

Chaparral Estates East
Homeowners Association

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CHAPARRAL ESTATES EAST HOMEOWNERS ASSOCIATION

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March 6, 2007

DO NOT SET ASIDE! PLEASE READ CAREFULLY!

Dear Chaparral Estates East Homeowner:

Most of us strive to take care of our property and abide by our association's governing documents, which we accepted when we purchased our property. Legislation passed in 1994 creates an opportunity for fair enforcement of association documents by granting boards of directors the authority to assess monetary penalties for violations of the CC&R's, bylaws, and rules of the Association. That legislation also provides that monetary penalties shall be enforceable in the same manner as unpaid assessments.

The Chaparral Estates East Board of Directors recently revised the association's policy on Monetary Penalties for Rules Violations. Please take the time to familiarize yourself with the revised policy, a copy of which is enclosed for your review.

Also enclosed please find a copy of the association's 2007 budget and current Assessment Collection Policy.

Sincerely,

Chaparral Estates East
Board of Directors

CHAPARRAL ESTATES EAST HOMEOWNERS ASSOCIATION FINE POLICY

Effective 1/25/2007

Pursuant to A.R.S. 33-1803 and Article III, Section 3.12 of the Declaration of Covenants, Conditions & Restrictions for Chaparral Estates East ("Declaration"), the Association has the power to impose reasonable monetary fines after notice and an opportunity to be heard for any violation of the Community Documents. As such, the Board hereby adopts the following fine policy:

The owner(s) shall be liable for any violations of the Community Documents, and for any violation committed by a family member, resident, guest, invitee, tenant or other occupant of the owner's lot. The amount of the monetary penalties shall be determined based on the nature of the offense and the number of violations, and the amount so established by the Board of Directors may range from \$10.00 to a maximum of \$500.00 per day. The owner(s) in question shall be given an opportunity to be heard by the Board prior to assessing of any monetary penalties, and written notice of said hearing shall be given at least ten (10) days in advance of the hearing by regular mail or by hand delivery at the last-known address of the owner(s). The following are the steps that the Board intends to take in most situations:

- Step 1: Warning letter containing notification of violation and an adequate amount of time to cure the violation.
- Step 2: If violation is not cured within given timeframe or if the violation recurs anytime during a ninety (90) day period, an "intent to fine" letter will be sent, notifying the owner that they could be subject to a fine for the violation and giving the owner the opportunity to be heard. After the owner has been given the opportunity to be heard, the Board may choose to impose a fine in an amount to be determined by the Board, and a letter will be sent to the owner, informing the owner of the fine that was imposed. The fine may apply retroactively to the date of the violation. If the violation is of a continuing nature, the Board may impose a continuing fine (such as a daily or weekly fine) until the violation is cured and the owner notifies the Board that the violation has been cured. If the fine remains unpaid, it will be collectible pursuant to A. R. S. 33-1807.
- Step 3: If the violation continues or recurs again, the Board may send additional "intent to fine" letters and impose additional fines. The Board may also take legal action to require the owner to comply with the provisions of the Association's governing documents.

The Board is not required to follow the above policy in every situation, but may vary from the above policy at its discretion based on the nature and number of violations.

This Fine Policy was adopted by the Board of Directors on January 25, 2007