

**Board Resolution
Scottsdale Ranch Community Association
Enforcement Policy**

WHEREAS, Scottsdale Ranch Community Association (“Association”) has the authority under Article XII, Section 2 of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements For Scottsdale Ranch Community Association (“Declaration”) to enforce the Declaration, Rules, and Architectural Guidelines (collectively, “Governing Documents”);

WHEREAS, the Board of Directors of the Association (“Board”) desires to establish procedures for the enforcement of the Governing Documents (other than the obligation to pay Assessments), to assist with the elimination of violations which may be found to exist within Scottsdale Ranch;

WHEREAS, the goal of the Board is that all alleged violations of the Governing Documents are handled in a timely, fair and consistent manner and are resolved without resorting to legal action;

WHEREAS, while the Board intends to follow the policy and procedures below, the Board reserves the right, in its sole and absolute discretion, to vary from this enforcement policy due to the unique circumstances of every situation;

NOW THEREFORE, the Board hereby adopts the following Enforcement Policy for the enforcement of the Governing Documents (other than the obligation to pay Assessments), which completely amends, restates, and supersedes any prior enforcement policies and procedures of the Association:

Role of Board, Committees, and Association Staff

The authority of the Association to enforce the Governing Documents is exercised by the Board and committees appointed by the Board. The Board has the ultimate authority to determine whether a violation exists and to determine how the Association should proceed to address the violation. However, the Board, as permitted by Arizona law and the Bylaws of the Association, has delegated some of the enforcement of the Governing Documents to the Association staff.

Investigation and Determination of a Violation

A violation can come to the Association’s attention by a staff member who notes the violation during a drive through of the Ranch or a complaint received by a neighbor. If a complaint is received by a neighbor, a member of the Association staff will perform a follow-up check to confirm the existence of the condition reported by the neighbor and to confirm that the condition is a violation of the Governing Documents. The Association has no duty to take any action based on anonymous complaints. Owners should be aware that the Association may be required to provide information about complaints made and the person who made them to other Owners, to the extent required by law. If the Association staff has a question of interpretation as to whether the condition is a violation of the Governing Documents, the

Executive Director can forward the matter to the Board and/or the Association's legal counsel for guidance and determination.

Compliance Procedure

While the Board intends to follow the procedure below, the Board reserves the right, in its sole and absolute discretion, to vary from this procedure due to the unique circumstances of every situation.

Content of Written Notices:

Any written notice to an Owner regarding a violation will contain the following information: (a) the nature, description, and location of the violation, (b) a request to remedy the violation and/or a request to submit plans and specifications for the improvement to the Architectural Committee, and (c) the deadline for remedying the violation.

Courtesy Notice:

For a first-time offense, a courtesy reminder will be given by a phone call and a friendly reminder letter may also be sent, as determined by the Association staff. The Owner is asked to comply within the time frame specified or communicate to the Association staff any problems with or inability to comply. If the Owner is a repeat offender or if the violation is a repeat offense, the Association staff may make the determination to skip the Courtesy Notice and proceed to one of the other steps listed below.

First Violation Notice:

If the violation remains unresolved after the deadline for compliance, or the same or similar violation (as determined by Association staff) re-occurs again within a twelve-month period, a First Violation Notice is sent. The Owner is asked to comply within the time frame specified and notified that enforcement action can be taken per the Declaration and Arizona law. Pursuant to Arizona law, the Owner will be notified of their right to be heard before a fine is imposed and the process the owner must follow to contest the notice. Thus, the First Violation Notice will give the Owner a deadline for contacting the Association staff to exercise the Owner's right to be heard and will also inform the Owner that, in order to contest the violation, within ten (10) business days from the date of the First Violation Notice, the Owner must send the Association a written response, by certified mail, to the address contained in the First Violation Notice.

If the Owner contests the violation in the First Violation Notice, the Association has ten business days from the date it receives the certified mail to provide the owner with a "written explanation regarding the notice" containing at least the following information, to the extent not provided in a prior notice to the Owner (a) the provision of the document that has been violated; (b) the date of the violation or the date the violation was observed; and (c) the first and last name of the person or persons who observed the violation.

Hearing and Fines:

If the Owner requests a hearing as provided in the First Violation Notice, the Association staff will schedule a hearing in front of the Board or a committee appointed by the Board. To the extent reasonably possible, the hearing will be scheduled as soon as practical, at a date and time reasonably convenient to the

Owner and the hearing body. The hearing will be held in a closed, executive session unless the Owner requests that the hearing be held in an open session.

At the hearing, the hearing body shall permit the Owner to submit all relevant arguments, evidence, statements, and/or witnesses regarding the alleged violation. The hearing body may also request that the Association staff present information or evidence regarding the alleged violation. The hearing need not be conducted in conformity with judicial rules of procedure or evidence. The Association's and Owner's attorneys may be present and participate in the hearing. If either party's attorney will be present at the hearing, the other party shall be notified as soon as the determination is made.

After the hearing is held, if one is requested, or after the time has passed for the Owner to request a hearing, the Board will make a determination as to whether a fine will be imposed. Furthermore, once an initial fine is imposed, additional fines may be imposed if the same violation continues. Although it is the ultimate goal of the Association to find a resolution to the violation and not to fine an Owner, any fines imposed will be collected pursuant to any means available by law.

