

QUAIL COVE HOMEOWNER'S ASSOCIATION
ENFORCEMENT POLICY RESOLUTION

WHEREAS, Arizona Revised Statute §33-1803 empowers the Board of Directors to impose reasonable monetary penalties on lot owners for violations of the Association's Governing Documents (CC&R's and Rules).

NOW THEREFORE, the Board of Directors adopts the following policy for enforcement of the Association's Governing Documents (CC&R's and Rules):

1. NOTICE. When there is a violation of the Association's Governing Documents, the following action shall be taken:

FIRST Notice: The Association manager shall send the owner a First Observation Notice which shall include the following:

- A description of the alleged violation(s) and the provision(s) of the Governing Documents that has (have) been allegedly violated.
- The date of the alleged violation or the date that it was observed.
- The action required to restore the property to a conforming condition and the date by which such corrective action must be taken.

The owner is responsible for notifying the Association Manager that the violation has been corrected.

FINAL Notice: Should the owner fail to correct the violation(s) by the date provided in the First Observation, the Association Manager shall send the owner a Final Notice which shall include the following:

- A description of the alleged violation(s) and the provision(s) of the Governing Documents that has (have) been allegedly violated.
- The date of the alleged violation or the date that it was observed.
- The name of the person or persons who observed the alleged violation.
- The action required to restore the property to a conforming condition and the date by which such corrective action must be taken.
- The process the owner must follow to contest the notice: a written response within ten (10) business days of the date of the notice sent to the Association by certified mail.

The owner is responsible for notifying the Association Manager that the violation has been corrected.

Final and Hearing Notices required herein shall be sent by First Class US Mail **via Certified Return Receipt** to the last known address of the Owner.

2. HEARING Notice: If the violation persists after the date provided in the Final Notice (or the owner has not notified the Association that the violation has been corrected), a Notice of Hearing shall be sent to the owner setting a hearing before the Board of Directors. The notice shall state the time and place of the hearing, an invitation to the owner to attend the hearing and produce any statement, evidence and witnesses on his or her behalf, and that a monetary penalty may be imposed. The hearing date may not be less than ten (10) days from the date of the Notice of Hearing.

3. NOTICE OF ACTION: At the conclusion of the hearing, the Board of Directors shall make findings of fact and determine the action to be taken including, but not limited to, the imposition of monetary penalties. Within fifteen (15) days of the hearing, notice of the findings of the Board and the action taken will be sent to the owner.

4. LANDSCAPING:

FIRST AND ONLY LANDSCAPING NOTICE — Homeowner shall be given 30 days to correct the landscaping violation. If the Management Company does not receive any communication from the homeowner within the 30 day period, Section 2.19(b) shall apply. Fines and Penalties listed under General Use and Restrictions shall apply in addition to the cost of the 3rd party contractor hired to correct the violation.

Nonperformance by Owners - Article 8.5: "If any Owner fails to maintain any portion of his Lot or the Improvements located thereon which he is obligated to maintain under the provisions of the Declaration, the Association shall have the right, but not the obligation, after fourteen (14) days notice, to enter upon such Owner's Lot to perform the maintenance and repairs not performed by the Owner. The cost of any such work performed by or at the request of the Association shall be paid for by the Owner of the Lot upon demand from the Association."

1st Violation - \$25

Owner will have 14 days to correct violation. If violation is not corrected after 14 days, owner will be billed for third party to correct violation and fined.

The owner is responsible for notifying the Association Manager that the violation has been corrected.

5. FINES AND PENALTIES: Monetary penalties may be assessed as follows:

Permitted Uses and Restrictions — Articles 6 & 8 and Rules & Regulations:

- 1st Violation - \$25

Owner will have 15 days to correct violation.

- 2nd Violation - \$50

Owner will have 15 days to correct violation.

- 3rd and subsequent violations - \$75 per violation.

Owner will have 15 days to correct violation.

A. Architectural Compliance (Architectural Design Guidelines):

- 1st Violation - \$100

Owner will have 30 days to correct violation.

- 2nd Violation - \$150

Owner will have 30 days to correct violation.

- 3rd and subsequent violations - \$200 per violation.

Owner will have 30 days to correct violation.

Monetary penalties as well as the amount of any attorney's fees, costs, and expenses the Association has incurred as a result of the violation may be imposed for violations of the Governing Documents. The Board reserves the right to waive monetary penalties if, in its sole judgment, the violation warrants immediate legal action or the homeowner is attempting to correct the violation(s). Any penalty which remains unpaid fifteen (15) or more days after the due date shall be delinquent and subject to a late penalty of ten percent (10%) of the fine imposed or fifteen dollars (\$15.00), whichever is greater. Collection of monetary penalties may be enforced by all available legal means. Payment of a penalty does not constitute a variance for the violation; all violations must be corrected to come into compliance with the Governing Documents.

Per Section 7.1(B) — “The right of the Association to suspend the voting rights, and other Owner rights for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Declaration...”

6. TENANTS AND GUESTS: Owners are liable for violations of the Governing Documents by their invitees, tenants and guests.

7. LEGAL ACTION: At any time after providing an owner with a Final Notice, the Association may pursue legal action to obtain injunctive relief and or damages against an owner.

8. SCOPE: This Enforcement Policy Resolution is intended to serve as a guideline for the Association's Board of Directors in enforcement matters. Nothing contained herein shall be interpreted as prohibiting the Association from seeking other available legal remedies at any time in the enforcement process if the Board of Directors, in its sole discretion, finds that the nature of the CC&R violation warrants such action. This Enforcement Policy is not applicable to matters involving failure to pay annual assessments and special assessments for capital improvements.

This Enforcement Policy Resolution was ADOPTED at a duly-held meeting of the Board of Directors of the Quail Cove Homeowner's Association on the 17th day of July, 2012.