

ANCALA WEST ESTATES HOMEOWNERS ASSOCIATION

FINES AND PENALTIES POLICY

Pursuant to A.R.S. Sections 33-1242, 33-1803 and the Ancala West Estates Homeowners Association's ("Association") Declaration of Covenants, Conditions and Restrictions ("CC&Rs") as amended, after notice of a violation and an opportunity to be heard, the Association may impose reasonable monetary penalties on lot owners for infractions of the Association's CC&Rs, Bylaws, Rules, Architectural Committee Standards and Policies (collectively "Governing Documents").

Any failure to correct an infraction of the Governing Documents by a Member (Owner), family member, tenant, guest, invitee or licensee, shall result in a fine against the applicable Owner and penalized as follows (in addition to any other penalties, disabilities or remedies available to the Association):

- **Warning Letter:** *Warning Letter* sent to the Owner/Resident explaining the infraction of the Governing Documents and the Article and Section they are in violation of, and the steps to be taken to correct the infraction. The Owner/Resident will have twenty-one (21) calendar days to correct the infraction (with the exception of trash related, parking related, and health and safety related violations, which must be corrected immediately.) **Violations are to be remedied within the time allotted. Violations will accrue for a 6-month period.**
- **First Fine:** *First Fine Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$35.00 fine for failure to comply with the previously sent *Warning Letter*. The owner will have (14) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$35.00 fine will be automatically assessed to the Owner's account.
- **Second Fine:** *Second Fine Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$75.00 fine for failure to comply with the previously sent *Fine Notice*. The owner will have (14) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$75.00 fine will be automatically assessed to the Owner's account.
- **Third Fine and Subsequent Fines:** *Third and Subsequent Fine Notice(s)* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$125.00 fine for failure to comply with the previously sent *Fine Notice*. The owner will have (14) calendar days to appeal the violation and request a hearing in front of the Board of Directors at the next scheduled Board of Directors meeting (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$125.00 fine will be automatically assessed to the Owner's account.

PENALTY FOR MAKING IMPROVEMENTS/CHANGES TO THE EXTERIOR OF THE HOME OR LOT WITHOUT THE REQUIRED WRITTEN APPROVAL FROM THE ASSOCIATION:

Any modification to the exterior of a home or lot must have written approval from the Architectural and Landscape Committee prior to the commencement of the project. A fine of \$250.00 to \$2,000.00 will be assessed against any owner who begins modifications or improvements to the exterior of the home or lot prior to receiving the requisite approval; regardless if the modification or improvement is within the guidelines and aesthetics of the community and would essentially receive approval. The fine will be determined on a case-by-case basis and determined by the Board of Directors.

PENALTY FOR NOT ADDEHERING TO THE LEASING PROVISION OF THE RULES & REGULATIONS:

Pursuant to the Rules and Regulations regarding leasing, all leases must be for six months or more. Failure to comply will result in fines being levied per occurrence. Unpaid fines will be treated as any unpaid assessment. It is the owner's responsibility to assure compliance with these changes to the Fine, Appeal and Collection Policy.

- **First offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$500.00 fine for failure to comply with the Leasing Provisions of the Rules & Regulations adopted by the Association. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$500.00 fine will be automatically assessed to the Owner's account.
- **Second offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$1,000.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$1,000.00 fine will be automatically assessed to the Owner's account.
- **Third offense:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$2,500.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$2,500.00 fine will be automatically assessed to the Owner's account.
- **Fourth and Subsequent offenses:** *Violation Notice* sent to the Owner instructing that the infraction be corrected immediately and imposing a \$5,000.00 fine for failure to comply with the previously sent *Violation Notice*. The owner will have (10) calendar days to appeal the violation and request a hearing in front of the Board of Directors (or a time mutually agreed upon by both parties) prior to assessing any monetary penalties. If the Owner fails to appeal the violation within the allotted time, the \$5,000.00 fine will be automatically assessed to the Owner's account.

If the infraction is not corrected by the Fourth Violation Notice, the Governing Documents and Arizona law empower the Association to cure the infraction and assess the cost against the Owner's account, which the Association hereby reserves the right to effectuate. Furthermore, the Association may file a lawsuit against the Owner for injunctive relief to have a court order that the infraction be cured. In the event litigation is necessary, the Association will be entitled to seek all of its attorneys' fees and costs incurred in enforcing your compliance with the Governing Documents. These attorneys' fees and court costs can be expensive and will far exceed the amount in fines you have already been assessed.

