

**EAST BAY CONDOMINIUMS HOMEOWNERS ASSOCIATION
COVENANT AND RULE ENFORCEMENT POLICY**

Effective Date: 1/1/2007

In compliance with the Colorado Common Interest Ownership Act, the Board of Directors desires to adopt a uniform and systematic policy to address covenant and rule enforcement.

The Association hereby adopts the following policies and procedures for covenant and rule enforcement:

1. Enforcement Procedure. The Board shall not impose fines or a Special Assessment for enforcement, suspend rights to vote, or suspend rights to use the recreational facilities unless and until the Association has sent or delivered written notice to the Owner and provided a hearing as provided in Article XI of the Bylaws.

2. Fine Schedule.

A. The following fines are guidelines for violation of the provisions of the Declaration, Bylaws, Rules and Regulations and Resolutions of the Association:

First violation:	Warning letter
Second violation:	\$25.00
Third violation:	\$50.00
Fourth violation:	\$75.00
Subsequent violations:	\$75.00
Continuing violations:	\$75.00

The Board reserves the right to fine for first violations of rules that involve health and safety issues and other violations where a warning may not be deemed necessary by the Board in its reasonable discretion. Additionally, upon prior written notice, the Board reserves the right to levy fines in excess of the above referenced schedule, if the fines set forth in this schedule are not likely to provide effective incentives to induce compliance.

The Board may waive all, or any portion, of the fines if, in its reasonable discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the violator coming into compliance with the Declaration, Bylaws or rules.

B. All fines shall be due and payable upon notice of the fine and will be late if not paid within 10 days of the date that the Owner is notified of the imposition of the fine. An interest charge of 8% may be invoked, plus a \$25.00 per month late charge. All fines and late charges shall be considered an assessment and may be collected as set forth in the Declaration. Fines shall be in addition to all other remedies available to the Association pursuant to the terms of the Declaration and Colorado law, including the Association's right to collect attorney fees as authorized by Colorado law.

3. Legal Action. The Association, at any time, may pursue legal action against an Owner to enforce the provisions of the Declaration, Bylaws, rules or resolutions without first following the preceding notice and hearing procedures, if the Board determines that such action is in the Association's best interests.

4. Failure to Enforce. Failure of the Association to enforce the Declaration, Bylaws, rules and resolutions will not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any of the above referenced governing documents for the Association.

IN WITNESS WHEREOF, the undersigned certify that this Covenant and Rule Enforcement Policy was adopted by resolution of the Board of Directors of the Association on this 1st day of January, 2007.

EAST BAY CONDOMINIUMS HOMEOWNERS ASSOCIATION,
a Colorado nonprofit corporation,

By: _____
Its: President

ATTEST:
By: Patrick Schatz