

SAN PEDRO CREEK ESTATES HOMEOWNERS ASSOCIATION, INC.

COMPLIANCE POLICY

WHEREAS the San Pedro Creek Estates Homeowners Association, Inc. (**Association**) has authority pursuant to an act of the Legislature of the State of New Mexico to enforce the provisions set forth in the Association's Covenants, Conditions and Restrictions; Articles of Incorporation; Bylaws; Design Guidelines; and Policies, as may be amended from time to time; (**Governing Documents**) and

WHEREAS The Board of Directors of the Association (**Board**) wishes to ensure compliance with the Association's Governing Documents and to maintain, preserve, enhance, and protect the property values and assets of the Association.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of violations of the Governing Documents' use restrictions and architectural control provisions, and for the elimination of violations of such provisions found to exist in, on, or about any property within the Association, and the same are to be known as the "Compliance Policy" of the Association in the discharge of its responsibilities for determination and enforcement of remedies for violations within the community.

The Board is adopting the following Compliance Policy:

Procedure for Reporting an Instance of Alleged Non-compliance

All requests that the Association remedy an alleged instance of non-compliance must be submitted IN WRITING and signed by the lot owner to the Association Manager, an employee of the firm retained by the Association to manage its business affairs. The written requests may be sent via mail or email. The Association Manager shall investigate the request and discuss it, if needed, with the Architectural Control Committee for issues relating to construction projects, or with the Board for all other issues.

Procedure for Handling Instances of Non-compliance

Once a determination is made that an instance of non-compliance exists, the following sequence of actions shall be initiated:

1. **Courtesy Call.** Owner will receive a Courtesy Call from the Association Manager notifying them of the violation. This call shall afford Owner the opportunity to ask questions, discuss resolution of the violation, and to be informed of the consequences of continued non-compliance should resolution not be reached. Owner may contest the violation by submitting an appeal IN WRITING to the Association Manager for review and consideration by the Board.
2. **Courtesy Letter.** If after fourteen (14) calendar days of the date of the Courtesy Call the violation is determined to still exist, a Courtesy Letter shall be sent by first class Certified Mail. Owner shall be warned that if the violation is not resolved within fourteen (14) calendar days from the date of the Courtesy Letter, Owner will be subject to enforcement fines. Owner may contest the violation by submitting an appeal IN WRITING to the Association Manager for review and consideration by the Board.

3. **Notice of Violation.** If after fourteen (14) calendar days of the date of the Courtesy Letter the violation is determined to still exist, a Notice of Violation shall be sent by first class Certified Mail. The Notice of Violation shall reiterate the process for submitting a written appeal to the Association Manager. The Notice of Violation shall specify the amount of the enforcement fine being imposed upon receipt of this Notice of Violation (see Schedule of Enforcement Fines). At this point, Owner may submit a WRITTEN request to the Association Manager for a Hearing. Owner shall be informed that if the violation is not resolved within thirty (30) calendar days from the date of the Notice of Violation, Owner will be subject to additional enforcement fines.
4. **Notice of Continuing Violation.** If after thirty (30) calendar days from the date of the Notice of Violation the violation is determined to still exist and Owner has not submitted an appeal or requested a Hearing, a Notice of Continuing Violation shall be sent by first class Certified Mail. The Notice of Continuing Violation shall include the details of the violation, the amount of the enforcement fine being imposed upon receipt of this Notice of Continuing Violation, and the process for submitting a WRITTEN request to the Association Manager for a Hearing. The enforcement fine shall be imposed every month, and accumulate as an aggregated fine for as long as the violation continues.

Schedule of Enforcement Fines

Following is the schedule of enforcement fines that shall be imposed for violating the Governing Documents of the Association, including violations of the Architectural Control Provisions.

Courtesy Call	No Fine
Courtesy Letter	No Fine
Notice of Violation	\$75.00
Notice of Continuing Violation	\$150.00

Enforcement fines shall continue to be assessed monthly and accumulate as an aggregated fine for as long as the violation continues.

Time Frame for Collection of Enforcement Fines

The Board reserves the right to allow a grace period in the schedule of enforcement fines, based on individual circumstances. An owner requesting a grace period shall submit to the Board a WRITTEN plan to resolve the violation that includes specific corrective actions with milestone dates. If the Board approves the plan, the grace period may extend as long as milestones for corrective action are met.

Collection of Enforcement Fines

All enforcement fines shall be collected in the same manner as any other assessment or monetary penalty pursuant to the Governing Documents of the Association. Owner shall remain liable for all costs incurred under this Compliance Policy, which costs, if not paid upon demand thereof, shall be referred to the Association for collection as an assessment pursuant to Article 6, Section 6.01, Section 6.04 and Section 6.07 of the Restrictions.

Violation Hearing Process

1. **Right to a Hearing.** Any Owner found by the Association to be in violation of the Governing Documents may request a hearing to offer a defense or explain extenuating circumstances regarding the imposition of enforcement fines.
2. **Request for a Hearing.** Owner must submit a WRITTEN Request for Hearing, which shall be mailed, emailed, or hand-delivered to the Association Manager NO LATER THAN ten (10)

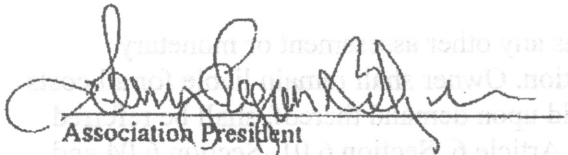
- calendar days from the date of the Notice of Continuing Violation. The Request for Hearing should include: Owner and/or Occupant's defense of, or explanation of extenuating circumstances regarding the violation; and copies of supporting documents.
3. **Acknowledgment of Request for Hearing.** Within seven (7) calendar days of receiving a Request for Hearing, the Association Manager shall notify Owner in writing that the request has been received and inform Owner of the date, time, and location of the hearing.
 4. **The Hearing.** If Owner requests a Hearing on an Architectural Control Committee decision, the appeal shall be heard by the Board. If an Owner requests a Hearing on a Board decision, the appeal shall be heard by an ad hoc hearing committee appointed by the Board. This committee shall be composed of two (2) members of the Board and three (3) Association members who are not members of the Board. The Board shall not appoint to the committee any member of the Association who has, or appears to have, a direct interest in the outcome of the hearing. If the ad hoc hearing committee affirms a violation by majority vote, the committee shall recommend a course of action to be taken by the Board. The ad hoc hearing committee shall submit its recommendation to the Board no later than ten (10) days after the date of the hearing.
 5. **Stay of Enforcement Fine.** If a timely request for a hearing is received, further enforcement actions and fines shall be stayed, pending the outcome of the hearing. If the Owner appeal is not successful, all interim enforcement fines shall become due and payable.

Compliance Recordkeeping

The Association Manager shall keep a record of all compliance complaints. Records of relatively minor issues may be brief; they shall identify all parties involved, the nature of the alleged violation, the dates of action, and resolution. Records of major complaints shall include all correspondence, Board and ad hoc hearing committee recommendations, relevant actions taken by Owner, and resolution.

NOW, THEREFORE, IT IS HEREBY FURTHER RESOLVED, this Compliance Policy replaces and supersedes in all respects all prior resolutions with respect to enforcement of the Governing Documents by San Pedro Creek Homeowners Association and is effective upon adoption hereof, to remain in force and effect until revoked or amended.

This Resolution is adopted the 29th day of July, 2019.


Association President


Association Secretary