

THE MEADOWS ASSOCIATION SCHEDULE OF FINES AND ENFORCEMENT POLICY

This Schedule of Fines and Enforcement Policy authorizes The Meadows Association Board of Directors (Association Board or Board) to impose fines or other sanctions for violations of the Association's governing documents, including, without limitation, the Association's Declaration of Covenants, Conditions and Restrictions (the CC&Rs), Bylaws, Architectural and Design Standards, and other rules and regulations of the Association (collectively, the Governing Documents). Unless otherwise defined herein, all capitalized words shall have the definition set forth in the CC&Rs.

1. Owners Responsible for Acts of Family, Guests, Tenants, Agents and Invitees. Owners are responsible for their own actions/violations and the actions/violations of their family, guests, tenants, agents and/or invitees (the Owner Parties). Owners must inform their Owner Parties of all Governing Documents and that all rules, regulations, covenants and/or conditions of the Governing Documents must be followed by the Owner Parties. Any violation of the Governing Documents by the Owner Parties may be enforced against the Owner, including the imposition of sanctions and/or fines under this Schedule of Fines against the Owner and/or his/her lot.

2. Fines, Penalties and Review. Violation of the Governing Documents subjects the Owner and/or Owner Parties to the following sanctions which may be imposed by the Board in accordance with the CC&Rs and this Schedule of Fines: (i) suspension of membership rights and privileges until the violation is corrected and fines, penalties, and assessments have been paid; (ii) a monetary fine levied by the Board for each violation of the Governing Documents; (iii) levy of an assessment to reimburse the Association for costs incurred by the Association as a result of the Owner or Owner Parties' violation of the Governing Documents, for repair of Common Area and facilities for which an Owner or Owner Party was responsible, or to otherwise bring an Owner or lot into compliance with the Governing Documents; and/or (iv) other appropriate discipline for failure to comply with the Governing Documents. The Board may treat these sanctions as Special Individual Assessments as set forth in the CC&Rs (See § 4.04, CC&Rs). Fines may be assessed, per incident, on a daily, weekly or monthly basis according to the nature and severity of the infraction and at the discretion of the Board.

3. Minor Infractions: Violations of the Governing Documents that are non-serious in nature and that do not pose any threat of property damage or personal injury may, in the discretion of the Board, first warrant a written warning from the Board prior to the enforcement of more serious infractions below. The Association Board may send written notice to the Owner, including by first-class mail and email (if available). The Board shall determine an appropriate timeline that allows the Owner to correct the violation. Whether a particular violation constitutes a Minor Infraction is entirely within the sole and absolute discretion of the Association Board. Continuing minor infractions may be enforced according to the schedule below after the written warning.

4. Non-Minor Infractions: Violations that, in the opinion of the Association Board, are not minor, but that do not pose a threat of bodily injury or property damage, shall be addressed as set forth in this Section 4. The Board shall determine an appropriate timeline that allows the Owner to correct the violation. Any such violation by either an Owner or Owner Parties shall subject that Owner to the following monetary penalties in addition to the penalties set forth in Section 2:

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| • First Violation | \$100.00 |
| • Second Violation (Same Rule) | \$200.00 |
| • Third Violation (Same Rule) | \$400.00 |
| • Further Violations (Same Rule) | \$500.00 - \$1,000.00 |

The schedule of fines for infractions is intended to provide an escalating schedule of fines for violations of the same rule repeatedly by an Owner or Owner Party. Should an Owner or Owner Party violate the same rule more than three times, the Association Board shall be empowered to impose a larger fine within the range identified above, considering all the relevant circumstances of the violation and the purpose of deterrence of future violations. The fines set forth are per violation. If multiple violations occur prior to the Association Board's meeting to consider imposing fines, then the Board retains the discretion to treat each violation as a separate violation of the same rule, and to impose fines for each violation under the schedule set forth above for repeat violations (e.g., first violation is \$100, second violation at \$200, for a total fine of \$300 for two violations).

5. Chronic or Continuing Infractions: A continuing violation of any Governing Document that remains uncured (e.g., maintenance of a nuisance) may, in the sole discretion of the Association Board, subject the Owner to additional daily penalties in the amount of \$50 to \$100 per day when the violation does not pose a threat of bodily injury or property damage. These penalties shall be in addition to the other discipline set forth in this Fine Schedule, including the discipline set forth in Section 2 and the fines under Section 4.

For violations of architectural standards that are continuing in nature, the Board may impose additional fines as follows in addition to the discipline set forth in Section 2 and the fines set forth in Section 4.

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| • Uncured after the date set by the Board | \$300.00 |
| • Uncured 30 days after the date set by the Board | \$700.00 |
| • Uncured 60 days after the date set by the Board | \$1,000.00 |
| • Uncured each 30-day period thereafter | \$1,000.00 |

In assessing fines for chronic or continuing violations, the Board shall consider all the relevant circumstances of the violation, the purpose of deterrence of future violations, and a shorter or longer timeline.

