopt or amend a policy, procedure or rule.
6. Any policy, procedure or rule shall become effective per the date determined by the Board of Directors but not less than 15 calendar days after the mailing of such policy, procedure or rule in writing to each member of the Association.
7. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES POLICY AND PROCEDURES was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_

# CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC. COLLECTION POLICY AND PROCEDURES

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy and procedures for the collection of unpaid assessments.

1. DUE DATE FOR ANNUAL ASSESSMENTS: Each monthly installment of any annual assessment shall be due and payable on the 1<sup>st</sup> day of each month. Payments must be received in the Association's office or the Association's payment processor's office by the 30th of the month to avoid late fees and interest. Any monthly installment not paid in full within 30 days of the due date shall be subject to a late fee of \$10.00 and bear interest at the rate of 18 % per annum. Late fees may be increased by a majority vote of the Board of Directors. In the event the Board of Directors votes to increase the late fee, notice of the increase shall be sent to all Unit Owners not less than 15 calendar days before the increase goes into effect.
2. DUE DATE FOR OTHER ASSESSMENTS: Any additional assessment, special assessment, or reimbursable charges ("Additional Assessment") charged to a Unit Owner's account shall be due and payable within 30 calendar days of notice. Additional assessment must be received in the Association's office or the Association's payment processor's office within 30 calendar days of the notice to avoid late fees and interest. Any additional assessment not paid in full within 30 days of the notice shall be subject to a late fee of \$10.00 and bear interest at the rate of 18 % per annum. Late fees may be increased by a majority vote of the Board of Directors. In the event the Board of Directors votes to increase the late fee, notice of the increase shall be sent to all Unit Owners not less than 15 calendar days before the increase goes into effect.
3. VOTING RIGHTS SUSPENSION: A Unit Owner's voting rights and/or rights to use the recreational facilities shall automatically be suspended, without further notice, if any monthly installment is not paid within 30 calendar days of the due date. Upon payment in full of all amounts due and owing, Unit Owner's voting rights will be reinstated.
4. RETURNED CHECK CHARGES: In the event any instrument or check tendered to the Association is not honored or is returned by the bank for any reason including insufficient funds, the Association may impose a returned check fee of \$25.00 plus any additional bank charges. The amount of the returned check plus the additional fees will be due and payable to the Association. If good payment is not received by the dates set forth in Paragraph 1 or 2 above, late fees and interest charges may also be applied. Returned check charges may be increased by a majority vote of the Board of Directors. In the event the Board of Directors votes to increase the returned check charges, notice of the increase shall be sent to all Unit Owners not less than 15 calendar days before the increase goes into effect.
5. REFERRAL OF DELINQUENT ACCOUNT TO ATTORNEY: At any time, the Association may, but shall not be required to, refer delinquent accounts to its attorney for collection. The Association's attorney is authorized to take whatever action is necessary in consultation with the

President of the Board of Directors or other person designated by the Board, and believed to be in the best interest of the Association, including but not limited to:

- a. Filing a Notice of Assessment Lien against the Unit Owner's real property subject to the assessment obligation, if not already filed.
- b. Filing a lawsuit against a delinquent Unit Owner for a money judgment. Once a money judgment is awarded, the Association may pursue remedies such as wage and/or bank account garnishment.
- c. Instituting a judicial foreclosure action on the Association's assessment lien.
- d. Seeking the appointment of a receiver or implementing other legal and equitable methods to collect the delinquent assessment and other amounts.
- e. Monitoring any bankruptcy filing and filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claims.

Once the delinquent account is referred to the attorney for collection, all communication with the delinquent owner shall be handled through the attorney. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. The Association shall be entitled to recover reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Unit Owner. The attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand, and shall be charged as an assessment against the Unit Owner's account.

6. LIEN FILING: In the event the delinquent balance is not paid in full as required, the Association may cause a notice of assessment lien to be recorded against the real property subject to the assessment obligation. Any costs or expenses incurred for filing a lien against the Unit Owner's real property shall be charged as an assessment against the Unit Owner's account.
7. NOTICE TO DELINQUENT UNIT OWNERS: The following time frames for a Unit Owner's notification of delinquent account may be followed for collection of monthly installments of the annual assessment and other charges:
  - a. 30 - 35 calendar days after due date, the Association or managing agent will send a 1<sup>st</sup> notice of delinquent account to the Unit Owner.
  - b. 45 - 60 calendar days after due date, the Association or managing agent will send a 2<sup>nd</sup> notice of delinquent account to the Unit Owner. This 2<sup>nd</sup> notice will also inform the Unit Owner of Association's intent to file a lien and/or turn the account over to the Association's attorney for collection.
  - c. As set forth in Paragraph 4 above, Association may refer delinquent accounts to its attorney for collection at any time after a 2<sup>nd</sup> notice of delinquent account has been sent to the Unit Owner.

