MCDOWELL MOUNTAIN RANCH COMMUNITY ASSOCIATION

Resolution to Amend Fine, Appeal & Collection Policies and Establish Supplemental Fine Schedule

The undersigned directors of McDowell Mountain Ranch Community Association, an Arizona nonprofit corporation (the "**Association**"), at a meeting of the Association's Board of Directors (the "**Board**") held on November 19, 2024 do hereby adopt the following resolution.

WHEREAS, the Association and its members are governed by the Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for McDowell Mountain Ranch, recorded on October 7, 1994, in the official records of the County Recorder of Maricopa County, Arizona, at recording number 94-0730728 ("**Declaration**"), and the Association's Bylaws, Articles of Incorporation, and Rules and Regulations (collectively and together with the Declaration, the "**Governing Documents**"); and

WHEREAS, pursuant to Article XII, Section 12.1 of the Declaration and A.R.S. §§ 10-3302 and 10-3613, the Board has the power to enforce the provisions of the Declaration by appropriate means, including, without limitation, the imposition of fines, the expenditure of funds of the Association, the employment of legal counsel and the commencement and prosecution of legal proceedings; and

WHEREAS, A.R.S. § 33-1803(B) provides, in part, that the Association may, after notice and an opportunity to be heard, impose reasonable monetary penalties on Owners for violations of the Governing Documents; and

WHEREAS, the Board recognizes the need to amend its fine policy and adopt a supplemental fine schedule with respect to enforcing against specific violations of the Governing Documents.

RESOLVED, that the amended Fine, Appeal & Collection Policies (the "**Fine Policy**") attached hereto as Exhibit A is hereby adopted and will be in effect as of the Effective Date, and shall amend the previous version of the McDowell Mountain Ranch Fine, Appeal & Collection Policies; and
RESOLVED, that the Supplemental Fine Schedule (the "**Schedule**") attached hereto as Exhibit B is hereby adopted and in effect as of the Effective Date, and shall supplement the Fine Policy; and
RESOLVED, that the Board reserves to itself the right to deviate from the Policy in certain cases, as the Board determines in its discretion to be appropriate.

IN WITNESS WHEREOF, the undersigned officer of the Association certifies that, by action of a majority of the Board, the above resolutions were adopted on the date of the meeting noted above.

DocuSigned by:
Ryan Rahaeuser
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Ryan Rahaeuser, President

EXHIBIT A

MCDOWELL MOUNTAIN RANCH COMMUNITY ASSOCIATION
FINE, APPEAL, AND COLLECTION POLICIES
(Effective Date: February 1, 2025)

FINE POLICY

The following Fine Policy shall be followed for the McDowell Mountain Ranch Community Association:

FIRST NOTICE: An initial notice of the violation shall be mailed via regular mail to the homeowner requesting compliance within fourteen (14) days, NO FINE.

SECOND NOTICE: If the violation still exists, a second notice requesting compliance within fourteen (14) days shall be mailed via regular mail to the homeowner. A fine of $50.00 will be assessed and due immediately with the second notice.

THIRD NOTICE: If the violation still exists, and the Association has not elected to pursue legal remedies, a third notice requesting compliance within fourteen (14) days shall be mailed via regular mail to the homeowner. A fine of $100.00 will be assessed and due immediately with the third notice.

FOURTH NOTICE: If the violation still exists, and the Association has not elected to pursue legal remedies, a fourth notice requesting compliance within fourteen (14) days shall be mailed via regular mail to the homeowner. A fine of $150.00 will be assessed and due immediately with the fourth notice.

FIFTH NOTICE: If the violation still exists, and the Association has not elected to pursue legal remedies, a fifth notice requesting compliance within fourteen (14) days shall be mailed via regular mail to the homeowner. A fine of $200.00 will be assessed and due immediately with the fifth notice.

CONTINUING VIOLATIONS: If the violation continues without resolution after the 5th notice, a fine of $500.00 may be assessed every fourteen (14) days until the violation is resolved. In addition, the Board shall have the right to remedy the violation and/or take legal action, the cost of which shall be billed to the homeowner and collected as allowed by the Declaration and Arizona Revised Statutes.

FINES: No fine shall be imposed without first providing a written warning to the homeowner describing the violation and stating that failure to correct the violation within no more than fourteen (14) days or another recurrence of the same violation within six (6) months of the most recent violation date shall make the homeowner subject to imposition

of a fine. A Supplemental Fine Schedule has been adopted by the Board and can be found below.

