

LOCKETT RANCHES OWNERS ASSOCIATION
Enforcement Procedures
Adopted: November 15, 2022
Effective: January 1, 2023

Pursuant to Section 19(j) and Section 24 of Article III of the Bylaws of Lockett Ranches Owners Association (the “Bylaws”) and Section 4.8 and Section 16.1 of the Declaration of Covenants, Conditions and Restrictions for Lockett Ranches Coconino County, Arizona dated August 19, 1996 (the “Declaration”), the following Enforcement Procedures shall be followed for the Lockett Ranches Owners Association (the “Association”) for violations of the Declaration, the Bylaws, the Association Rules and the other governing documents of Lockett Ranches Owners Association and fines shall be imposed according to the procedures set forth as follows. Effective as of the Effective Date set forth above, these Enforcement Procedures supersede the Enforcement Procedures and Violation Fine Schedule adopted July 1, 2018.

COMPLAINT/VIOLATION PROCESS:

Any member, Board member or agent of the Association may file a Complaint against a member of the Association for violation of any provision of the Association governing documents by such member, his or her family, tenants or guests. A Complaint must be in writing, must be signed (unless submitted via e-mail) and dated and must include a description of the alleged violation and the identity of the alleged violator, if known. A Complaint from a member is considered filed when the written Complaint is received (i) by a member of the Board or an officer of the Association or (ii) by the Association’s management company. A copy or record of all Complaints shall be provided to the Board.

Any Complaint received by the Association shall be forwarded to the Association’s Enforcement Person. As used herein the term “Enforcement Person” means the Association’s management company, if any, or if none, the Board. In all cases where an Enforcement Person other than the Board receives the Complaint, the recipient thereof shall forward a copy of the Complaint to the Board. Upon its receipt of a Complaint, the Enforcement Person shall take the following action (i) immediately if it determines that the complained of situation constitutes an emergency requiring immediate action, or (ii) within ten (10) business days of its receipt of a Complaint if it determines that the complained of situation does not constitute an emergency requiring immediate action:

1. Conduct an investigation of the Complaint to confirm that there is reason to believe that the conditions complained about actually exist, and
2. If the Enforcement Person determines there is reason to believe that the conditions complained about actually exist, it shall attempt to contact the Tract Owner and try to resolve the Complaint informally.

If the violation is informally resolved, the Enforcement Person shall document in writing for the related Tract file what the alleged violation was and how the issue was resolved. If the Enforcement Person is unable to resolve the violation informally, the following enforcement process shall be begun.

COURTESY NOTICE:

In the event the Enforcement Person or its agent determines that a violation of the Association’s governing documents exists, a written Courtesy Notice may be sent by first class mail to the Owner at the mailing address as it appears on the records of the Association at the time of notice. No fine will be imposed with this notice. Consistent with Arizona law as may be amended, the Courtesy Notice shall include at a minimum the following information:

- The provision of the governing documents that has allegedly been violated;
- The date of the violation or the date the violation was observed;
- The first and last name of the person or persons who observed the violation;

- The date by which the violation must be corrected (typically 14 (fourteen) days from the date of the Courtesy Notice) or in the case of a violation that is not a continuing one, that any future violation of the same provision of the governing documents will result in sanctions being imposed pursuant to these Enforcement Procedures;
- A description of the process the Owner must follow to contest the violation notice; and
- Notice of the Owner’s right to petition for an administrative hearing with the Arizona Department of Real Estate pursuant to A.R.S. § 32-2199.01.

VIOLATION NOTICE:

If the violation is not corrected within the period set forth in the Courtesy Notice, a Violation Notice may be sent to the Owner via first class mail. The Violation Notice shall include at a minimum the following information:

- The provision of the governing documents that has been violated;
- The date of the violation or the date the violation was observed;
- A demand that the violation ceases;
- The action required to abate the violation;
- The date of any Courtesy Notice;
- The date by which the violation must be corrected typically 10 (ten) days from the date of the Violation Notice) or in the case of a violation that is not a continuing one, that any future violation of the same provision of the governing documents will result in sanctions being imposed pursuant to these Enforcement Procedures;
- The right of the Owner to petition for an administrative hearing on the violation in the Arizona Department of Real Estate pursuant to Arizona Revised Statutes § 32-2199.01; and
- Notice that a fine in an amount to be determined in accordance with the Fine Schedule may be imposed for failure to correct the violation by the required deadline.

