

INSPIRADA COMMUNITY ASSOCIATION FINE POLICY AND PROCEDURE

The Board of Directors of the Inspirada Community Association ("Association") hereby adopts the following Fine Policy and Procedure for implementation within the Association, with the capitalized terms having the same meaning as those terms are defined in the Inspirada Residential Charter ("Charter").

1. Consistent with the Association's Governing Documents and applicable Nevada law, the Owner is responsible for the actions and conduct of any occupants of his or her Unit including, but not limited to, family members, tenants, guests or invitees.
2. Upon receipt of a written complaint from an Owner or occupant or the observation by a member of the Board of Directors or management regarding a potential violation of the Governing Documents, the Association's community manager or other authorized agent of the Association, acting on behalf of the Board of Directors, shall issue a courtesy notice to the Owner of the alleged violation ("Courtesy Notice"). The Courtesy Notice shall be in writing, and must be signed by a representative of the Board, the community manager, legal counsel, or some other authorized agent of the Association. A copy of the Courtesy Notice will also be mailed to the occupant of the Unit.
3. If the alleged violation is not remedied within the time period set forth in the initial Courtesy Notice, the Board of Directors, or any person designated by the Board to act on its behalf, shall issue a "Violation Notice" against the Owner for alleged violation of any provision of the Governing Documents by the Owners, his family, tenants or guests. A copy of the Violation Notice may also be mailed to the occupant of the Unit. The Violation Notice shall be in writing, and must be signed by a representative of the Board, the community manager, legal counsel, or some other authorized agent of the Association.
4. If the alleged violation is not remedied within the time period set forth in the initial Violation Notice, the Board of Directors, or any person designated by the Board to act on its behalf, may serve a "Hearing Notice of Violation" against the Owner for alleged violation of any provision of the Governing Documents by the Owners, his family, tenants or guests. A copy of the Hearing Notice of Violation may also be mailed to the occupant of the Unit. The Hearing Notice of Violation must contain: (i) the description & a picture of the violation, (ii) the approximate time and place at which the violation was observed, (iii) the amount of the fine that may be paid by the Owner for the violation, (iv) the name of the person issuing the Hearing Notice of Violation, and (v) a statement advising the Owner of the date, time and location of a hearing scheduled with the Board of Directors.

5. If the nature of the alleged violation is such that, in the sole discretion of the Board of Directors, it poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the Owners or occupants of the Association, then the Association may immediately send a Hearing Notice of Violation, as set forth in Section 4 above, without first sending the Courtesy Notice required by Section 2 or the Violation Notice required by Section 3. A copy of the Hearing Notice of Violation shall also be mailed to the occupant of the Unit.
6. Any hearing which discusses a violation of the Governing Documents including, without limitation, the failure to pay any Assessment, covenant violation or rules violations, shall be conducted in an executive session of the Board of Directors, unless the Person who may be sanctioned for the alleged violation requests in writing that the hearing be conducted by the Board of Directors at an open meeting of the Board. If the Board of Directors concludes, after notice and a hearing, that an Owner or occupants or the family member, tenant, agent or invitee of the Owner or occupant has violated a provision of the Governing Documents, then the Board may impose one or all of the following sanctions:

Fines imposed consistent with NRS 116 and the Rules and Regulations, if any, adopted by the Board;

- a. Suspension of any right to use the Common Areas for a period not to exceed thirty (30) days for a single violation or for a longer period in the case of any continuing violation;
- b. Suspension of services the Association provides;
- c. Suspension of the right of the Owner to vote on any matters affecting the Association;
- d. A declaration that the Owner is not in good standing;
- e. The exercise of self-help to abate any violation including the removal of personal property that violates the Governing Documents;
- f. Without liability to any person, preclude any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the Governing Documents from continuing or performing further activities in the residential community;
- g. Seek declaratory and injunctive relief against the Owner or occupant of the Unit;

- h. Specific Assessments for the actual cost of any Common Expenses, including attorney's fees, due to the misconduct of the Owner or occupant, which were incurred to bring the Unit into compliance with the Governing Documents; and
 - i. Any other legal or equitable remedies available to the Association for said violations. Fines shall be in the amount of \$25.00 per occurrence. Occurrence is defined as a weekly verification that the issue of non compliance continues to exist, after the issue has gone to hearing.
- 7. Within 10 days after the hearing, the Board of Directors shall issue a letter to the Owner outlining the hearing results, including any penalties imposed by the Board.
- 8. Any fines imposed by the Association, for a violation of the Governing Documents that does not pose an imminent threat of causing a substantial adverse effect to the health, safety or welfare of the Owners and occupants of the Association, may not exceed \$100 for each violation or a total of \$1,000, which ever is less.
- 9. Any fines imposed by the Association, for a violation of the Governing Documents that poses an imminent threat of causing a substantial adverse effect to the health, safety or welfare of the Owners and occupants of the Association, must be commensurate with the severity of the violation and shall be determined by the Board in accordance with the Governing Documents, but is otherwise not subject to the limitation on amount set forth in Section 7 above.
- 10. A fine may not be imposed unless: (a) not less than 30 days before the violation the Person against whom the fine will be imposed had been provided with a written notice of the applicable provisions of the Governing Documents that form the basis of the violation; and (b) within a reasonable time after discovery of the violation the Person against whom the fine may be imposed has been provided with: (1) written notice consistent with Section 3 above, and (2) a reasonable opportunity to contest the violation at the hearing.
- 11. If a fine is imposed pursuant to Section 7 and 8 above and the violation is not cured within fourteen (14) days after notice of the fine or within any longer period that may be established by the Board of Directors, the violation shall be deemed a continuing violation. Thereafter, the Board may impose an additional fine for the violation for each seven (7) day period or portion thereof if the violation is not cured. Any additional fine may be imposed without notice and an opportunity to be heard.

12. If an owner reaches compliance, the owner may request the waiver of fines in writing. The Board reserves the right to waive fines and grants the authority to waive up to 50% of accrued fines to the Community Manager.
13. Any fine which is not paid within thirty (30) days of notice of the fine shall be considered past due.
14. If a fine and any related charges are not paid within thirty (30) days of notice of the fine, then the Association may also record a lien against the Unit.
15. Any past due fine must not bear interest, but may include any costs incurred by the Association during a civil action to enforce the payment of the past due fine.
16. If the violation giving rise to the fines is of such a nature as to pose an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the Owners and occupants in the Association, then in addition to recording a lien against the Unit, the Association may initiate foreclosure proceedings against the Unit.
17. The Board may appoint a committee, of not less than three (3) members to conduct hearings on violations and to impose fines and other sanctions pursuant to this policy. If a fine or other sanction is imposed by a hearing committee, the Owner may appeal the fine or sanction to the Board. Such request for an appeal must be received within fifteen (15) days of the date that notice of the hearing outcome is sent. If a request for an appeal is not received within fifteen (15) days, the decision of the hearing committee is final.
18. The remedies and penalties set forth herein are cumulative in nature and do not prevent the Association from exercising any and all other enforcement rights, remedies and powers as permitted in the Governing Documents and pursuant to Nevada law, including, but not limited to, exercising self-help remedies, as outline in Section 12.3 of the Bylaws, and taking all necessary legal action to enforce any violations of the Association's Governing Documents by declaratory and injunctive relief.