VIOLATION APPEAL POLICY

When a violation notice is sent to a homeowner, the notice includes a statement notifying the homeowner that they have the "RIGHT OF APPEAL." When a homeowner wants to appeal a violation, they must send the Management Company written notice that they are requesting an appeal of the violation.

- Appeals shall be received within thirty (30) days of the date of the fine notification (violation letter).
- Appeals shall provide evidence that no violation existed or occurred, or demonstrate extenuating circumstances, which require deviation from the Declaration and/or guidelines.
- Appeals shall include all pertinent backup information to support the position that no violation existed or occurred, or the existence of the extenuating circumstance.
- All decisions of the Board are final and may not be further appealed.
- Any appeal that does not meet the above requirements may not be heard by the Board and may automatically be considered DENIED.
- The homeowner appealing the violation will be given written notice that a hearing on the appeal is scheduled.
- The appeal shall be heard in Executive Session (unless the homeowner requests that the appeal be heard in Open Session).
- The Board President will introduce all parties.
- Lengthy discussions are not a part of an appeal process.
- The homeowner who is appealing will be asked to state their case and present any documentation that is applicable.
- Each Board Member will have the opportunity to ask the homeowner specific questions regarding the appeal.

Upon completion of the question and answer period, the Board President will state that the appeal has been heard and the Board will make their decision in closed session. Then "Written Notice" will be mailed to the homeowner of the Board's decision within seven (7) working days following the appeal.

If the appeal is denied, the homeowner must bring the violation into compliance within fourteen (14) days. If the violation still exists after fourteen (14) days, the homeowner will be fined pursuant to the Fine Policy and/or Supplemental Fine Schedule every fourteen (14) days until the violation is corrected. In addition, the Board of Directors may seek legal action to remedy the violation. All costs of legal action may be sought from the homeowner.

ASSESSMENT COLLECTION POLICY

Personal Obligation

As set forth in Article VII, Section 7.1 of the Declaration, each Owner is personally responsible for the payment of Annual Assessments, Special Assessments for capital improvements or other extraordinary expenses or costs, Maintenance Charges, together with interest, costs, and reasonable attorneys' fees.

Late Fees

Pursuant to the Board's authority as set forth in Article VII, Section 7.10, a late fee of $15.00 will be assessed to the Owner's account in the event any assessments remain unpaid thirty (30) days after the due date.

Interest

In accordance with Article VII, Section 7.10 of the Declaration, interest will be imposed on all Assessments not paid within thirty (30) days after the due date, at the rate equal to the greater of (a) twelve percent (12%) per annum, (b) the then prevailing interest rate on loans insured by the Federal Housing Association, or (c) the prevailing interest rate on loans guaranteed by the Veterans Administration, from the due date until paid.

Collection Costs

The Association shall be entitled to recover all taxable and incidental costs, including attorneys' fees, which may be incurred by the Association in collecting delinquent Assessments.

Collection Procedure

1st Late Notice will be sent to the Owner, via regular mail, thirty (30) days after the Assessments due date notifying the Owner of the balance due and requesting payment in full. Such notice shall inform the Owner that a Late Fee has been assessed and that interest and collection charges are being assessed until the account is paid in full. A collection charge will be assessed to the Owner's account for this letter (as of this writing the charge is $25.00, however this charge remains subject to increase, without further notice).

2nd Late Notice will be sent to the Owner, via certified mail, return receipt requested, sixty (60) days after the Assessments due date, notifying the Owner of the balance due, requesting payment in full and notifying the Owner that their account may be referred to

the Association's attorneys for further collection efforts, including but not limited to the recordation of a Notice of Lien and further legal action, if the account is not brought current in the timeframe specified. This notice will be sent to the Owner's address on record. The final notice shall include the following disclaimer pursuant to A.R.S. 33-1807(K):
YOUR ACCOUNT IS DELINQUENT. IF YOU DO NOT BRING YOUR ACCOUNT CURRENT OR MAKE ARRANGEMENTS THAT ARE APPROVED BY THE ASSOCIATION TO BRING YOUR ACCOUNT CURRENT WITHIN THIRTY DAYS AFTER THE DATE OF THIS NOTICE, YOUR ACCOUNT WILL BE TURNED OVER FOR FURTHER COLLECTION PROCEEDINGS. SUCH COLLECTION PROCEEDINGS COULD INCLUDE BRINGING A FORECLOSURE ACTION AGAINST YOUR PROPERTY.
A collection charge will be assessed to the Owner's account for this letter (as of this writing the charge is $45.00, however this charge remains subject to increase, without further notice).