Failure of the Association or the managing agent to send notices as outlined above does not relieve any Unit Owner of his/her obligation for assessments, late fees, interest or other charges assessed.

8. PAYMENT APPLICATION: All payments in less than the full amount owed to the Association shall be applied in the following order:

- 1<sup>st</sup> – Attorneys fees, legal fees and costs
- 2<sup>nd</sup> – Association’s collection costs
- 3<sup>rd</sup> – Reimbursement for chargeable expenses
- 4<sup>th</sup> – Fines
- 5<sup>th</sup> – Late fees
- 6<sup>th</sup> – Interest
- 7<sup>th</sup> – Special assessments, if any
- 8<sup>th</sup> – Annual assessments

9. WAIVERS: Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association’s right to require strict compliance and shall not be deemed a defense to payment of assessment fees or other charges, late charges, returned check charges, attorney fees and/or costs as described and imposed by this Collection Policy.
10. In the event of any conflict between this Policy and Procedure and the Association’s Declarations and Covenants, or Colorado law, the Association’s Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this COLLECTION POLICY AND PROCEDURES was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
 President

ATTEST:

By: \_\_\_\_\_

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.  
CONFLICT OF INTEREST POLICY**

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for Board Members' conflict of interest:

1. A conflict of interest of a Board Member shall be deemed to exist if the Board Member or his/her spouse, children, grandchildren, parent, grandparent, or sibling; or the spouse of his children, grandchildren, parent, grandparent, or sibling would receive a financial benefit from a contract, transaction, or arrangement with the Association. Financial benefit shall include a direct or indirect financial compensation, as well as gifts and favors even if unsubstantial.
2. In the event that such a conflict shall exist, the interested Board Member shall disclose the conflict to the existing Board Members during the first meeting at which the interested Board Member is present after the conflict of interest is or should be discovered. Such disclosure shall be recorded in the minutes for the meeting.
3. If the disinterested Board Members so determine, the interested Board Member may be asked to leave the meeting during discussion of the proposed contract, transaction, or arrangement. If interested Board Member is allowed to stay, he/she may answer questions and briefly state his/her position on the matter but shall not use his/her personal influence to attempt to persuade the remaining members.
4. The interested Board Member may not vote on the issue. The minutes for the meeting shall reflect the abstention from voting and the reason for the abstention.
5. If the interested Board Member fails to disclose a conflict of interest in violation of this policy and Colorado Law, any contract, transaction or agreement may be deemed void and unenforceable. The Association may seek restitution for damages from the interested Board Member failing to disclose the conflict, including all costs and attorney's fees.
6. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this CONFLICT OF INTEREST POLICY was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.  
RESERVE FUND INVESTMENT POLICY**

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for investment of the reserve fund:

1. The Board of Directors will determine the amount to be transferred to the reserve fund on an annual basis. This amount will be included in the Association's yearly budget.
2. Reserves may be invested in the following financial instruments which may be recommended by the Association's financial advisor and in accordance with the Association's financial goals:
  - a. Certificates of deposits
  - b. Money Market deposit accounts or funds
  - c. US treasury bonds and zero coupons
  - d. Municipal bonds
3. The principal objective for reserve funds is to maintain, repair, and replace those capital items, which the Association is responsible to periodically maintain, repair or replace. Reserve funds shall be invested to achieve the following goals in order of priority as follows:
  - a. Preservation and safety of principal
  - b. Liquidity of funds to meet expected and unexpected capital expenses
  - c. Maximization of yield
4. All reserve fund investments decisions will be subject to the approval of the Board of Directors and should be reviewed on a yearly basis.
5. Any expenditure of Association reserve funds will require the signature of at least two Board Members. However, the managing agent shall have the authority to transfer funds between the reserve accounts and operating account, as needed.
6. The Association shall maintain adequate fidelity coverage to protect against theft or dishonesty as stated in the Association's governing documents.
7. The Association shall maintain monthly reserve fund statements including detailed accounting of current values, income and all transactions.
8. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this RESERVE FUND INVESTMENT POLICY was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_

# CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC MEETINGS POLICY AND PROCEDURES

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy and procedures for meetings of the Association.