6. Infractions Involving Rentals. In addition to the penalties set forth in Section 2 and elsewhere in this Schedule of Fines, the Board shall be empowered to impose fines on Owners that violate the rental provisions contained in the CC&Rs. The Board has determined that this is a serious violation that causes harm to the Association, and, therefore, enhanced fines are appropriate as follows:

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| • First Violation | \$1,000.00 |
| • Second Violation | \$1,500.00 |
| • Further Recurring Violations | \$2,000.00 |

In addition to the fines set forth above and any other discipline imposed under this Fine Schedule, the Owner shall also pay costs incurred by the Association in addressing the violation (including reasonable attorneys' fees).

7. Infractions Involving Threat of Personal Injury or Property Damage: An infraction involving personal injury or property damage to the Association or other person may be fined up to \$1,000 for each violation and \$100 per day for continuing violations. An Owner or Owner Party whose violation causes actual, or a credible threat of, personal injury or property damage shall be responsible for the cost of compensation for that damage and/or injury, in addition to the penalty imposed under this schedule. If the violation warrants immediate action to preserve life or property, then the Association Board may impose the penalty immediately and take steps to preserve life or property. In addition to the fine, the Owner may be held responsible for all damages and costs incurred by the Association (including reasonable attorneys' fees) in achieving compliance with the Governing Documents (including, without limitation, correcting architectural violations) and/or preserving life or property. The Board may also impose additional discipline as set forth in Section 2.

8. Notice and Opportunity to be Heard Regarding Infractions: When the Association's Board plans to meet to consider imposing a fine or penalty for any violation, the Board shall notify the Owner of the hearing in writing by either personal delivery or first-class mail at least 10 days before the hearing.

- a. The notice of the disciplinary hearing shall detail the nature of the infraction, including the Governing Document provision(s) alleged to be violated, and shall inform the Owner of the date, time, and place of the hearing, and shall include a statement that the Owner has a right to attend and address the Board at the hearing and that the Owner may request the hearing to be held in executive session or the hearing may be scheduled for the Board's regular meeting dates.
- b. The Owner, the Owner's legal counsel (if applicable) and the Association's legal counsel shall have the right to attend the hearing. The fine and/or penalty shall be considered in executive session. At the hearing, the accused Owner shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The accused Owner may also submit a written explanation to the Board before the hearing. The charges against the Owner shall be stated and may be verified by the testimony of any other person making the charge and

supported by other documentary support. The Board shall have the right to hear and examine all witnesses, including the Owner.

- c. The Board shall have the exclusive power and authority to impose (or refrain from imposing) any disciplinary action under Section 2, this Fine Schedule, or as authorized by the other Governing Documents after consideration of the evidence at the hearing in the Board's sole discretion.
- d. If disciplinary action is taken, the Board shall notify the accused Owner, in writing, either by personal delivery or first-class mail, of the Board's decision within fifteen (15) days following conclusion of the hearing.
- e. This notice and opportunity to be heard shall not apply to non-Owners, provided that an Owner may be held responsible for the violations of its Owner Parties. If the Owner is to be fined or disciplined for the violations of Owner Parties, then the Owner shall be provided notice and an opportunity for a hearing.
- f. The Board may impose discipline on an Owner regardless of whether the Owner attends the hearing or submits an explanation to the Board.

9. Discretion of the Board/No Waiver. All decisions by the Association Board to impose, not to impose, or waive fines, or other sanctions are entirely within the sole and absolute discretion of the Board. No decision by the Association Board shall waive any rights or remedies under the Governing Documents for any future or similar violations, or establish any precedent for future decisions. Each matter shall be addressed by the Association Board as an independent matter under the particular facts and circumstances of that case. The Association's Board may consider all relevant information and evidence without reference to the rules of evidence.

10. Fines. Fines are due and payable when levied unless otherwise specified by the Board. Fines shall be delinquent if not paid within thirty (30) days after they are due. The Association may commence a lawsuit to compel payment of delinquent amounts and to recover its attorney's fees and costs of enforcement.

11. Issues Between Neighbors. For violations involving disputes between Owners and/or neighbors, the Board encourages Owners and/or neighbors to work together cooperatively to resolve their issues. The Association generally does not involve itself in trying to resolve disputes between Owners and/or neighbors. In the rare event where the Association does get involved, the parties involved in the dispute are asked to first talk to the other party directly. This should be the first step. The Board may address or may not address any Owner's complaints about other Owners or Owner Parties in its discretion. Any complaints about other Owners or Owner Parties must: (a) be in writing to the management company; (b) detail the dispute by focusing on the violation of Governing Documents, with citation to specific provisions; (c) provide information about what informal efforts were undertaken to resolve the dispute; and (d) give the contact information of the complaining Owner. The Board may request more detail at its sole discretion. If the Board decides to initiate a hearing concerning the dispute, it shall notify the affected Owners and/or Owner Parties as provided in this rule.

12. Miscellaneous. The Association reserves all of its remedies under its Governing Documents and/or applicable law, and may seek additional legal and/or equitable relief in addition to imposing fines or other penalties hereunder. In the event there is a conflict between the CC&Rs and this rule, the CC&Rs shall control. Failure by the Association to enforce any provision of this rule shall in no event be deemed a waiver of the right to do so in the future. If any provision of this Schedule of Fines and Enforcement Policy is unenforceable, that provision shall be severed and the remainder of this Schedule of Fines and Enforcement Policy shall remain enforceable and in full force and effect.

Policy approved by the Board of Directors on July 17, 2017.