

MISSION VIEJO HOMEOWNERS' ASSOCIATION INC.

Policy Regarding Covenant Enforcement Proceedings

The following policy regarding covenant enforcement was adopted by the Board of Directors of the Mission Viejo Homeowners' Association Inc. ("Mission Viejo HOA").

Effective Date: May 24, 2012

NOW, THEREFORE, IT IS RESOLVED that Mission Viejo HOA does hereby adopt the following policy regarding covenant enforcement violations:

Covenant Enforcement:

WHEREAS, the original recorded Conditions, Covenants and Restrictions (CC&Rs) for the Mission Viejo community governed in Filings 1-3, 5-13, and 15-16 were created with the legal provision that they are enforceable in terms of equitable servitude, which gives every single-family homeowner within Mission Viejo as defined as "the property" in each of the above mentioned filings' Declaration of Establishment of Restrictions, Easements, Conditions, Covenants and Reservations recorded in Arapahoe County, Colorado the power to individually enforce the original recorded CC&Rs through a court of law.

WHEREAS, it is also affirmed that the Mission Viejo HOA through its articles of incorporation, represents the collective interests of the community and retains the legal right to enforce covenant violations through a court of law.

WHEREAS, the original CC&Rs stipulated enforcement powers to an entity known as the Architectural Committee which has effectively been dissolved, the Mission Viejo HOA does not have legal authority to approve homeowner building improvements prior to construction or to conduct individual lot inspections.

WHEREAS, any individual homeowner or the Mission Viejo HOA may legally challenge newly constructed improvements, or matters relating to general maintenance of a unit owner's property affecting other homeowners, within one calendar year of the improvement's completion.

NOW, THEREFORE, the Mission Viejo HOA agrees only to participate in actions of violations of the original CC&Rs in accordance with the following stipulations and proceedings:

STIPULATIONS AND PROCEEDINGS:

1. The Mission Viejo HOA will not challenge any unit owners' improvement unless it can be demonstrated that such an improvement 1) has occurred no more than one calendar year before a homeowner files a Complaint (as defined in Section 3 below); 2) is not congruent with existing Mission Viejo HOA covenant restrictions; and 3) is incongruent with the general plan or scheme of improvement for the Mission Viejo community as defined in the City of Aurora's Annexation Agreement for the Mission Viejo community inclusive of all its

exhibits and amendments as well as all the recorded plat maps and as referenced in each filing's recorded Declaration of Establishment of Restrictions, Easements, Conditions, Covenants and Reservations.

2. Non-improvement matters concerning general maintenance, including but not limited to: un-kept lawns, auto repair activities and the storage of boat, truck, trailer, camper on a unit property are the only other CC&Rs that will be considered by the Mission Viejo HOA for alleged covenant violations. Although not required, the Mission Viejo HOA highly encourages homeowners to solve covenant or alleged zoning ordinance violations through a neighbor-to-neighbor basis. The Mission Viejo HOA further encourages all individual homeowners to first report alleged violations of the original CC&Rs through equivalent city zoning ordinances in lieu of court proceedings or further involvement of the Mission Viejo HOA.
3. The Mission Viejo HOA will rely only on written (printed or electronic) documented Complaints by individual homeowners. The Complaint must originate from a homeowner who is not a member of the Board of Directors and should detail the alleged violation and any documented unsuccessful efforts to resolve the alleged violation including, but not limited to, informal written and oral requests, city zoning ordinance violation citations or unofficial mediation if applicable ("Complaint"). The complaining homeowner should provide to the Mission Viejo HOA their address and contact information as well as the address and dated photo documentation of the alleged violation. The Mission Viejo HOA Board suggests but does not require that the document contain additional written support of the Complaint from more than one affected neighbor. However, it is the discretion of the Board of Directors whether to exercise the right to facilitate a neighbor Complaint through further action of the Mission Viejo HOA. The Mission Viejo Board of Directors has the right to investigate the alleged violation further.
4. Unless there are unforeseen circumstances, a set agenda with a considerable amount of anticipated time needed for discussion on other matters or alleged violation requests received by the Mission Viejo HOA no less than (4) four days prior to the next scheduled Mission Viejo HOA meeting, each documented alleged violation received by the Mission Viejo HOA will be given consideration at the next scheduled Executive Board of Directors' meeting in which a quorum is present. The Board will then initiate a vote of participation in support of the Complaint and may take further action while considering the following (in no particular order or preference):
 - a) The number of affected homeowners in the area of the alleged violation.
 - b) The legal and personal risk to the Mission Viejo Executive Board of Directors acting in good faith in enforcing the CC&Rs.
 - c) The potential legal costs to the Mission Viejo HOA.

- d) The number of current covenant alleged violations the Mission Viejo HOA is engaged in and the ability of the Mission Viejo HOA to adequately facilitate additional requests.
5. Upon approval of participation in support of the Complaint further action by the Board would then involve a written letter from the Mission Viejo HOA to be delivered to the homeowner who is shown to be in violation of the original CC&Rs.
 6. If the violation still remains unresolved, the Mission Viejo HOA reserves the right to pursue any legal action with due consideration to all of the concerns stipulated previously in sections 4 a-d of this policy.
 7. The Mission Viejo HOA will make all reasonable efforts to secure the identity and confidentiality of complaining homeowners throughout the covenant enforcement process (“Confidential Information”). Notwithstanding anything stated herein, the Mission Viejo HOA or its attorneys may disclose Confidential Information to satisfy regulatory or reporting requirements imposed by law. To the extent that the Mission Viejo HOA or its attorneys are required by law or court order to disclose Confidential Information, it will be disclosed in the most limited manner allowed. The Mission Viejo HOA may disclose Confidential Information to its respective bankers, accountants, auditors, attorneys, insurers, financial advisors, tax advisors, officers, directors, employees, parent and affiliate entities, and spouse as required by law or as otherwise necessary in the ordinary course of the Mission Viejo HOA’s business, as long as such Confidential Information is clearly marked CONFIDENTIAL.

The undersigned hereby certifies that the foregoing resolution was adopted and made part of the minutes of the meeting of the Board of Directors of the Mission Viejo HOA conducted on the 18 day of May, 2012.

Mission Viejo Homeowners Association Inc.

By:  President Title