

**RESOLUTION OF THE BOARD OF DIRECTORS
VISTOSO HILLS HOMEOWNERS ASSOCIATION
ADOPTED December 9, 2003**

This resolution is adopted by the Board of Directors of VISTOSO HILLS HOMEOWNERS ASSOCIATION pursuant to Arizona Revised Statutes §33-1803, which provides that the Association's Board of Directors is entitled to impose fines for violation(s) of the Declaration of Covenants, Conditions and Restrictions (CC&R's) and any rules adopted by the Board of Directors. The procedure for imposing fines for such violation(s) is set forth below and supersedes any other such procedure previously adopted by the Board:

I. "Friendly Reminder"

In most cases, and when appropriate as determined by the Association Manager, the first notification to an Owner of their violation of the CC&R'S or a rule will be by means of a "friendly reminder" letter. The Association Manager will issue the letter.

II. Notice of Violation

If within ten (10) days of the date of the "Friendly Reminder" compliance is not gained, a written "Notice of Violation(s)" together with a request to cease and desist from the alleged violation(s) shall be sent to the Owner of the Lot by the Association Manager via regular mail and shall specify:

- (a) The alleged violation(s);
- (b) The action required to correct the violation(s);
- (c) A time period for compliance of not less than ten (10) days, if the violation(s) is a continuing one, or;
- (d) If the violation(s) is not a continuing one, a statement that any subsequent violation(s) of the same rule or provision of the CC&R'S may result in the imposition of sanctions after notice and an opportunity for a hearing (at Owners' request);
- (e) In the event that the Owner is leasing his/her home, the Association may provide a copy of the Notice of Violation(s) to the Owner's tenant.

III. Definition - Continuing Violation(s).

Each day a violation(s) continues after notice to cease has been given to the Owner constitutes a separate violation(s) and can be subject to a fine.

IV. Notice of Hearing

If the violation(s) continues past the 10 day period allowed in the "Notice of Violation" or if the same rule or provision of the Governing Documents is subsequently violated, the Association Manager, via certified and regular mail shall serve the Owner with written "Notice of Hearing" to be held by the Fine Appeal & Investigation Review Committee (FAIR).

The notice shall contain:

- (a) The nature of the alleged violation(s);
- (b) The time and place of the hearing, which shall be not less than seven (7) days from the date of the notice;
- (c) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf;

(d) The proposed sanction to be imposed, which includes the imposition of a fine and the payment of any attorney fees incurred by the Association, in the event that the Association prevails in the suit, as allowed by the governing documents and law

V. Hearing

- (a) The hearing shall be held pursuant to the Notice of Hearing and the Owner shall be afforded a reasonable opportunity to be heard.
- (b) Prior to any sanction becoming effective, the Association shall submit proof of the notice and the invitation to be heard which shall be attached to the minutes of the meeting.
- (c) Such proof 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.
- (d) The notice requirement is satisfied if the Owner appears at the meeting.
- (e) The minutes of the meeting shall contain a written statement of the results of the hearing and the sanctions, if any, to be recommended to the Board.

VI. Imposition of Fine and any other Sanctions

After the 10 day grace period, or after a hearing is held, the committee shall recommend to the Board of Directors the amount of the fine to be imposed, if any, based on:

- The seriousness of the violation(s),
- Whether this is a first violation or a continuing violation(s),
- Whether the type of offense poses a danger to property or any person,
- Any other extenuating circumstances and whether the Owner agrees in good faith to correct the violation(s) within the time specified by the FAIR committee,
- The current Fines Schedule.

After the Board of Directors has reviewed the recommendations of the FAIR committee, a notice will be mailed to the Owner stating the amount of the fine, if any, and its due date.

The Board of Directors is empowered to impose a fine for each day that the violation(s) continues. **SEE ATTACHMENT A – FINES SCHEDULE.**

VII. Request for Reconsideration to the Board of Directors

- (a) The Owner may request reconsideration by the Board of Directors.
- (b) The Owner must submit the request in writing to the Association Manager within seven (7) days of receipt of notice of the sanctions.
- (c) The Board will send a written notice to the Owner of its ruling.
- (d) The ruling of the Board will be final.

VIII. Payment of the Fine and/or Penalties

The Board will advise the Owner that any fine, which is not paid within fifteen (15) days of its due date, is delinquent and subject to late fees and interest the same as any other assessment, subject to applicable Arizona law (ARS 33.1803.B limits to the greatest of \$15.00 or 10% of the amount due).

IX. Collection

Collection of any fines and penalties may be enforced against any Owner in the same manner as the collection of delinquent assessments.

X. Effective Date

The effective date of this resolution is January 15, 2004.

DAIED this 9th day of December 2003.

VISTOSO HILLS HOMEOWNERS ASSOCIATION

By: //Nadine Madison//, President

Attest: //Donna Sabers//, Secretary