

SADDLEBROOKE VILLAS NOS. 35, 35A, INC.
an Arizona non-profit corporation

A RESOLUTION OF THE BOARD OF DIRECTORS
Re: ENFORCEMENT POLICY

At a meeting of the Board of Directors of SaddleBrooke Villas Nos. 35, 35A, Inc. (the "Association"), an Arizona non-profit corporation, duly called and held on the ____ day of April, 2017, a quorum being present and voting, the following policy was adopted:

1. Courtesy Notification. When a violation of the Tract Declaration for SaddleBrooke Units Thirty-Four, Thirty-Five, and Thirty-Five A (the "Declaration")¹ or a Villas Rule is noted by or reported in a signed written communication to the Association's community manager, the Villas Owner shall be contacted in writing (via email, hand delivery or U.S. Postal Service). The Villas Owner will be informed of the violation and asked to rectify it within the following two weeks.

2. Notice of Violation. If the Villas Owner has failed to correct the violation within two weeks from the date of the courtesy notification, a notice of violation will be sent to the Villas Owner of record (via first class mail) with a timetable for corrective action, which will be at least 21 calendar days from the date of the notice.

3. Contents of Notice. The notice of violation from the Board or its authorized agent shall provide at least the following information:

- A. The rule or restriction that allegedly has been violated.
- B. Action(s) required to cure the violation.
- C. The date of the violation or the date the violation was observed.
- D. The first and last name of the person(s) who observed the violation.
- E. A copy of this Policy to assure the Villas Owner is aware of the process he or she must follow to contest the notice.

¹ Words that are defined terms in this Policy or in the Declaration are noted by the first letter of the words being capitalized.

- F. Notice of the Villas Owner's option to petition for an administrative hearing on the matter in the Arizona Department of Real Estate pursuant to Arizona Revised Statutes Section 41-2198.01.

4. Contesting the Notice of Violation. If the Villas Owner wishes to contest the notice of violation, he or she shall provide the Board a written response by certified mail within 21 calendar days after the date of the Association's notice of violation, which shall include a request for any additional information he or she requires. This response shall be sent to the Association's office at the address shown on the notice of violation.

5. Response by Association to Owner. Within 10 business days after receipt of the Villas Owner's response, the Board or its authorized agent shall respond to the Villas Owner by certified mail with a written explanation regarding the notice of violation, and shall provide any additional information the Villas Owner reasonably requires.

6. Notice of Hearing. A follow-up inspection will be conducted on or after the deadline date in the notice of violation. If the non-compliance still has not been cured, the Board may refer the matter directly to the Association's attorney for further action or may send the Villas Owner a "Notice of Hearing" via certified mail, return receipt requested and first class mail, wherein the Villas Owner will be invited to attend the next Board Meeting/Hearing Panel Session and have an opportunity to be heard. The date, time and location of the hearing shall be stated in the Notice of Hearing.

7. Hearing Panel. A quorum of the Board shall act as the Hearing Panel at a regularly-scheduled or special meeting of the Board. The Hearing will be held in executive session unless the affected Villas Owner requests that the Hearing be held in an open session.

8. Designated Representative. A Villas Owner may present to the Board (prior to or at the Hearing) written notification that another person is the Owner's designated representative. A designated representative may speak on behalf of the Owner.

10. Procedure for Hearing. Procedure for the hearing will be set by the Board. The Villas Owner and his/her designated representative will be informed of the procedure before the Hearing begins. The Villas Owner and/or his/her designated representative will be given an opportunity to present supporting documentation and testimony to show cause why further enforcement action should not be authorized by the Board, which could include the levy of a monetary penalty and/or referral of the matter to the Association's attorney. If the Villas Owner is unable to attend the Hearing, an email or mailed response will be considered by the Board.

11. Proof of Delivery of Notice. Proof of delivery to the Villas Owner of the Notice of Hearing shall be deemed adequate if a copy of the Notice, together with a statement of the date and manner of delivery is entered into the minutes of the meeting, by the officer, director, or agent who mailed or delivered the Notice.

12. Procedure if Owner or Representative Does Not Appear. If the Villas Owner or his/her designated representative does not appear at the hearing, the Board may levy a monetary penalty and/or refer the matter to the Association's attorney for further action.

13. Hearing Panel's Decision. Notice shall be sent to the Villas Owner by the Board or its designated agent, within 15 days after the date of the Hearing, stating the Hearing Panel's decision, including the amount of any monetary penalty that may have been imposed by the Board, and its due date.

14. Delinquency of Penalty. Any monetary penalty imposed, which has not been paid within 30 days after its stated due date shall be delinquent, and a late charge of \$15.00 shall be added to the penalty.

15. Repeat Violations. A penalty for repeated violation of a Villas Rule or restriction may be imposed by the Board for each issue of noncompliance of the same Rule or restriction. Daily penalties for violation of a Rule or restriction may accrue for ongoing issues of noncompliance until each such violation is corrected. If the same violation is noted on the Villas Lot within six months of the original violation, a monetary penalty of \$100 will be imposed with 14-Day Notice to Remediate. If not remediated, the Association will submit the appropriate complaint form to HOA2 for their assistance in resolving the violation, or may refer the matter to the Association's attorney.

16. Collection of Penalties. The Association has a lien for penalties and associated late charges, attorney fees and costs, imposed for violation of a rule or restriction, after the entry of a judgment in a civil suit for penalties, late charges and associated attorney fees and costs, by a court of competent jurisdiction, and the recording of that judgment in the office of the Pinal County Recorder. This lien is effective on conveyance of any interest in the subject Lot. The Association may collect the amounts due under the judgment prior to conveyance of the Lot, by any lawful means.

17. Cumulative Rights and Remedies. All rights and remedies of the Association at law or in equity are cumulative, and the exercise of one right or remedy shall not waive the Association's right to exercise another right or remedy. This means that the Board can decide to bring a lawsuit against an owner to enforce an applicable rule, restriction or statute in addition to or instead of imposing a monetary penalty. This also means that all pertinent provisions of the Declaration also apply.

DATED this 5th day of ~~March~~ ^{April}, 2017.

SADDLEBROOKE VILLAS NOS. 35, 35A, INC.
an Arizona non-profit corporation

By: *M. Spence*
 Its: President

ATTEST:

Julie Johnson
 Secretary

SUMMARY OF ENFORCEMENT PROCEDURE FOR IMPOSITION OF MONETARY PENALTIES

| Incident | Board of Directors Action |
|--|---|
| Violation Reported or Observed | Courtesy Notice -30 days to remediate |
| Failure to Comply With Courtesy Notice | Notice of Violation – 30 days to remediate |
| Owner’s Response to Notice of Violation | Within 21 days from Notice of Violation |
| Failure to Remediate the Violation | Invitation to hearing or referral to attorney |
| Hearing <ul style="list-style-type: none"> • In Person • Via Email | Board Decision (Options after Hearing) <ul style="list-style-type: none"> • More time to remediate; or • Dismiss the violation; or • Continue with next violation procedure; or • Impose monetary penalty |
| Failure to Remediate the Violation | Monetary penalties continue to accrue. Board may submit the appropriate complaint form to HOA2 for its assistance in resolving the violation. |
| Subsequent Violation(s) Within Six (6) Months for the Same Violation(s) addressed above | Fine of \$100 and/or 14 Days Notice to Remediate. If not remediated, the Association will submit the appropriate complaint form to HOA2 for their assistance in resolving the violation. |