

THE VINEYARDS AT ARCADIA HOMEOWNERS ASSOCIATION

FINES AND PENALTIES POLICY

Pursuant to A.R.S. Sections 33-1242, 33-1803 and The Vineyards at Arcadia Homeowners Association's ("Association") Declaration of Covenants, Conditions and Restrictions ("CC&Rs") as amended, after notice of a violation and an opportunity to be heard, the Association may impose reasonable monetary penalties on lot owners for infractions of the Association's CC&Rs, Bylaws, Rules, Architectural Committee Standards and Policies (collectively "Governing Documents").

Any failure to correct an infraction of the Governing Documents by a Member (Owner), family member, tenant, guest, invitee or licensee, shall result in a fine against the applicable Owner and penalized as follows (in addition to any other penalties, disabilities or remedies available to the Association):

- **First offense:** *Courtesy Notice* sent to the Owner/Resident explaining the infraction of the Governing Documents and the Article and Section they are in violation of, and the steps to be taken to correct the infraction. The Owner/Resident will have twenty-one (21) calendar days to correct the infraction (with the exception of trash can and parking violations which must be corrected immediately). **(Violations are to be remedied within the time allotted. Violations will accrue for a 6-month period, i.e., if an owner receives a first violation in January, they can receive a second notice and fine for a second infraction in April, and a third notice and fine in June. The accrual commences with the date of the first violation and continues on a rolling basis thereafter. Each violation commences an additional six-month rolling period and each subsequent offense thereto constitutes a second offense subject to further corrective action as explained below.)**
- **Second offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$50.00 fine for failure to comply with the previously sent *Courtesy Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$50.00 fine will be automatically assessed to the Owner's account.
- **Third offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$100.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$100.00 fine will be automatically assessed to the Owner's account.
- **Fourth and Subsequent offenses:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$150.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$150.00 fine will be automatically assessed to the Owner's account.

PENALTY FOR MAKING IMPROVEMENTS/CHANGES TO THE EXTERIOR OF THE HOME OR LOT WITHOUT THE REQUIRED WRITTEN APPROVAL FROM THE ASSOCIATION:

Any modification to the exterior of a home or lot must have written approval from the Architectural and Landscape Committee prior to the commencement of the project. A fine of \$250.00 to \$2,500.00 will be assessed against any owner who begins modifications or improvements to the exterior of the home or lot prior to receiving the requisite approval; regardless if the modification or improvement is within the guidelines and aesthetics of the community and would essentially receive approval. The fine will be determined on a case-by-case basis and determined by the Board of Directors.

PENALTY FOR NOT ADDEHERING TO THE LEASING PROVISION OF THE RULES & REGULATIONS:

Pursuant to the Rules and Regulations regarding leasing, all leases must be for thirty (30) days. Failure to comply will result in fines being levied per occurrence. Unpaid fines will be treated as any unpaid assessment. It is the owner's responsibility to assure compliance with these changes to the Fine, Appeal and Collection Policy.

- **First offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$250.00 fine for failure to comply with the Leasing Provisions of the Rules & Regulations adopted by the Association. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$250.00 fine will be automatically assessed to the Owner's account.
- **Second offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$500.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$500.00 fine will be automatically assessed to the Owner's account.
- **Third offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$1,000.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$1,000.00 fine will be automatically assessed to the Owner's account.
- **Fourth and Subsequent offenses:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$2,000.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$2,000.00 fine will be automatically assessed to the Owner's account.

If the infraction is not corrected by the Fourth Violation Notice, the Governing Documents and Arizona law empower the Association to cure the infraction and assess the cost against the Owner's account, which the Association hereby reserves the right to effectuate. Furthermore, the Association may file a lawsuit against the Owner for injunctive relief to have a court order that the infraction be cured. In the event litigation is necessary, the Association will be entitled to seek all of its attorneys' fees and costs incurred in enforcing your compliance with the Governing Documents. These attorneys' fees and court costs can be expensive and will far exceed the amount in fines you have already been assessed.

APPEAL PROCESS

The Association's Courtesy Notice and Fine Notices state the Owner's right to appeal any notice of violation. The process of submitting a letter of appeal is as follows:

1. All appeal requests must be in writing and submitted to the Association's Managing Agent no more than twenty-one (21) days from the date of the last Violation Notice. Failure to satisfy the requirements of the notice or to request an appeal within 21 days will constitute a waiver of the right to a hearing by the Owner.
2. Letters of appeal should include:
 - a) Your name and address.
 - b) A statement of the violation in which you are appealing.
 - c) A statement of appeal; such as: Why are you disagreeing with the violation? Are you asking for additional time to cure? Do you need further clarification? Be as specific as possible.
 - d) If you would like to appear in person to present, your appeal.
 - e) Whether you would like the appeal heard in regular session or executive (closed) session.
3. The Owner will be notified of the appeal hearing date within thirty (30) days from the request for appeal.
4. If the Owner appeals in person, he/she will be given ten (10) minutes to state their position. The Board of Directors will listen and ask questions as necessary to obtain information to make an informed decision. The Board of Directors will not debate the issue. **The Association's Meeting Code of Conduct must be adhered to.**
5. Failure to comply with the notice or attend the scheduled hearing, or notify within 48 hours to the Association of the necessity to reschedule the hearing, will waive the Owner's rights to a future hearing.
6. In the event of a hearing, the Board of Directors or designated committee's decision on an appeal shall be final.
7. The Owner will be notified in writing as to the final decision.