APPEAL PROCESS

The Association's Courtesy Notice and Fine Notices state the Owner's right to appeal any notice of violation. The process of submitting a letter of appeal is as follows:

1. All appeal requests must be in writing and submitted to the Association's Managing Agent no more than fourteen (14) days from the date of the last Violation Notice. Failure to satisfy the requirements of the notice or to request an appeal within 14 days will constitute a waiver of the right to a hearing by the Owner.
2. Letters of appeal should include:
 - a) Your name and address.
 - b) A statement of the violation in which you are appealing.
 - c) A statement of appeal; such as: Why are you disagreeing with the violation? Are you asking for additional time to cure? Do you need further clarification? Be as specific as possible.
 - d) If you would like to appear in person to present, your appeal.
 - e) Whether you would like the appeal heard in regular session or executive (closed) session.
3. The Owner will be notified of the appeal hearing date within fourteen (14) days from the request for appeal.
4. If the Owner appeals in person, he/she will be given ten (10) minutes to state their position. The Board of Directors will listen and ask questions as necessary to obtain information to make an informed decision. The Board of Directors will not debate the issue. **The Association's Meeting Code of Conduct must be adhered to.**
5. Failure to comply with the notice or attend the scheduled hearing or notify within 48 hours to the Association of the necessity to reschedule the hearing, will waive the Owner's rights to a future hearing.
6. In the event of a hearing, the Board of Directors or designated committee's decision on an appeal shall be final.
7. The Owner will be notified in writing as to the final decision.

**APPEAL PROCESS TAKES APPROXIMATELY
30 DAYS FROM RECEIPT OF THE REQUEST.**

FINE, PENALTY & ASSESSMENT COLLECTION POLICY

Pursuant to the Arizona Nonprofit Corporation Act, A.R.S. §33-1803 and §33-1807 and the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Ancala West Estates Homeowners Association, Inc., and any amendments thereto, ("Declaration"), the following resolution is hereby adopted by the undersigned, all being directors of the Ancala West Estates Homeowners Association ("Association").

NOW THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of Assessments owing and to become owing by the Owners of Lots in the Association in the discharge of its responsibilities regarding collection of Assessments levied against Lots:

1. **POLICY OBJECTIVE:** The collection of Assessments pursuant to the Declaration and this Assessment Collection Policy will be governed by the following objective:

The Association will pursue collection of all Assessments. At each step within the collection process, the Board will analyze the facts and circumstances then known concerning a given delinquency to direct collection efforts toward the expedient course of action for resolving the delinquency.

2. **OWNERSHIP INTEREST:** Pursuant to the Declaration, the person who is the Owner of a Lot as of the date an Assessment becomes due is personally liable for the payment of the Assessment. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.
3. **HANDLING CHARGES AND RETURN CHECK FEE:** In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent Assessments, collection of these fees and charges are part of the Collection Policy. These fees and charges, including a \$25.00 Collection Notice Fee, will be added to the amount outstanding and are collectable to the same extent and in the same manner as the delinquent Assessment.
4. **APPLICATION OF FUNDS RECEIVED:** All monies received by the Association will be applied to amounts outstanding to the extent of and in the following order:
 - a. First to the unpaid Assessment amount;
 - b. Next, to the interest accrued;
 - c. Last to late fees, collections costs and attorneys' fees incurred by or on behalf of the Association.

5. **OWNERSHIP RECORDS:** All collections notices and communications will be directed to those persons shown by the records of Association as being the Owner of the Lot for which Assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the

Declaration and this Assessment Collection Policy until such time as there is actual receipt by the Association of written notification of any change in the identity or status of such Owner or its address or both.

6. NOTIFICATION TO OWNER:

- a. **LATE NOTICE:** Payments are due on the 1st day of each semi-annual month. A payment by a member is deemed delinquent if it is unpaid fifteen (15) or more days after the due date. A late notice will be sent via regular first-class mail. A Late Fee of \$15.00 will be charged to the Owner's account. Additionally, a \$15.00 Late Notice Fee will be charged to the Owner's account (This fee is charged for issuing a notice that you are late).
- b. **2nd LATE NOTICE:** No sooner than forty-five (45) days after the due date, the Association will send a notice via regular first-class mail to the Owner setting forth the amount of the delinquent Assessment owing. All fees associated with this letter will be charged to the Owner's account. If your account remains delinquent, starting with the second request for payment, the Association will charge late interest in the amount of one percent (1%) of the current assessment to your account. The interest will be applied to the account monthly until the account is paid in full or is written off.
- c. **INTENT TO LIEN NOTICE:** No sooner than seventy-five (75) days beyond the due date, the Association will send a notice of Intent to Lien to the Owner making formal demand for immediate payment for all outstanding amounts. The Intent to Lien notice will be sent via regular and certified mail, return receipt requested. All fees associated with this letter will be charged to the Owner's account.
- d. **RECORDATION OF LIEN:** Ninety (90) days after the due date, if an Owner fails to pay in full the entire amount covered by an Intent to Lien notice by the date specified, the Association will automatically turn the delinquent account over to an attorney for preparing and recording a lien against the Lot for all the delinquent amounts owed the Association. All fees related to collection, including attorney costs, lien fees and process server's charges, are the contractual obligation and personal debt of the homeowner.

7. **ALTERNATIVE COLLECTION COURSES:** At each step in the collection process the Board of Directors, acting with input and recommendation from management and counsel, will evaluate which course of legal action appears to be in the best interest of the Association for recovery of unpaid Assessments. Where foreclosure of the Assessment lien in favor of the Association against a Lot, together with pursuit of personal judgment against the Owner, is determined to be advisable or personal judgment alone, the Board will direct counsel to proceed accordingly.

