

# EXHIBIT B

## Cottonwood Ranch Homeowners Association

### RULES AND REGULATIONS CC&R VIOLATION AND ENFORCEMENT POLICY

Cottonwood Ranch Homeowners Association has established the following Enforcement Policy for Covenants, Conditions and Restrictions (CC&R's) violations enforcement, and any applicable monetary fines for continuing violations. This Policy will be deemed part of the Association Rules and is subject to amendment or modification at any time by majority vote of the Board. This Enforcement Policy for non-monetary violations is adopted in accordance with Arizona's Planned Communities Act, Arizona Revised Statutes 33-1801 through 33-1807 (Supp. 1997) and the provisions of the CC&R's and Project Documents, as currently in force and effect.

#### **First Notice:**

A letter will be sent to the Owner of the property outlining the violation. In the event that the Owner of the property can be identified as an absentee Owner, a copy of the violation letter will also be sent to the tenant at the property address. The Owner will be given ten (10) business days to bring the violation into compliance.

#### **Second Notice and Assessment of Initial Monetary Penalty:**

The Association will issue a second Notice if, after not less than ten (10) business days from the issuance of the first Notice, the Owner has not corrected or removed (or has chosen not to correct or remove) the violation or the violation has repeated or returned. The second Notice will inform the Owner that the Maximum Initial Monetary Penalty has been imposed for the violation as the violation is repeated or has not been corrected after ten (10) business days from the date of the Second Notice. You will also be responsible for any certified letter processing fees.

#### **Third Notice and Assessment of Additional Monetary Penalty:**

The Association will assess an Additional Monetary Penalty if the Owner has not corrected or removed (or has chosen not to correct or remove) the violation or the violation has repeated or returned as stated in the time frames in the first and second Notice. You will also be responsible for any certified letter processing fees.

#### **Additional Monetary Penalties:**

After the imposition of the Maximum Initial Monetary Penalty, the full amount of the Additional Monetary Penalty may be imposed upon subsequent inspections if the Owner has not corrected or removed (or has chosen not to correct or remove) the violation or the violation is repeated or has returned. Inspections will be conducted to coincide with the terms of the notices. You will also be responsible for any certified letter processing fees.

**Should a period of time of at least 90 days lapse between violation letters of the same offense, the next letter will be a First Notice again.**

#### **Exception to Notice Procedure**

Violations posing a threat to the health, safety, and welfare of the community as a whole or any one or more other Owners may require immediate action and thus create exceptions to the foregoing notice provisions. Examples of health, safety, and welfare violations include, but are not limited to, the following: accumulation of trash and/or other materials that may attract pests; threat of flood or fire damage to neighboring properties; an escaped pet; or a collapsed structure or tree blocking the road or drivers' lines of vision.

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## Right of Self-Help

The Association has the right (but not the obligation) to enter the Owner's property and to provide all maintenance and repairs that are necessary to remove the violation. Entry by the Association and any of its agents is not an actionable trespass. The Association may assess the Owner for the costs of all maintenance and repairs performed by the Association.

## Opportunity to be Heard

The Association recognizes each Owner's right to explain the reasons why there is a violation of the CC&R's or the other Project Documents, particularly if the violation results in an assessment. Before any fine is assessed, an Owner has the opportunity to request a hearing before the Board of Directors. The Owner must provide timely written request for a hearing. If the hearing is scheduled, the Owner is bound by the decision of a majority of the Board.

## SCHEDULE OF MONETARY PENALTIES

Violation	Maximum Initial Monetary Penalty	Additional Monetary Penalties
Trash Containers	\$25.00	\$50.00
Vehicle Parking	\$100.00	\$200.00
Commercial / Recreational Vehicles	\$100.00	\$200.00
Vehicle Repair	\$100.00	\$200.00
Signs / Holiday Lights	\$100.00	\$200.00
Design Construction	\$200.00	\$400.00
Items in View	\$100.00	\$200.00
Animals	\$50.00	\$100.00
Basketball Structures	\$100.00	\$200.00
Nuisances	\$100.00	\$200.00
Landscape Maintenance	\$100.00	\$200.00
Other Monetary Penalties	Assessments set by the Board of Directors	