Payment Plans

The Board may authorize a repayment plan ("Payment Plan") to bring an Owner's delinquent account current. All Payment Plans are subject to the following:

- Payments are due upon the date and interval specified.
- The repayment period of the delinquent balance cannot exceed a 12-month period (inclusive of any extensions).
- If an Owner has previously been referred for collection to the Association's attorney, the Payment plan repayment period cannot exceed a 6 month period.
- Owners remain responsible for staying current on their ongoing Assessments while on a Payment Plan. Failure to do so will be deemed an automatic default of the Payment Plan.
- In the event an Owner defaults on their Payment Plan, the entire balance becomes immediately due and owing and the Owner becomes subject to further collection efforts, immediately.

Uncollectable Amounts

If at the end of an exhausted collection process any amount still remains uncollected the remaining amount may be written-off, but only after a review by the Board of the collection efforts undertaken and subject to the approval by the Board.

Appeal Process

Any Owner who desires to appeal Late Fees, Interest, Collection Cost or other charges imposed by this Assessment Collection Policy, must notify the Management Company in writing that they are requesting a collection related appeal. Owners may appeal in person (as set forth below) or may submit a written appeal.

- Appeals must be received within ten (10) days of the date of the correspondence imposing the Late Fee, Interest, or Collection Cost.
- Appeals should demonstrate extenuating circumstances which require deviation from the Policy.
- Appeals should include any pertinent backup information to support the existence of the extenuating circumstance.
- All decisions of the Board are final and may not be further appealed.
- Any appeal that does not meet the above requirements may not be heard by the Board and may automatically be considered DENIED.
- An Owner will be given written notice that a hearing on their appeal is scheduled.
- The appeal will be heard in Executive Session.
- Lengthy discussions are not a part of the appeal process
- The Owner who is appealing will be asked to state their case and present any applicable documentation.
- Each Board Member will have the opportunity to ask the Owner specific questions regarding the appeal.
- Upon completion of the question and answer period, the Board President will state that the appeal has been heard and the Board will make their decision in closed session.
- Written Notice of the Board's decision will be delivered to the Owner within a reasonable period of time. Notwithstanding this, an appeal, does not halt the collection process.

This Assessment Collections Policy replaces and supersedes in all respects all prior resolutions with respect to the collection of Assessments by the Association and is effective upon adoption hereof, to remain in force and effect until revoked, modified, or amended.

EXHIBIT B

MCDOWELL MOUNTAIN RANCH COMMUNITY ASSOCIATION
SUPPLEMENTAL FINE SCHEDULE
(Effective Date: February 1, 2025)

SUPPLEMENTAL FINE SCHEDULE

The following Supplemental Fine Schedule shall apply to specific violations of the Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for McDowell Mountain Ranch, recorded on October 7, 1994, in the official records of the County Recorder of Maricopa County, Arizona, at recording number 94-0730728 ("**Declaration**"), and the Association's bylaws, articles of incorporation, and rules and regulations (collectively and together with the Declaration, the "**Governing Documents**"):

UNAPPROVED CONSTRUCTIONS/IMPROVEMENTS - FINE SCHEDULE: The Board hereby adopts the following notice and fine schedule for violations relating to construction and/or improvements installed without prior written approval of the Design Review Committee ("Architectural Violation"):

- **FIRST NOTICE**: Upon reasonable belief that an Architectural Violation exists or has occurred, an initial notice of the violation shall be mailed via regular mail to the Owner specifying the violation and demanding immediate compliance and imposing a **$250.00 FINE**, which will be due within fourteen (14) days from the date of the First Notice (unless the Owner has contested the notice, then it will be due after any completed hearing, as applicable).

- **SUBSEQUENT NOTICES**: Upon reasonable belief that an Architectural Violation exists or has occurred within 60 days of any initial notice or subsequent notice, it will be deemed a continuation of the prior violation, and a notice of such violation shall be mailed via regular mail specifying the violation and requesting compliance within five (5) days. A **$500.00 FINE** will be assessed with each subsequent notice of such recurring violation and will be due immediately. In addition, the Board shall have the right, but not the obligation, to remedy the violation and/or take legal action, the cost of which may be assessed to the Owner's account and collected in the same manner as assessments.

