

Revised CFE7 “Schedule of Fines”

The Board of Directors revised the resolution that allows it to assess fines against property owners who violate the Protective Covenants. The original resolution did not adequately assess fines for improper use of a property. Fines for business uses were limited to \$45 per week while the offending party may be earning up to \$700 per week because of the violation. The revised schedule of fines includes a fine for Residential Use violations. It also reflects the specific provisions of the Governing Documents that are covered under each fine and provides for higher fines for subsequent violations. The goal of the fine process is to encourage compliance with our protective Covenants. In order to be effective, the fine must be sufficient enough to discourage non-compliance.

Fines for Violations of the Catalina Foothills Estates No. 7 Protective Covenants (Reference: A.R.S. 33-1803, CFE7 Covenants Article 9.2)

Investigation and Inspection

All observed or reported violations of the Protective Covenants will be investigated and verified by a member of the Covenants Committee, or other assigned member of the Board of Directors.

First Notice

Upon verification of a violation, the Covenants Committee will contact the property owner (personally, by phone, through email, or through US Mail) notifying them of the violation and offering assistance to resolve the issue. (A copy will be preserved by the Board Secretary.)

Re-inspection

A member of the Covenants Committee will inspect the property within 10 days of the sending of the first notice to determine if the violation has been corrected.

Second Notice

Should the issue remain unresolved a second notice will be written and sent via U.S. mail to the property owner. If the property has not been inspected within 10 days (before) of sending the second notice, a member of the Covenants Committee will inspect the property again. The second notice must contain/identify the following information:

1. The provision of the Covenants that has allegedly been violated;
2. The date of the violation or the date the violation was observed;
3. The first and last name of the person or persons who observed/reported the violation, including the name of the Covenants Committee member who performed the inspection (if they

are different – the original complainant may be kept confidential if a member of the Covenants Committee inspects the property and verifies a violation)

4. The process the property owner must follow to contest the notice, which includes:
 - A. Explaining that the property owner has 21 days from the date of the second notice to provide a response to the Board.
 - B. Explaining that the property owner’s response must be sent by certified mail. (The Association’s mailing address will also be provided in the second notice.)
5. A statement that the owner may petition an administrative hearing in the State Real Estate Department pursuant to A.R.S. § 32-2199.01.

If the property owner responds, a member of the Covenants Committee must within 10 days review the response and determine if grounds exist to proceed with enforcement. A copy of the second notice will be preserved by the Board Secretary.

Board Hearing on Unresolved Violations

If the issue is not resolved during the property owner’s 21-day response period, the Board will address the issue in a hearing at its next regular or special meeting. The Board will extend an invitation to the property owner to attend that hearing.

Imposing Fines

Should the property owner be found by the Board to be “In Violation”, the Board will notify the property owner of that finding by US mail and whether it is imposing a fine, the amount of the fine and the frequency of the fine. The Board may impose fines using the following Schedule of Fines.

Schedule of Fines

Residence Use: (Covenants Articles 2.1, 3.4, 3.8, 3.13, and related CFE7 Guidelines)

First “In Violation” Finding: \$500 per week until resolved

Subsequent “In Violation” Findings: \$750 per week until resolved

Project Review and Restrictions: (Covenants Articles 2.2 thru 2.16 and related CFE7 Guidelines)

First “In Violation” Finding: \$100 per week until resolved

Subsequent “In Violation” Findings: \$200 per week until resolved

Use Restrictions: (Covenants Articles 3.1 thru 3.18, [minus Articles 3.4, 3.8, and 3.13] and related CFE7 Guidelines)

First “In Violation” Finding: \$50 per week until resolved

Subsequent “In Violation” Findings: \$75 per week until resolved

Should fines not be paid within 15 days of the due date a 10% late fee (up to a maximum of \$15) may be assessed per late payment. The Board is empowered to take the responsible property owner to Court for unpaid fines.

It is the property owner's obligation to notify the Board by Certified Mail when the violation has been corrected. Fines will continue to accrue until the Board confirms that corrective action has been completed, effective as of the date of the owner's notification that corrective action has been taken.

Once that notice is received, a member of the Covenants Committee or other assigned member of the Board will verify the corrective action within 10 days. At its next meeting, the Board shall determine whether appropriate corrective action has been completed.

The imposition and collection of fines does not preclude the Board from taking enforcement action.

Approved and adopted by the Catalina Foothills Estates No. 7 Board of Directors on October 7, 2020.