**APPEAL PROCESS TAKES APPROXIMATELY
45 DAYS FROM RECEIPT OF THE REQUEST.**

FINE, PENTALTY & ASSESSMENT COLLECTION POLICY

Pursuant to the Arizona Nonprofit Corporation Act, A.R.S. §33-1803 and §33-1807 and the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Vineyards at Arcadia Homeowners Association, Inc., and any amendments thereto, ("Declaration"), the following resolution is hereby adopted by the undersigned, all being directors of the Vineyards at Arcadia Homeowners Association ("Association").

NOW THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of Assessments owing and to become owing by the Owners of Lots in the Association in the discharge of its responsibilities regarding collection of Assessments levied against Lots:

1. **POLICY OBJECTIVE:** The collection of Assessments pursuant to the Declaration and this Assessment Collection Policy will be governed by the following objective:

The Association will pursue collection of all Assessments. At each step within the collection process, the Board will analyze the facts and circumstances then known concerning a given delinquency to direct collection efforts toward the expedient course of action for resolving the delinquency.

2. **OWNERSHIP INTEREST:** Pursuant to the Declaration, the person who is the Owner of a Lot as of the date an Assessment becomes due is personally liable for the payment of the Assessment. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.
3. **HANDLING CHARGES AND RETURN CHECK FEE:** In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent Assessments, collection of these fees and charges are part of the Collection Policy. These fees and charges, including a \$10.00 Collection Notice Fee, will be added to the amount outstanding and are collectable to the same extent and in the same manner as the delinquent Assessment.
4. **APPLICATION OF FUNDS RECEIVED:** All monies received by the Association will be applied to amounts outstanding to the extent of and in the following order:
 - a. First to the unpaid Assessment amount;
 - b. Next, to the interest accrued;
 - c. Last to late fees, collections costs and attorneys' fees incurred by or on behalf of the Association.
5. **OWNERSHIP RECORDS:** All collections notices and communications will be directed to those persons shown by the records of Association as being the Owner of the Lot for which Assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the

Declaration and this Assessment Collection Policy until such time as there is actual receipt by the Association of written notification of any change in the identity or status of such Owner or its address or both.

6. NOTIFICATION TO OWNER:

- a. LATE NOTICE: Payments are due on the 1st day of each quarter. A payment by a member is deemed delinquent if it is unpaid fifteen (15) or more days after the due date. A late notice will be sent via regular first-class mail. A late fee of 10% of the current assessment will be charged to the Owner's account. A \$15.00 Late Notice Fee will be charged to the Owner's account, additionally.
- b. 2nd LATE NOTICE: No sooner than forty-five (45) days after the due date, the Association will send a notice via regular first-class mail to the Owner setting forth the amount of the delinquent Assessment owing. All fees associated with this letter will be charged to the Owner's account.
- c. INTENT TO LIEN NOTICE: No sooner than seventy-five (75) days beyond the due date, the Association will send a notice of Intent to Lien to the Owner making formal demand for immediate payment for all outstanding amounts. The Intent to Lien notice will be sent via regular and certified mail, return receipt requested. All fees associated with this letter will be charged to the Owner's account.
- d. RECORDATION OF LIEN: Ninety (90) days after the due date, if an Owner fails to pay in full the entire amount covered by an Intent to Lien notice by the date specified, the Association will automatically turn the delinquent account over to an attorney for preparing and recording a lien against the Lot for all the delinquent amounts owed the Association. All fees related to collection, including attorney costs, lien fees and process server's charges, are the contractual obligation and personal debt of the homeowner.
- e. LATE INTEREST: Once account of owner has become delinquent, a 1% of assessment rate will be applied to the account monthly until the account is paid in full or is written off.

7. ALTERNATIVE COLLECTION COURSES: At each step in the collection process the Board of Directors, acting with input and recommendation from management and counsel, will evaluate which course of legal action appears to be in the best interest of the Association for recovery of unpaid Assessments. Where foreclosure of the Assessment lien in favor of the Association against a Lot, together with pursuit of personal judgment against the Owner, is determined to be advisable or personal judgment alone, the Board will direct counsel to proceed accordingly.

8. VERIFICATION OF INDEBTEDNESS: Where an Owner requests verification of the indebtedness, Management will, upon notification of the Owner's request, supply verification within fifteen (15) business days. The exercise of the collection rights of the Association regarding Assessments will in all ways comply with the Fair Debt Collection Practices Act and A.R.S. 33-1803 and 33-1807.