

Headwaters Ranch Property Owners Association
Enforcement Procedures
Adopted: December 6, 2017
Effective: December 6, 2017

The Enforcement Procedures for violations of the Declaration, the Bylaws, the Rules and Regulations and the other governing documents of the Headwaters Ranch Property Owners Association shall be imposed according to the procedures set forth as follows:

COURTESY NOTICE:

In the event the Board or its agent determines that a violation of the Association's governing documents exists and such violation is not informally resolved, a written notice may be sent by first class mail to the property owner at the mailing address as it appears on the records of the Association at the time of notice. No fine will be imposed with this notice. The Courtesy Notice shall include at a minimum the following information:

- The provisions of the governing documents that have been violated;
- The date of the violation or the date the violation was observed;
- The date by which the violation must be corrected – typically ten (10) calendar days from the date of the Courtesy Notice; and
- A description of the process the property owner must follow to contest the violation notice.

VIOLATION NOTICE:

If the violation is not corrected within the period set forth in the Courtesy Notice, a Violation Notice may be sent to the property owner via first class mail. The Violation Notice shall include at a minimum the following information:

- The provision of the governing documents that has been violated;
- The date of the violation or the date the violation was observed;
- The date of any Courtesy Notice;
- The date by which the violation must be corrected;
- The right of the property owner to petition for an administrative hearing on the violation in the Arizona Department of Real Estate pursuant to Arizona Revised Statutes Section 32-2199.01; and
- The fact that a fine to be determined by the Board of Directors may be imposed for failure to correct the violation by the required deadline.

FINE NOTICE:

Depending on the violation, the Board in its sole discretion may determine that a Courtesy Notice and/or a Violation Notice will not be sent to the property owner and may commence the enforcement process with the mailing of a Fine Notice. If the violation has not been corrected by the date set forth in any Violation Notice, or the Board decides not to send either or both of such

notices, the Board may impose a fine pursuant to the then effective Fine Schedule and send the property owner a Fine Notice via first class mail which shall include the following information:

- The provision of the governing documents that has been violated and date of the violation or the date the violation was observed;
- The first and last name of the person or persons who observed the violation;
- The dates the Courtesy Notice and the Violation Notice, if any, were sent to the property owner;
- The right of the property owner to appeal the Board's decision that a violation has occurred and the manner in which such appeal must be requested or it will be deemed waived;
- A statement that in the event the violation is not cured by the date ten (10) calendar days after the date of the Fine Notice (or by such other date as the Board determines appropriate), the Board of Directors will impose a specified fine effective as of such date and additional fines as set forth in the Fine Schedule if the violation is not cured as set forth in the Fine Notice;
- A copy of the Fine Schedule;
- If applicable, any requirements or special instructions for compliance;
- A statement informing the owner of the Association's right to seek legal and/or equitable action to collect the fine and/or to remedy the noticed violation of the Association governing documents; and
- The right of the property owner to petition for an administrative hearing on the violation in the Arizona Department of Real Estate pursuant to Arizona Revised Statutes Section 32-2199.01.

APPEAL PROCESS:

Any property owner who has received a Fine Notice shall have the opportunity to appear before the Board to appeal the Board's decision that a violation exists. Such appeal right shall be deemed waived if not timely exercised by the property owner. The appeal process shall be as follows:

- Within ten (10) calendar days following the date of the Fine Notice, the property owner may appeal the violation decision in writing to the Board and request a hearing on the matter. If the written hearing request is not received within such ten (10) day period, the property owner's right of appeal shall terminate as of the end of the tenth day.
- The property owner shall have the right to appear at the hearing in person or by a representative and to present all pertinent supporting information.
- A property owner who timely exercises his or her appeal right shall be provided a written notice of the time, date and place of scheduled appeal hearing which shall be conducted in an Executive Session meeting of the Board. In the event the property owner fails to appear in person or by representative at such scheduled hearing, his or her appeal right shall be deemed waived.
- After completion of the appeal hearing, the Board will make its decision. The property owner will be informed in writing of such decision within ten (10) calendar days from the date of the appeal hearing.
- In the event the appeal is denied, unless otherwise stated in the Board's written decision, the effective date of the fine shall be retroactive to the date set forth in the Fine Notice.

- All decisions of the Board as to an appeal hearing are final and may not be appealed.

FINES:

- A fine may be assessed in accordance with the then effective Fine Schedule for an uncorrected violation of the governing documents of the Association.
- In the event of a subsequent violation by a property owner of the same provision of the governing documents within twelve (12) months of a previous violation of such provision, all fines for each such violation shall be doubled and a fine will be assessed for each violation that has occurred during that period.
- The Board of Directors will determine the period for corrective action of a violation on a case-by-case basis.
- Fines are cumulative and will continue without further written notice until the violation is corrected. The violation will be deemed corrected as of the date the property owner notifies the Board of the correction thereof unless the Board subsequently determines that the violation has not been corrected or that such date is not correct.
- At any time, the Board may exercise the option to pursue corrective action through legal means.

FINE SCHEDULE:

- The initial fine amount shall be **\$50.00**.
- If the violation has not been corrected within fifteen (15) calendar days after the effective date of the imposition of the initial fine, the property owner shall be assessed an additional fine of **\$100.00**.
- If the violation has not been corrected within thirty (30) calendar days after the effective date of the imposition of the initial fine, the property owner shall be assessed an additional fine of **\$200.00** and shall be assessed an additional fine of **\$200.00** every fifteen (15) calendar days thereafter until the violation is corrected.
- In lieu of such stepped fine schedule, the Board may in its sole discretion impose (i) a daily fine in such other amount as the Board determines is appropriate due to the nature of the violation for each day a violation continues where the Board determines that due to the nature of the violation such a daily fine is more appropriate; or (ii) a reasonable lump sum fine that the Board determines is appropriate due to the nature of the violation.

GENERAL:

These Enforcement Procedures are intended as a guideline for the Association. The Board retains the right to vary the enforcement process when it in its sole discretion determines that any such variance is appropriate. The Board further retains the right to amend or replace all or any portion of these Enforcement Procedures. The assessment of fines by the Association does not relieve the property owner from the obligation to correct the violations or comply with Association governing documents. These Enforcement Procedures and the remedies set forth herein do not constitute an election of remedies by the Association which reserves all such remedies available at law and in equity. The Association shall have the right to enforce the Association governing documents through any other remedies available to the Association concurrently with the Enforcement Procedures set forth herein.