8. **VERIFICATION OF INDEBTEDNESS:** Where an Owner requests verification of the indebtedness, Management will, upon notification of the Owner's request, supply verification within fifteen (15) business days. The exercise of the collection rights of the Association regarding Assessments will in all ways comply with the Fair Debt Collection Practices Act and A.R.S. 33-1803 and 33-1807.

Ancala West Estates Homeowners Association

Regulations on Less Than 180 Day Short-Term Rentals

Approved by the Board of Directors February 7, 2024

Units renting for less than one hundred eighty (180) consecutive days are in violation of Article 6.21 of the Declaration of Covenants, Conditions and Restrictions, as amended (“CC&Rs”) for Ancala West Estates, an Arizona nonprofit corporation (“Ancala West”). Listing or advertising the home with any agent or web service (e.g. MLS, VRBO, Airbnb, Craigslist, etc.) for less than one hundred eighty (180) consecutive days shall be deemed a violation of the CC&Rs, as it indicates the clear intent to violate the minimum one hundred eighty (180) day lease provision. Given the nature of the violation, a deliberate action taken knowingly in clear violation of the CC&Rs, every repeat is a repeated violation and not subject to the accrual period of a calendar year.

The following schedule of consequences shall apply to less than one hundred eighty (180) consecutive days short-term rental violations:

- **Listing a Home for Rental Periods of Less Than 180 Consecutive Days by Any Public or Private Means**

First Cited Offense

Warning notice via USPS from Management Company that offender must cease and desist the listing/advertisement within ten (10) days.

Second Cited Offense or Failure to Heed Warning in a Timely Manner

\$3,000.00 Fine.

Third and Subsequent Offenses

\$5,000.00 Fine and possible legal action.

- **Substantiated Rental of a Home for Less Than 180 Consecutive Days**

First Cited Offense

\$500.00 Per Day Fine.

Second Cited Offense or Failure to Heed Warning in a Timely Manner

\$1,000.00 Per Day Fine.

Third and Subsequent Offenses

\$2,000.00 Per Day Fine and possible legal action.

Furthermore, the CC&Rs provide that the Lot owner shall provide the following information to Ancala West, unless prohibited under Arizona law, at least ten (10) days before commencement of any duration lease term (the "Required Tenant Information"):

- (i) the commencement date and expiration date of the lease term;
- (ii) the names and contact information of each of the tenants and each other adult person who will reside in the Lot or Dwelling during the lease term;
- (iii) the address and telephone number at which the adult occupants of the Lot can be contacted by Ancala West during the lease term: and
- (iv) a description and license plate numbers of the tenants' vehicles.

The following schedule of consequences shall apply to any Lot Owner / Homeowner for failure to timely provide the Required Tenant Information:

\$500.00, provided Lot Owner / Homeowner subsequently provides the Required Tenant Information within ten (10) days of written request from Ancala West.

\$1,000.00, if Lot Owner / Homeowner fails to timely provide said information within said ten (10) days of written request from Ancala West, but subsequently provides the Required Tenant Information within thirty (30) days of the original written request from Ancala West.

\$2,500.00, if Lot Owner / Homeowner fails to timely provide said information within said thirty (30) days of written request from Ancala West, but subsequently provides the Required Tenant Information within ninety (90) days of the original written request from Ancala West.

For any failure to provide said Required Tenant Information within said ninety (90) days of the original written request from Ancala West - \$500.00 per day (applied retroactively and cumulatively) running from commencement date of lease.

Amendment to Rules, Regulations and Policies Ancala West Estates Homeowners Association

Limitations on Street Parking and Placing Items and Materials in the Streets Within Ancala West Estates HOA to Reduce Congestion (Effective 05/16/2024)

Consistent with the provisions of the Ancala West Estates HOA CC&Rs, Rules and Regulations (collectively referred to as the "AWE HOA Documents"), no Unit Owner may allow their guests, contractors, tenants and/or other invitees to park in such a manner that materially obstructs the streets of Ancala West for more than 10 minutes at a time, without written permission from a representative of Ancala West HOA.

Each Unit Owner is responsible for their own actions and the actions of the guests, contractors, tenants and/or other invitees. Each Unit Owner has a responsibility to inform said parties that they need to use the streets of Ancala West in such a manner as to not materially obstruct said streets for periods of time longer than 10 minutes.

Furthermore, each Unit Owner is responsible for maintaining the cleanliness of the streets in front of their individual units. By way of example, if the Unit Owner (or their guests, contractors, tenants and/or other invitees) places trash or items of bulk trash out for trash pickup by the City of Scottsdale, said Unit Owner is responsible for cleaning up the street in front of their unit after the City of Scottsdale has picked up said bulk items or trash.

In the event a Homeowner / Unit Owner violates the limitations contained herein, the Board of Directors is empowered to levy and enforce fines of up to \$100.00 per day for each and every violation of the rule(s) outlined on this page, EXCEPT that if said violation affects the health and safety of others in Ancala West, the Board of Directors is empowered to levy and enforce fines of up to \$500.00 per day for each and every violation of the rule(s) outlined on this page.

Notwithstanding, the Board of Directors shall use discretion in assessing said fines and may give warnings to the Unit Owners, when appropriate.