

(The text below is proposed language that would, if approved by the Board, be inserted on page 22 of the CCRA Rules & Regulations to comprise new Sections 8, 9, 10, and 11 of the Rules & Regulations document.)

Section 8: Rights of Enforcement

Created and Approved By Casita Colony Recreation Association

Created: September 19, 2023

Modified:

Per Section 14 (Page 9) of the CC&Rs, Casita Colony Recreation Association (the "Association") helps to enforce the Association's governing documents, which benefits all residents of the Association. Compliance with the CC&Rs helps protect the aesthetics and property values of the Association.

Anyone who observes possible noncompliance with the governing documents is asked to notify the Association so that a determination can be made, and corrective measures taken if a violation exists. The enforcement of deed restrictions is a responsibility that all members of the community share.

The Association communicates and administers the requirements of the governing documents in a fair, reasonable, and non-discriminatory manner.

In the event a violation is found, the Association makes every reasonable effort to communicate with the Member to resolve the situation.

An Association Member failing to comply after all avenues have been exhausted, may face legal action in accordance with the CC&Rs, in which case all expenses incurred will be assessed to the Member's account and shall be secured by a lien on their Lot.

The Association has the right, but not the obligation, to enforce the governing documents through civil litigation, if needed.

Section 9: Procedures for Enforcement

Created and Approved By Casita Colony Recreation Association

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Modified:

Any Member who does not comply with the governing documents will receive written notices to request corrective action. The notices may consist of a written notice of non-compliance, a notice of violation, or a notice of pending legal action, giving the resident ample opportunity to communicate with Association to resolve the matter. Open communication is always encouraged between the Association and its Members.

The Association Board of Directors has approved a policy to impose reasonable monetary penalties on a member whose property has not been brought into compliance after repeated notifications. Prior to any penalty being imposed, the Member will be notified by mail and have the right to be heard by the Board of Directors on the issue. Once monetary penalties begin being imposed, the Member is then responsible to inform the Association of compliance.

Role of the Board and Association Staff

The authority of the Association to enforce the Governing Documents is exercised 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 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.

Establishment of Violation and Violation Notices

1. Courtesy Notice: Upon verification of the existence of a violation, a Courtesy Notice may be given by phone call and/or in a written letter mailed to the Owner, as determined by Association staff, providing the specific information regarding the violation, and requesting that corrective action be taken within a

specific timeframe or that the violation not re-occur. If the Owner is a repeat offender, the violation is a repeat offense, or if otherwise determined by the Board or Association staff, this Courtesy Notice step may be skipped.

2. Violation Notices: If the Owner fails to remedy the violation within the timeframe set forth on the Courtesy Notice, if the Courtesy Notice step is skipped, or if the violation is initially cured but then recurs within a period of twelve (12) months from the initial violation, a written Violation Notice shall be mailed to the Owner. The first Violation Notice shall include:

- a. The nature of the violation.
- b. The provision(s) of the Declaration or other governing document that was violated.
- c. The date the violation was observed and by whom.
- d. A date for correction of the violation and/or to submit plans and specifications for the improvement to the Architectural Committee.
- e. If applicable, the Board's intent to levy a fine against the Owner.
- f. A statement advising the Owner of the opportunity to be heard with respect to the violation and the timeframe (at least ten (10) business days after the Violation Notice was sent) to contact the Association, in writing, to exercise the opportunity to request the hearing.
- g. A statement advising the Owner of the manner in which the Owner may contest the violation.
- h. A statement advising the Owner that the Owner has the right to petition for an administrative hearing on the outstanding violation to the Department of Real Estate.

3. Subsequent Violation Notices and/or Continuing Violations: If the violation still exists after the timeframe for compliance in the initial Violation Notice or if the violation re-occurs again within twelve (12) months of the initial violation, subsequent violation notices may be sent to the Owner, containing the information required under Paragraph 2, and/or additional fines may be imposed under the same terms and conditions as set forth below.

Section 10: Fines

Created and Approved By Casita Colony Recreation Association

Created: September 19, 2023

Modified:

1. Hearing and Waiver of Right to be Heard: If requested within the timeframe prescribed in the notice to the Owner, a hearing will be granted, and a reasonable effort will be made to schedule the hearing at a time convenient to both the Board and the Owner. To the extent reasonably possible, the hearing will be held at the next scheduled Board of Director's meeting. The hearing will be held in the open session portion of the meeting unless the Owner requests the hearing be held in executive session or the Association staff determines that the hearing should be held in executive session.