HEALTH AND SAFETY VIOLATIONS - FINE SCHEDULE: The Board hereby adopts the following notice and fine schedule for violations of the Association's Rules and Policies related to an Owner or their guest(s) creating health and/or safety issues including, but not limited to, alcohol/drug use, lewd actions/behavior, unauthorized access, excessive noise/nuisance, and engaging in other dangerous behavior ("Health and Safety Violation"):

- **FIRST NOTICE**: Upon reasonable belief that a Health and Safety Violation exists or has occurred, an initial notice of the violation shall be mailed via regular mail to the Owner specifying the violation and demanding immediate compliance and imposing a **$250.00 FINE**, which will be due within fourteen (14) days from the date of the First Notice (unless the Owner has contested the notice, then it will be due after any completed hearing, as applicable).

- **SUBSEQUENT NOTICES**: Upon reasonable belief that a Health and Safety Violation exists or has occurred within 60 days of any initial notice or subsequent notice, it will be deemed a continuation of the prior violation, and a notice of such violation shall be mailed via regular mail specifying the violation and requesting compliance within five (5) days. A **$500.00 FINE** will be assessed with each subsequent notice of such recurring violation and will be due immediately. In addition, the Board shall have the right, but not the obligation, to remedy the violation and/or take legal action, the cost of which may be assessed to the Owner's account and collected in the same manner as assessments.

SUPPLEMENTAL FINE POLICIES: The Board may adopt additional supplemental fine policies to address specific violations in the community. If a supplemental fine policy is not adopted, the Association's general fine policy shall control.

INJUNCTIVE RELIEF: If an Owner does not cure a violation upon demand made by the Association, the Board may request the Association's legal counsel to file an action seeking injunctive relief against the Owner to cure the violation. However, this Supplemental Fine Schedule shall not limit the Board's right to seek immediate injunctive relief at any time regardless of the presence or absence of notices or fines hereunder, for any violation that the Board determines in its sole and absolute discretion. The Owner shall be liable to the Association for all attorneys' fees and costs incurred by the Association in connection with seeking such relief pursuant to Article 15, Section 15.14 of the Declaration, and A.R.S. §§ 12-341 and 12-341.01.

BOARD DISCRETION: Notwithstanding the foregoing, the Board, in its sole discretion, may at any time, after notice and an opportunity to be heard, assess a fine in an amount of up to $2,000.00 for any incident the Board deems to be egregious, dangerous, that may threaten the life, health, safety, or welfare of any person, tenant, occupant, guest, invitee, or Owner, or that may cause detriment or damage to any Association or other Owner's property. The Board may levy this fine despite any past violation history or lack thereof.

Notwithstanding the foregoing procedures, the Board of Directors reserves the right to deviate from the fine amounts and procedures set forth herein and reserves the right to seek Injunctive Relief at any time regardless of the presence or absence of notices hereunder, for any violation that the Board of Directors determines in its sole and absolute

discretion constitutes a material danger to persons or property or requires immediate action for any other substantial reason. Moreover, The Board may, at any time during the enforcement process, refer the violation to legal counsel for action, or pursue any other legal or equitable remedy that may be available to the Association.

LEASING OF LOTS

The Association's Declaration at Section 4.3(b) prohibits a Dwelling Unit from being used, allowed, authorized, or advertised for lease for a term of less than thirty (30) consecutive days and prohibits the Dwelling Unit from being used for vacation rental, timeshare, hotel, or transient purposes.

APPLICABLE FINES AND MONETARY PENALTIES

If an Owner is in violation of Section 4.3(b) of the Declaration as further described above, the Board, after providing notice and opportunity to be heard, will impose one of the following fines:

- A fine of $350.00 per day will be applicable to all violations of Section 4.3(b) to be assessed during the time the violation starts and until it clearly ends.
- Owners are also subject to any statutory fines referenced above for violations of A.R.S. § 33-1806.01.

PARKING AND TOWING:

The Association's Declaration at Section 4.3(u) prohibits vehicles of all Owners, Lessees and Residents, and their employees, guests, and invitees from overnight parking on roadways within the community. **These vehicles are subject to towing and any fees, fines or penalties related to recovering the vehicles will be the responsibility of the vehicle owner.** Additionally, the property owner will also be responsible for monetary penalties, fines and fees related to non-compliance of this provision.

IT IS FURTHER RESOLVED THAT this Fine Policy and Schedule as of the "Effective Date" is to remain in force and effect until revoked, modified, or amended.

IN WITNESS WHEREOF, the said Board of Directors has approved and adopted the Fine Policy and Schedule as of this 19th day of November 2024, and directs its distribution to all Owners.

MCDOWELL MOUNTAIN RANCH COMMUNITY ASSOCIATION

DocuSigned by:

By: Ryan Kalaeuser

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Its: Board President