FINE NOTICE:

Notwithstanding the foregoing, the Board in its sole discretion may determine that due to the nature of the violation a Courtesy Notice and/or a Violation Notice will not be sent to the Owner and may commence the enforcement process with the mailing of a Fine Notice. If a Violation Notice has been sent and the violation has not been corrected by the date set forth in the Violation Notice, or if the Board decides not to send either or both of such notices, the Board may impose a fine pursuant to the then effective Fine Schedule and send the Owner a Fine Notice which shall include the following information:

- The provision of the governing documents that has been violated;
- The date of the violation or the date the violation was observed;
- The first and last name of the person or persons who observed the violation;
- The dates the Courtesy Notice and the Violation Notice, if any, were sent to the Owner;
- A statement notifying the Owner of the Owner’s “RIGHT OF APPEAL” to appeal the Board’s decision that a violation has occurred and the manner in which such appeal must be requested or it will be deemed waived;
- A statement that in the event the violation is not cured by the date 10 (ten) calendar days after the date of the Fine Notice (or by such other date as the Board determines appropriate), the Board of Directors will impose a specified fine effective as of such date and additional fines as set forth in the Fine Schedule if the violation is not cured as set forth in the Fine Notice;
- A copy of the Fine Schedule;
- If applicable, any requirements or special instructions for compliance;
- A statement informing the owner of the Association’s right to seek legal and/or equitable action to collect the fine and/or to remedy the noticed violation of the Association governing documents; and
- The right of the Owner to petition for an administrative hearing on the violation in the Arizona Department of Real Estate pursuant to Arizona Revised Statutes § 32-2199.01.

The Fine Notice will be mailed certified mail, return receipt requested, and first class mail.

APPEAL PROCESS:

Any Owner who has received a Fine Notice shall have the opportunity to appear before the Board at the hearing as set forth in the Fine Notice to appeal the Board's decision that a violation exists and the imposition of fines therefor. The appeal process shall be as follows:

- Within ten (10) calendar days following the date of the Fine Notice, the Owner may appeal the violation decision in writing to the Board and request a hearing on the matter. If the written hearing request is not received within such ten (10) day period, the Owner's right of appeal shall terminate as of the end of the tenth day.
- The Owner shall have the right to appear at the hearing in person or by a representative and to present any statement, evidence and witnesses and other pertinent information supporting the existence of extenuating circumstances which require deviation from enforcement of the provisions of the governing documents.
- An Owner who timely exercises his or her appeal right shall be provided a written notice of the time, date and place of scheduled appeal hearing which shall be conducted in an Executive Session meeting of the Board. In the event the Owner fails to appear in person or by representative at such scheduled hearing, his or her appeal right shall be deemed waived.
- After completion of the hearing, the Board will excuse the Owner and, subject to the provisions of Arizona Revised Statutes § 33-1804(A)(5), will make its decision in Executive Session. The Owner will be informed in writing of such decision within ten (10) calendar days from the date of the hearing.
- In the event the Board confirms the violation, unless otherwise stated in the Board's written decision, the Owner must bring the violation into compliance within ten (10) days of the date of the Board's notice to the Owner of the Board's decision. If the violation is not corrected within ten (10) days after the date of the Board's notice to the Owner of the Board's decision, the fines set forth in the Fine Notice shall be imposed as set forth therein until the violation is corrected.
- All decisions of the Board as to the hearing are final and may not be appealed.

FINE POLICY:

- A fine may be assessed in accordance with the then effective Fine Schedule for an uncorrected violation of the governing documents of the Association.
- In the event of a subsequent violation by an Owner of the same provision of the governing documents, all fines for each such subsequent violation shall be doubled.
- The Board of Directors will determine the period for corrective action of a violation on a case-by-case basis.
- Fines are cumulative and will continue in accordance with the Fine Schedule without further written notice until the violation is corrected. The violation will be deemed corrected as of the date the Owner notifies the Board of the correction thereof unless the Board subsequently determines that the violation has not been corrected or that such date is not correct.
- At any time, the Board may exercise the option to pursue corrective action through legal means. All costs of legal action will be billed to the Owner and collected in the same manner as the assessments.

FINE SCHEDULE:

General Fine Schedule for Violations:

- The initial fine amount shall be \$50.00.
- If the violation has not been corrected within fifteen (15) calendar days after the effective date of the imposition of the initial fine, the Owner shall be assessed an additional fine of \$100.00.
- If the violation has not been corrected within thirty (30) calendar days after the effective date of the imposition of the initial fine, the Owner shall be assessed an additional fine of \$100.00 and shall be assessed an additional fine of \$100.00 every fifteen (15) calendar days thereafter until the violation is corrected.
- At any time, in lieu of such stepped fine schedule, the Board may impose (i) a daily fine in the amount of \$25.00 for each day a violation continues where the Board determines that due to the nature of the violation such a daily fine is appropriate or (ii) a reasonable lump sum fine that the Board determines is appropriate due to the nature of the violation.

