

KEMPTON CROSSING HOMEOWNERS' ASSOCIATION
FINE POLICY

Pursuant to the Declaration of Covenants, Conditions, Restrictions and Easements ("Declaration"), recorded with the Maricopa County Recorder's Office at Instrument No. 1998-0995034 and any amendments thereto, Kempton Crossing Homeowners' Association ("Association") adopts this Fine Policy for violations of the Declaration, Bylaws, Association Rules, or Architectural Committee Rules (collectively referred to herein as "Project Documents") and it is intended to supersede and replace any prior fine policy of the Association.

Any Owner who is found to be in violation of the Project Documents, with the exception of the Owner's failure to pay assessments and other related charges, will be provided a written Notice of Violation regarding that certain violation in accordance with the schedule below. In the event the Owner fails to comply and remedy the violation after written notice and an opportunity to be heard in accordance with the schedule of Notices below, the Association may cause corrective action to be taken, impose monetary penalties ("fines") in accordance with the Fine Schedule attached hereto or take legal action.

FIRST NOTICE: An Initial Notice of Violation shall be mailed via regular mail to the Owner in violation requesting compliance with the Project Documents within twenty-one (21) days of the date of the Notice. The Notice may inform the Owner that if compliance is not met the Association may cause corrective action to be taken and the related costs incurred by the Association shall become part of the Owner's assessment obligation and secured by a lien against the Owner's Lot.

SECOND NOTICE: If the violation still exists, a Second Notice of Violation shall be mailed via regular mail to the Owner in violation demanding compliance with the Project Documents within ten (10) days of the date of the Notice. The Notice will also inform the Owner that a Fine will be levied in accordance with the attached Fine Schedule if compliance is not met.

THIRD NOTICE: If the violation still exists, a Third Notice of Violation shall be mailed via regular mail to the Owner in violation demanding compliance with the Project Documents within ten (10) days of the date of the Notice. The Notice will also inform that Owner of the Fine that has been levied and will state that an additional Fine will be levied in accordance with the attached Fine Schedule if compliance is not met.

FOURTH NOTICE: If the violation still exists, a Fourth Notice of Violation shall be mailed via regular mail to the Owner in violation demanding compliance with the Project Documents within ten (10) days of the date of the Notice. The Notice will also inform that Owner of the Fine that has been assessed and will state that additional Fines will be levied in accordance with the attached Fine Schedule until the violation is resolved.

CONTINUING VIOLATIONS: If the violation continues to exist without resolution after the Fourth Notice of Violation, additional Notices may be sent to the Owner demanding compliance with the Project Documents within ten (10) days of the Notice imposing a Fine in accordance with the attached Schedule of Fines that a Fine will be levied every ten (10) days until the violation is resolved. If the same type of violation recurs within six (6) months after it has been corrected, the Association may start the process above with the Second Notice of Violation.

Notwithstanding the foregoing, nothing in this Policy will limit the Association's right to immediately pursue any and all legal remedies to address an Owner's violation of the Project Documents and the offending Owner shall be obligated to pay court costs and reasonable attorney fees incurred by the Association. The Association also reserves the right to pursue any other legal action permitted by law or the Project Documents in addition to this Policy.

APPEAL PROCESS

A. Any Owner who receives a Notice of Violation that the condition of the Owner's Lot is in violation of the Project Documents may provide the Association with a written response contesting the Notice of Violation by sending the response by certified mail within twenty-one (21) days after the date of the Notice of Violation.

B. Any Owner contesting a Notice of Violation may also request a hearing with the Association's Board of Directors the will take place during the Board's executive session meeting unless the Owner requests to meet with the Board during the open meeting.

C. Following the appeal hearing, the Board of Directors will render a decision and notify the Owner in writing within ten (10) business days.

D. All decisions of the Board are final and may not be further appealed.

E. If the appeal is denied, the homeowner is required to bring the violation into compliance within ten (10) days. If the violation still exists after ten (10) days, the violation will be treated as a continuing violation and the Owner may continue to receive Violation Notices every ten (10) days thereafter with accompanying Fines in accordance with the attached Fine Schedule.

KEMPTON CROSSING HOMEOWNERS' ASSOCIATION
FINE SCHEDULE

Subject to the requirements of the Association's Fine Policy, the Fine Schedule shall be as follows:

| Category of Violation¹ | Severity | # of Notices | Fine² | Examples³ |
|--|-----------------|---------------------|-------------------------|---|
| Architectural | \$\$\$\$ | 1 | \$0 | Unapproved permanent or semi-permanent alteration |
| | | 2 | \$100 | |
| | | 3 | \$150 | |
| | | 4+ | \$250 | |
| Parking | \$\$\$ | 1 | \$0 | RVs parked on the street more than 72 hours, visibility of RVs behind gate, inoperable vehicles |
| | | 2 | \$100 | |
| | | 3 | \$150 | |
| | | 4+ | \$200 | |
| Serious Nuisances | \$\$ | 1 | \$0 | Insects, livestock or other noxious or offensive activity, business use, machinery or equipment, refuse |
| | | 2 | \$50 | |
| | | 3 | \$100 | |
| | | 4+ | \$150 | |
| Maintenance | \$ | 1 | \$0 | Failure to properly maintain a Lot including landscaping, overhangs |
| | | 2 | \$25 | |
| | | 3 | \$50 | |
| | | 4+ | \$100 | |
| Smaller Nuisances | \$ | 1 | \$0 | Pet droppings, visible trash-cans, noise, inappropriate actions |
| | | 2 | \$25 | |
| | | 3 | \$50 | |
| | | 4+ | \$100 | |

1. Some violations may fall into more than one Category of Violation. The Board shall have the discretion to determine which Category best describes the violation at issue.

2. Unless otherwise set forth in the Fine Policy, the monetary penalty amount to be levied shall be a one-time amount per Notice.

3. The examples listed are not intended to be limiting. Each Category of Violation may include other specific types of violations not listed.

**UNANIMOUS WRITTEN CONSENT BY THE BOARD OF DIRECTORS OF
KEMPTON CROSSING HOMEOWNERS' ASSOCIATION**

FINE POLICY AND FINE SCHEDULE

The undersigned, constituting all of the members of the Board of Directors ("Board") of Kempton Crossing Homeowners' Association ("Association"), an Arizona nonprofit corporation, hereby take the following action:

RESOLVED, that the Board hereby approves the foregoing and attached Enforcement and Fine Policy and Fine Schedule.

The Board hereby instructs the managing agent to notify all homeowner's of the implementation of the fine policy and violation appeal process effective as of JANUARY 15, 2018.

IN WITNESS WHEREOF, the undersigned have executed this consent as of this 15th day of JANUARY, 2018.

Allen Lynd President
VP
Cheryl Marjise
Bruce Orndorff
Jackie Barker