Notice of Fine:

After the time has passed for the Owner to contest the violation, or after the Association has provided the Owner with the information required, (and the Owner has been given the opportunity to be heard), if the Association has determined that a fine will be imposed for the violation, the Association will send the Owner a Notice of Fine sent by certified, return-receipt and regular mail. The Notice of Fine will inform the Owner of the amount of the fine and that additional fines will be assessed thereafter until the violation is remedied. Fines will generally be imposed pursuant to the attached Fine Schedule. However, the Board may vary from the Fine Schedule depending on the unique circumstances of every situation. The Notice of Fine will also inform the Owner of the remedy or remedies the Association is considering or intends to take to obtain compliance.

Second and Subsequent Violation Notices

If the violation remains unresolved after the deadline for compliance provided in any Violation Notice, or if the same or similar violation (as determined by Association staff) re-occurs again within a twelve-month period, the Association may impose additional fines, pursuant to the Fine Schedule.

Association's Options for Compliance:

The Association may employ any or all of the following remedies to obtain compliance:

- Legal action – Legal action may be in the form of (a) a personal judgment for the collection of fines, other costs incurred by the Association in enforcement, or self-help costs, (b) an action for injunctive relief against the Owner to correct or otherwise abate the violation, and/or (c) any other legal or equitable remedy that may be available to the Association. The Association's costs in any legal action may be assessed to the Owner's assessment account.
- Self-help intervention – The Association may enter the Owner's lot and remove, remedy, and/or abate the violation. The Association's costs may be charged to the Owner's assessment account.

- Suspension – an Owner’s voting rights and right to use the recreational facilities and other Common Areas may be suspended for an initial period not to exceed sixty (60) days and for successive sixty (60) day periods if the violation is not corrected during any prior sixty (60) day suspension period.
- Local City, County and State enforcement coordination

Referral to Legal Counsel

At any time in this process, the Board of Directors may turn a violation matter over to the Association’s legal counsel for enforcement advice and/or action. The Owner will be responsible for paying the Association’s attorney’s fees incurred in enforcement, regardless of whether suit is filed.

Waiver or Variation From Enforcement Policy

The Board of Directors and Executive Director shall retain the right and authority to vary from this Policy, at its sole judgment, due to the unique circumstances of every situation, including, but not limited to, the nature of the violation, severity of the violation, and the Owner’s history of violations. In the case of an emergency, the variance from this Policy may also be approved by the President or another officer authorized by the Board of Directors.

Discretion Regarding Enforcement Action

At any time in this process, the Board of Directors may make a decision to take or not take enforcement action. Each such decision shall be in the discretion of the Board, in the exercise of its business judgment. Without limiting the generality of the Board's discretion, if the Board reasonably determines that a provision of the Governing Documents is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action, the Board shall not be obligated to take such action. Any such determination shall not be construed a waiver of the right of the Association to enforce such provision at a later time or under other circumstances, or prevent the Association from enforcing any other provision of the Governing Documents.

This Enforcement Policy was adopted by the Board of Directors at the Board meeting held on March 22, 2016, 2016.

Scottsdale Ranch Community Association,
an Arizona nonprofit corporation

By: Barbara Linn
Its: Secretary

FINE SCHEDULE

The Board generally intends to levy fines according to the schedule of fines below. However, the Board reserves the right to levy a fine in a different amount, including daily, weekly, or monthly fines for recurring offenses, as determined in its discretion based on the nature of the offense, the number of violations, and any other relevant factors as determined by the Board.

Furthermore, with respect to subsequent violations beyond those listed in the schedule of fines, the Board shall determine the amount of the fine in its discretion by considering the same factors noted above. The amount of any fine established by the Board shall range from \$25.00 to a maximum of \$1,000.00 for a one-time fine, or daily, weekly or monthly penalties for recurring violations of up to \$500 per day.

The Board also reserves the right to suspend the fines for certain ongoing violations to give the Owner(s) a reasonable time period, as determined in the sole discretion of the Board, to address them. However, if the Owner(s) fails to do so within the prescribed time period, then the Board may impose all the fines that accrued retroactively from the date of the original Notice imposing a fine. The Board reserves the right to exercise any means allowable by Arizona law to collect any fines imposed.

Fine Schedule

Violation Notice Number	Standard Violation
1	\$25.00
2	\$50.00
3	\$100.00
4 or more	An additional \$100 for every 14 days the violation persists, or as otherwise determined by Board, up to \$1,000.00 per occurrence or \$500 per day

Violation Notice Number	Failure to Cease and Desist (No Courtesy Notice required)
1	\$100.00
2	\$250.00
3 or more	An additional \$100 for every 14 days the violation persists, or as otherwise determined by Board, up to \$1,000.00 per occurrence or \$500 per day

**Additional Specific Offense
Violations**

Unapproved Improvements	\$250.00 per occurrence (No Courtesy Notice required)
Noncompliant Vehicle/Trailer Parking	\$100 per occurrence for first day of violation, plus \$10 per day thereafter until compliance. (No Courtesy Notice required)

In the event that the Owner fails to pay a fine within fifteen (15) days of the requested due date, the Association may deem the penalty delinquent and impose a charge for the late payment of the penalty. The late charge may not exceed the greater of fifteen dollars (\$15.00) or ten percent (10%) of the amount of the unpaid penalty. In addition, if the Owner refuses to pay the penalty, the Board reserves the right to pursue collection of all outstanding amounts via all legal means available to the Association. In the event that the Association is awarded a judgment against the Owner, the Owner will also be responsible for all costs and reasonable attorney's fees incurred by the Association.