General Fine Schedule Provisions:

- Notwithstanding the provisions of this Fine Schedule, the Board at its sole discretion, may at any time, assess a fine in an amount up to \$2,000 for any incident the Board deems to be egregious, dangerous, that may threaten the life, health, safety, or welfare of any person, resident or Owner, or that causes detriment or damage to any Association or other Owner's property. The Board may levy this fine despite any past violation history or lack thereof.
- The Board of Directors shall consider the fines set forth in this Fine Policy and schedule to constitute damages sustained by the Association which are intended to compensate the Association for the administrative burden of addressing the violation and the adverse impact of the violation on the community.
- The Board of Directors reserves the right to deviate from the fine amounts set forth herein if, after a hearing on the matter, the Board finds good cause to modify the amount of the fine levied in a particular case. The Board also reserves the right to pursue any and all other remedies set forth in the Declaration at the same time or in lieu of levying the fines set forth in this Fine Policy.
- The Association retains the right to recover from the Owner the legal costs and fees incurred by the Association in enforcing the Association governing documents.

Fines for Violations relating to Architectural Restrictions and Design Guidelines:

- The fine for commencing any new construction on a vacant Tract without prior review and written authorization from either the Board of Directors or the Design Review Committee shall be \$2,500.00. In addition, in the event an Owner receives the approval by the Board of Directors or the Design Review Committee of an application for new construction on a vacant Tract, if such owner subsequently makes a change to the approved plans and commences construction of such change without first obtaining the approval of the Board of Directors or the Design Review Committee, the fine shall be \$2,500.00. Commencing construction includes, without limitation, cutting down and/or removing trees on any Tract without authorization in writing from the Association.
- The fine for exterior improvements to a structure or Tract commenced and/or completed without the prior review and written authorization of the Design Review Committee shall be no less than \$2,500.00. This includes, without, limitation, installation of fencing, landscaping, sheds, driveway extensions and any other improvements deemed applicable by the Design Review Committee.
- The fine for new construction work not completed in a timely manner per the Design Guidelines shall be \$500.00 per month.

Fines for Violations relating to Leasing / Rental of Property

- The Board hereby declares that violations of Section 12.3 of the Declaration constitute ongoing violations such that there is a separate reoccurring violation for each day a Tract or residence is leased in violation of Section 12.3 of the Declaration, and, therefore, the Board will assess a separate recurring monetary penalty for each day the Owner's Tract or residence is leased in violation of Section 12.3. For such violations, rather than sending the three violation notices as set forth in this Enforcement Process, the Association will send a Violation Notice followed by a Fine Notice. Any instances of leasing the Owner's Tract or residence in violation of Section 12.3 following the date of the first Fine Notice sent to such Owner shall result in the imposition of a recurring daily monetary penalty for each day the Tract or residence is leased in violation of Section 12.3. No Fine Notice must be sent as to subsequent leasing by such Owner of the Owner's Tract or residence in violation of Section 12.3.
- The Board further declares that in light of the amounts of monies typically received by an Owner each day for leasing the Owner's Tract or residence in violation of Section 12.3 of the Declaration, a reasonable monetary penalty for each day of such leasing shall be \$500.00. The Board has concluded that such penalty amount should deter Owners from carrying on such activities in violation of Section 12.3. The Board retains the right to commence legal action to recover any such penalties as well as to at any time obtain an injunction prohibiting an Owner from continuing such violations.

SUBSEQUENT VIOLATIONS OF THE SAME GOVERNING DOCUMENT PROVISION:

Notwithstanding the foregoing provisions of these Enforcement Procedures, in the event of a subsequent violation by an Owner of the same provision of the Association governing documents, the following shall apply:

1. If the Association has sent the Owner a Courtesy Notice as to such prior violation, the Association shall not be required to send the Owner a Courtesy Notice as to such repeat violation and shall start the notice process by sending a Violation Notice;
2. If the Association has sent the Owner a Violation Notice or a Fine Notice as to such prior violation, the Association shall not be required to send the Owner a Courtesy Notice or a Violation Notice as to such repeat violation and shall start the notice process by sending a Fine Notice;
3. No cure period shall be included in any Fine Notice sent to an Owner for a subsequent violation by of the same provision of the Association governing documents, and the noticed fine shall be effective as of the date of the Fine Notice; and
4. The amount of the fine for a subsequent violation by an Owner of the same provision of the Association governing documents shall be two times the amount of the fine for the initial violation or such other amount as determined appropriate by the Board.

GENERAL:

These Enforcement Procedures are intended as a guideline for the Association. Excepting only the amounts set forth in the Fine Schedule as to any particular violation by an Owner, the Board retains the right to vary the enforcement process when it in its sole discretion determines that any such variance is appropriate. The Board further retains the right to amend or replace all or any portion of these Enforcement Procedures. The assessment of fines by the Association does not relieve the Owner from the obligation to correct the violations or comply with Association governing documents. These Enforcement Procedures and the remedies set forth herein do not constitute an election of remedies by the Association which reserves all such remedies available at law and in equity. The Association shall have the right to enforce the Association governing documents through any other remedies available to the Association concurrently with the Enforcement Procedures set forth herein.

IN WITNESS WHEREOF, these Enforcements Procedures of Lockett Ranches Owners Association are adopted as set forth above.


Ed Price (Nov 22, 2022 08:41 MST)

Vice President
Lockett Ranches Owners Association