At the hearing, the Board shall permit the Owner to submit all relevant arguments, evidence, statements, and/or witnesses regarding the alleged violation. The Board 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.

Any of the following shall constitute a waiver of the Owner's right to the hearing:

- a. The Owner does not contact the Association to request a hearing in the timeframe prescribed in the Violation Notice to the Owner.
- b. The Owner does not respond to the Association's reasonable attempts to schedule a hearing.
- c. After a hearing is scheduled, the Owner does not attend the hearing or provide at least forty-eight (48) hours' notice of their inability to attend the hearing.

A fine may be imposed after the hearing or after the Owner waives the right to be heard. If an Owner waives the right to be heard, the Board will make a decision regarding a fine based on the information it has. Any fine imposed may be applied retroactively to the initial date of the violation.

2. Notice and Amount of Fines: The Owner will be given written notice of the amount of any fines imposed, such additional fines that will be levied thereafter until the violation is remedied, and the due date for payment of such fines. 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. The Board intends to impose fines generally in accordance with the attached Fine Schedule for violations listed on this schedule; however, the Board reserves the right to vary from this schedule based on the nature and severity of the offense and the number and history of violations by the Owner.

3. Fines for Continuing and Recurring Violations: Once it has been determined by the Board that the violation is a continuing violation, the Board may impose reasonable continuing fines (such as daily, weekly, or monthly fines) while the violation continues, and such continuing fines shall accrue until the Owner notifies the Association that the violation has ceased, and the Board confirms that it has ceased. If any violation recurs within twelve (12) months from a past violation, it will be considered a subsequent violation related to that past violation for the purpose of imposing fines.

Referral to Legal Counsel; Other Legal Remedies

Where it is determined to be in the best interest of the Association, the Board may, at any time during the enforcement process, refer the violation to legal counsel for action seeking injunctive relief against the Owner to correct or otherwise abate the violation, or to pursue any other legal or equitable remedy that may be available to the Association. Similarly, the Board may, in its sole discretion, determine that the Association will forego levying fines under this policy to pursue any other legal or equitable remedy that may be available to the Association under the Governing Documents and Arizona law.

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 on, 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.

Section 11: FINE SCHEDULE

Created and Approved By Casita Colony Recreation Association

Created: September 19, 2023

Modified:

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 \$1,000.00 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 Violation Notice.

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 attorneys' fees incurred by the Association.

Animal Non-Injury or Nuisance Violation

Courtesy Notice – no fine

Violation Notice - \$25 fine

Subsequent Notices - \$50 fine

Continuing Violations - \$25 fine per day

Animal Violation Causing Injury or Danger to Person(s) Or Animal(s) within Association's geographic boundary

No Courtesy Notice Required

Violation Notice - minimum \$250 fine

Subsequent Notices - minimum \$500 fine

Rental Violation Scenarios (enumerate specific scenarios)

No Courtesy Notice Required

Violation Notice – amount being charged as rent, or minimum of \$200 fine per day

Subsequent Notices - amount being charged as rent, or minimum of \$200 fine per day

Continuing Violations - amount being charged as rent, or minimum of \$200 fine per day

Use of Property as Trade or Business Violation

No Courtesy Notice Required

Violation Notice - minimum \$100 fine

Subsequent Notices - minimum \$100 fine

Continuing Violations - \$500 fine per day

Violation of Rules Governing Use of Common Area

Courtesy Notice – no fine

Violation Notice - \$50 fine

Subsequent Notices - \$75 fine

Violation of Rules Governing the Use of Common Area Causing Damage

No Courtesy Notice Required

Violation Notice – minimum \$100 fine plus cost of repairing or restoring damage

Trash/Recycle Receptacles

Courtesy Notice – no fine

Violation Notice - \$10 fine per day left out

Subsequent Notices - \$10 fine per day left out

Continuing Violations - \$10 fine per day left out

Landscaping Violations (Including Weeds)

Courtesy Notice – no fine

Violation Notice - \$50 fine

Subsequent Notices - \$100 fine

Continuing Violations - \$100 fine per week

Failing to Properly Maintain Lot and/or Structures on Lot (Includes Painting)

Courtesy Notice – no fine

Violation Notice - \$50 fine

Subsequent Notices - \$100 fine

Continuing Violations - \$100 fine per week