

**HILL FARM HOMEOWNERS ASSOCIATION,  
an Arizona non-profit corporation**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
Re: ENFORCEMENT POLICY**

At a meeting of the Board of Directors of Hill Farm Homeowners Association (the "Association"), an Arizona non-profit corporation, duly called and held on the 21st day of June 2010, a quorum being present and voting, the following policy was adopted:

1. Informal Notification. When a violation of the *Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Farm* (the "CC&Rs")<sup>1</sup> or an Association Rule is noted by or reported to the Association's management staff, an authorized Association representative will contact the Lot Owner in writing (via email, hand delivery or U.S. Postal Service). The Lot Owner will be informed of the violation and asked to rectify it within the following two weeks.

2. First Notice of Violation. If the Lot Owner has failed to correct the violation within two weeks from the date of the informal notification, a first notice of violation will be sent to the Lot Owner of record (via first class mail) with a timetable for corrective action, which will be at least 10 business days from the date of the notice.

3. Contents of First Notice. The first notice of violation from the Board of Directors 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 Lot Owner is aware of the process he or she must follow to contest the notice.

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<sup>1</sup> Words that are defined terms in this Policy or in the CC&Rs are noted by the first letter of the words being capitalized.

4. Contesting the Notice of Violation. If the Lot Owner wishes to contest the first notice of violation, he or she shall provide the Board a written response by certified mail within 10 business days after the date of the Association's first 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 Lot Owner's response, the Board or its authorized agent shall respond to the Lot Owner with a written explanation regarding the notice of violation, and shall provide any additional information the Lot Owner reasonably requires.

6. Second Notice of Violation. After the procedure in Paragraphs 4-5 is completed, or after the initial 10-day notice period set forth in the first notice of violation (if the Lot Owner has not responded), a follow-up inspection will be conducted by the Board or its authorized agent. If the Lot Owner has not cured the violation(s) within the time specified, a second notice of violation will be sent, wherein the Lot Owner will be instructed to cure the violation(s) within 7 calendar days after the date of the second notice. Alternatively, at this point, the Board may elect to follow the procedures set forth in Section 7.2 of the CC&Rs and exercise "self help."<sup>2</sup> If the Board elects to exercise self-help at this point, Paragraphs 7-17 below do not apply.

7. Notice of Hearing. A follow-up inspection will be conducted on or after the deadline date of the second 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 Lot Owner a "Notice of Hearing" via certified mail, return receipt requested and first class mail, wherein the 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.

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<sup>2</sup> Section 7.2 of the CC&Rs states:

"If any Owner fails to maintain or repair any portion of his or her Lot, and the Improvements located thereon, including any wall, which he or she is obligated to maintain under the provisions of this Declaration, the Association (by its agents or employees) shall have the right, but not the obligation, after 10 calendar days prior written notice, to enter upon such Owner's Lot to perform the maintenance and repairs not performed by the Owner. The Board, by a 2/3rds vote, shall have the right, in its sole discretion, to determine the need for such maintenance, repair or upkeep. The cost of any such work performed by or at the request of the Association shall be paid for by the Owner of the Lot, upon demand from the Association, and such amounts shall be a lien upon the Owner's Lot. The Association may enforce collection of such amounts in the same manner and to the same extent as provided in Article IV above for the collection and enforcement of Assessments."

## Resolution # 10-05

8. Hearing Panel. A quorum of the Board of Directors shall act as the Hearing Panel at the Board's regularly-scheduled monthly meetings. The Hearing will be held in executive session prior to the beginning of the open Board meeting.

9. Designated Representative. A Lot 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 of Directors. The Lot Owner and his/her designated representative will be informed of the procedure before the Hearing begins. The Lot 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.

11. Proof of Delivery of Notice. Proof of delivery to the Lot 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 Lot 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 Lot 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. Post-Hearing Grace Period. An additional grace period of 10 days, beyond the date of the Hearing, will be granted for correction of any violation brought before the Hearing Panel. Failure to correct said violation within that time frame will result in the monetary penalty that may have been specified for the violation being imposed retroactive to the date of the Hearing.

15. 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.

16. Repeat Violations. A penalty for repeated violation of an Association Rule or restriction may be imposed by the Board for each issue of noncompliance of the same Rule or

**Resolution # 10-05**

restriction. Daily penalties for violation of a Rule or restriction may accrue for ongoing issues of noncompliance until each such violation is corrected.

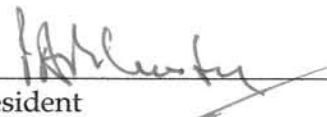
17. Collection of Penalties. The Association has a lien for penalties and associated late charges, attorney fees and costs, imposed for violation of a rule or restriction, after the entry of a judgment in a civil suit for penalties, late charges and associated attorney fees and costs, by a court of competent jurisdiction, and the recording of that judgment in the office of the Pima 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.

18. Recorded Notice of Violation. In addition to the levy of a monetary penalty, the Board may choose to have the Association's attorney record a "Notice of Violation" with the office of the County Recorder of Pima County, Arizona, stating the name of the Owner, the Lot and the nature of the violation, and the Association's intent not to waive any of its rights of enforcement. The Notice shall remain of record until the violation is cured.

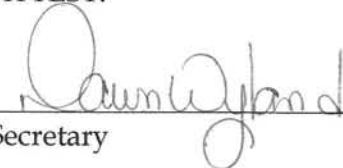
19. Cumulative Rights and Remedies. All rights and remedies of the Association at law or in equity are cumulative, and the exercise of one right or remedy shall not waive the Association's right to exercise another right or remedy. This means that the Association's Board can decide to bring a lawsuit 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 Third Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Hill Farm also apply, including (but not limited to) the self help provisions in Section 7.2 of the CC&Rs.

DATED this 21st day of June, 2010.

**HILL FARM HOMEOWNERS ASSOCIATION**  
**an Arizona non-profit corporation**

By:   
Its: President

ATTEST:

  
Secretary