## **Members Meetings and Special Meetings**

1. Meetings of the Unit Owners shall be held in accordance with the Association's Governing Documents or at least once per year. Special meetings may be called by the president, a majority of the Board of Directors, or by a petition signed by not less than 20 % of eligible Unit Owners. Special meetings will be held within 45 days after the proper request for such meeting is received. The Board of Directors, in their sole discretion, will determine the time and place of any Unit Owners meeting or special meeting.
2. Notice of any members meeting or special meeting will be sent not less than ten (10) nor more than fifty (50) calendar days in advance of the meeting by postage prepaid US mail to the mailing address of each unit or to any other mailing address designated in writing by the Unit Owner. The notice will also be physically posted on the Association bulletin board or in another conspicuous place when such posting is feasible and practical. The notice shall state the time and place of the meeting and the items on the agenda including the general nature of any proposed amendment to Governing Documents, any budget changes, and any proposal to remove a member of the Board of Directors.
3. If possible, the Association will provide notice of any Unit Owners' meeting or special meeting in electronic form by posting on a website or by electronic mail to those Unit Owners who so request and provide the Association with their electronic mail address. Electronic notice will be sent out as soon as possible but not less than 24 hours prior to the meeting.
4. All Unit Owner meetings or special meeting will be open to every Unit Owner of the Association or to any person designated by a Unit Owner in writing as the Unit Owner's representative.
5. Prior to the meeting, each Unit Owner must sign in for himself/herself and any proxies he/she holds. If a vote or election is to be held then the Unit Owner will be given the appropriate number of ballots.
6. The President of the Association Board of Directors or such other person as may be designated by the Board of Directors shall serve as the Chair and preside over the meeting. All items under consideration must be motioned and seconded prior to discussion and voting.
7. All Unit Owners or their designated representative will be allowed to speak at the appropriate time during deliberations and proceedings. The Chair, in his/her reasonable discretion, has the right to limit the amount of time each person will be allowed to speak. Any person not in compliance with the following rules of conduct may be asked by the Chair to leave the meeting:

- a. Members must be recognized by the Chair before speaking
  - b. All comments and questions must be made in a businesslike manner and be relevant to the item under discussion
  - c. Only the Chair may interrupt the speaker. Unit Owners may not interrupt the speaker or otherwise disrupt the meeting
  - d. Unit Owners must refrain from using rude, abusive, threatening, or foul language and from making personal attacks.
8. Votes for positions on the Board of Directors shall be taken by secret ballot. Upon the request of one or more Unit Owners, a vote on any other matter on the agenda and affecting the common interest community, on which all Unit Owners are entitled to vote, shall be by secret ballot.
  9. The Association is not required to hold Member or Special meetings in accordance with Robert's Rules of Order.

### **Board Of Directors Meetings**

1. Board of Directors Meetings shall be held in accordance with the Association's Governing Documents or at least quarterly.
2. All Board of Directors meetings will be open to every Unit Owner of the Association or to any person designated by a Unit Owner, in writing, as the Unit Owner's representative.
3. Prior to the meeting, each Unit Owner who intends to speak must sign in. The Board of Directors will designate a forum at the beginning of each meeting. The time limit for the forum will be determined by the Board of Directors but shall not be less than 15 minutes. Only those Unit Owners who have signed in will be allowed to speak during this time.
4. Any person not in compliance with the following rules of conduct may be asked to leave the meeting:
  - a. Unit Owners must be recognized by the Chair before speaking.
  - b. All comments and questions must be made in a businesslike manner.
  - c. Only the Chair may interrupt the speaker. Unit Owners may not interrupt the speaker or otherwise disrupt the meeting.
  - d. Unit Owners must refrain from using rude, abusive, threatening, or foul language and from making personal attacks.
5. The President of the Association Board of Directors or such other person as may be designated by the Board of Directors shall preside over the meeting. All items under consideration must be motioned and seconded prior to discussion. Except as set forth above, Unit Owners who are not Board Members may not participate in the Board of Directors discussion unless expressly authorized by a vote of the majority of the Board Members.
6. At the conclusion of the discussion, but prior to a vote on the motion by the Board Members, the Board of Directors shall permit a reasonable number of Unit Owners to speak before formal

action is taken on the item under discussion. The Board of Directors may limit the number of Unit Owners allowed to speak but shall provide speaking opportunities for an equal number of Unit Owners on each side of an issue. The Chair, in his/her reasonable discretion, has the right to limit the amount of time each person will be allowed to speak.

7. Meeting minutes shall record all motions and the number of votes in favor, votes against, and abstentions.
8. The Board of Directors may hold a closed door session and restrict attendance of Unit Owners to discuss the following issues:
  - a. Matters pertaining to employees of the Association or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
  - b. Consultation with legal counsel concerning disputes that are the subject of possible, contemplated, pending or imminent court proceedings or matters that are attorney-client privileged;
  - c. Review of or discussion relating to any written or oral communication from legal counsel.
  - d. Investigative proceedings concerning possible or actual criminal misconduct;
  - e. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.
9. The Association is not required to hold Board of Directors Meetings in accordance with Robert's Rules of Order.
10. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this MEETINGS POLICY AND PROCEDURES was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_

# CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC RECORDS INSPECTION POLICY

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for records inspection:

1. A Unit Owner or duly authorized representative shall be entitled to inspect and copy the Association's records during regular business hours at the Association's principal office provided the request is made in good faith and for proper purpose and the Unit Owner delivers written notice to the Association. All requests must be submitted on the Association's record inspection form attached to this policy. Written notice must include:
  - a. Detailed description of the records requested for inspection or copying including type of reports, dates, addresses, etc.
  - b. Detailed description of the purpose the Unit Owner has for reviewing the requested records.
2. The Board of Directors, in its sole discretion, may determine whether a Unit Owner's request to inspect and copy records is made in good faith and for a proper purpose.
3. A membership list or any part thereof may not be used for the following purposes without the written consent of the Board of Directors, including but not necessarily limited to:
  - a. To solicit money or property unless such money or property will be used solely to solicit votes of the members in an election to be held by the Association;
  - b. For any purpose not directly related to a Unit Owner's interest as a Unit Owner;
  - c. For any commercial purpose;
  - d. To be sold or purchased by any person or entity.
4. After receipt of a written request and determination that the inspection is in good faith and for proper purpose, the Association shall make an appointment, which is convenient to Association or managing agent to conduct the inspection. All records shall be inspected at the office of the Association's managing agent, unless otherwise agreed upon in advance. All appointments will be limited to 4 consecutive hours.
5. The Association may impose a reasonable charge for all copies provided to a member. The charge may not exceed the actual cost for copies charged to the Association. If a Unit Owner requests documents which must be retrieved from archived storage or other sources, (e.g. attorney, CPA, etc.), the member will be responsible for all costs, payable in advance, of retrieval including but not limited to retrieval fee, labor, materials, and postage.
6. Records may not be removed from the premises where they are inspected without the prior written consent of the Board.

7. The following records may be kept confidential by the Association:
  - a. Documents relating to attorney/client privilege or regarding possible, contemplated, pending or imminent legal action or court proceedings
  - b. Documents which according to the law cannot be disclosed to a third party
  - c. Documents which if disclosed would constitute an invasion of privacy
  - d. Documents regarding personnel or employment issues
  
8. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this RECORDS INSPECTION POLICY was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.  
COVENANT AND RULES ENFORCEMENT POLICY AND PROCEDURES**

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for the enforcement of the covenant and rules of the Association:

1. Any Unit Owner, Resident, Board Member or managing agent may contact the Association regarding an alleged violation of the Association's governing documents. Complaints that cannot be verified by the Association's Board of Directors or managing agent must be made in writing. Written complaints must clearly indicate the nature of the violation, the date, time and location of the violation and the name(s) or address of the accused. Neither Board Members nor the managing agent will be obligated to consider or investigate verbal complaints.
2. After the receipt of a complaint of an alleged violation of the Association's governing documents, a notice of alleged violation will be sent to the Unit Owner, which states the specific alleged violation that is occurring and the possibility that fines will be imposed. The Association may also send the notice of alleged violation to any residents of the unit but will not be required to do so. The Board Directors has the authority to determine if a complaint has a valid basis before a notice of alleged violation is sent.
3. If a Unit Owner wishes to dispute an alleged violation, he/she must request a hearing with the Board of Directors, in writing, within 14 calendar days of the date of the notice of alleged violation. Failure to request a hearing with the Board of Directors will be construed as an admission of the violation and the right to a hearing will be deemed waived forever. If a request for a hearing is not received, the Board will determine, in its sole discretion, if a violation has occurred and may assess fines.
4. If an Unit Owner requests a hearing, the Unit Owner will be notified of the time, date and place of the hearing, not less than 5 days before the scheduled hearing date. The Board, in its sole discretion, may grant continuances for good cause.
5. At the start of the hearing, the Board of Directors will explain the procedure, rules and guidelines by which the hearing will be conducted. Each party will be allowed to speak and present evidence, testimony and witnesses if so desired. At the completion of the presentation of evidence, the Board of Directors will make a decision, for or against a Unit Owner, regarding the alleged violation. The decision will be based on the vote of a majority of the Board of Directors present at the hearing. The Board of Directors may also vote to impose a fine at this time. The decision of the Board of Directors, along with a notice of a fine imposed, if applicable, will be sent to the Unit Owner within 14 calendar days of the date of the hearing.

6. Once an Unit Owner has waived his right to a hearing or the Board of Directors has determined, after a hearing, that a violation is occurring or has occurred, fines may be assessed according to the following schedule:

- a. First fine for violation: \$50.00
- b. Second fine for violation: \$100.00
- c. Third & subsequent fines for violation: \$125.00

In the event of a continuing violation, Unit Owners may be fined for every occurrence of the violation but not more than daily.

7. Notwithstanding any provision of this Covenant and Rules Enforcement Policy and Procedure, the Board may pursue legal action against a Unit Owner to enforce the governing documents of the Association without following the preceding notice and hearing procedures if the Board deems that such action is in the best interest of the Association.

8. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this COVENANT AND RULES ENFORCEMENT POLICY AND PROCEDURE was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_