

COMPLIANCE ENFORCEMENT AND PENALTY POLICY

PALMS RV RESORT LOT OWNERS ASSOCIATION BOARD OF DIRECTORS

By Resolution dated 12 02, 2019, the Board of Directors (Board) of the Palms RV Resort Lot Owners Association (LOA) adopted this Policy pursuant to the Declaration of Covenants, Conditions & Restrictions (CC&Rs) and Arizona Revised Statutes 33-1803, which authorize the Board to impose monetary penalties for violations of the CC&Rs, Architectural Review Guidelines, and all other rules of the LOA.

In instances involving immediate threats to health and safety, the Board and/or LOA Management has the discretion, subject to any limitations under Arizona law, to accelerate the timeframes for correction and response under this Policy.

1. Courtesy Letter. In most cases, LOA Management will provide the Owner with a courtesy letter notifying the Owner of the alleged violation and requesting correction of the alleged violation(s). The letter will state:
 - (a) The nature, description and location of the violation(s);
 - (b) Citation to the provision/s in the LOA document(s) violated;
 - (c) The date the violation(s) was observed and by whom;
 - (d) The action(s) required to correct the violation(s); and a time period for compliance, not to exceed fourteen calendar (14) days from the date of the letter.
2. Notice of Violation(s). If the violation(s) is not resolved within the time period stated in the "Courtesy Letter" (or any extension agreed, in writing, by the LOA Management), LOA Management will send the Owner a Notice of Violation by first-class registered mail to the Owner's address on file with the LOA Office*. This Notice will state:
 - (a) The information provided in section 1, subsections (a)-(d);
 - (b) The process to contest the violation(s) by responding to the LOA in writing within twenty-one calendar (21) days from the date of the Notice;
 - (c) The right of the Owner as part of the response in 2(b) to request a hearing before the Board as set forth below;
 - (d) A statement that unless the violation(s) is corrected within 21 days, or such time as established by the Board after a hearing, whichever date is later, fines may be imposed as set forth in this Policy; and

- (e) A statement that the Owner at any time has the option of petitioning the state real estate department for a hearing pursuant to Arizona Revised Statutes section 32-2199.01.

Request for Hearing. If the Owner requests a Hearing within twenty-one (21) days of the Notice of Violation, the Board of Directors will schedule the hearing and notify the Owner of the date, place and time to appear. The Owner will be given an opportunity to appear and be heard.

- 3. Board's Decision. After the hearing, the Board will reaffirm whether violation(s) have occurred, and if so, the amount of any monetary fine, date monetary fine commences, and/or other sanctions. In imposing fines and sanctions, the Board will consider multiple factors, including the seriousness of the violation(s), potential harm to person or property values, likelihood of achieving compliance, repeat or continuing violation(s), and any other extenuating or exacerbating circumstances. After the Board decides what, if any, monetary fine to impose, it will notify the Owner in writing to the Owner's address on file with the LOA Office* of its decision. The notice will state that payment is due within fifteen (15) days. Monetary fines assessed on a daily basis (see below) must be paid on or before the 5th of the month following the month of assessment and considered past due if not paid by the 15th of the subsequent month. After that date, unpaid fines are subject to late fees, interest, and collection action as permitted under the CC&Rs and Arizona law.
- 4. Enforcement of Compliance with Architectural Review Committee (ARC) Plans and Specifications. Section 10.7 of the CC&Rs provides that when the ARC determines noncompliance with plans and specifications it approved, the Owner has sixty (60) days from the date of notice by the ARC to correct the noncompliance. If the Owner does not correct the defect, the Board will send the Owner a Notice of Deficiency to the Owner's address on file with the LOA Office* which outlines the problem and sets a date for a hearing before the Board or its appointed Committee to determine whether there is noncompliance. The Owner may appear at the hearing and offer evidence. If the Board finds noncompliance, the Owner shall correct the defect no later than forty-five (45) days from the date the Board notifies the Owner of its decision. If the Owner does not comply within that period, the Board may in its discretion impose a fine or commence an action for damages or injunctive relief.
- 5. It is the responsibility of the Owner to assure correct updated mailing address is on file with LOA. Any notice defined herein shall be considered appropriately sent if mailed to

the Owner's address on file with the LOA. The LOA Administration may, without obligation, provide a copy in the onsite mailbox associated with the Owner's lot and/or hand delivery.

FINE GUIDELINES

1. Fines may be imposed only after notice and opportunity to be heard as required under this Policy.
2. Monetary fines, if imposed, shall commence as defined in paragraph 4 and/or 5 above and shall not exceed \$25.00 per violation, per day for the duration noncompliance(s) subject to monetary fines remain. Maximum accumulation of monetary fines imposed on daily basis shall not exceed the last day of any month the fine(s) are imposed after which payment is due by the 5th of subsequent month and shall be considered past due if not paid by the 15th of the subsequent month.