

PINNACLE PEAK SHADOWS HOMEOWNERS ASSOCIATION

RULES AND REGULATIONS CC&R VIOLATION AND ENFORCEMENT POLICY

Pinnacle Peak Shadows Homeowner Association has established the following Enforcement Policy for Covenants, Conditions and Restrictions (CC&R's) violations enforcement, and any applicable monetary fines for continuing violations. This Policy will be deemed part of the Association Rules and is subject to amendment or modification at any time by majority vote of the Board. This Enforcement Policy for non-monetary violations is adopted in accordance with Arizona's Planned Communities Act, Arizona Revised Statutes 33-1801 through 33-1807 (Supp. 1997) and the provisions of the CC&R's and Project Documents, as currently in force and effect.

First Notice

A letter will be sent to the Owner of the property outlining the violation. In the event that the Owner of the property can be identified as an absentee Owner, a copy of the violation letter will also be sent to the tenant at the property address. The notice will inform the Owner that a monetary penalty of \$25.00 will be imposed for the violation if the violation has not been corrected after fourteen (14) calendar days.

Second Notice and Assessment of Initial Monetary Penalty

The Association will assess an initial monetary penalty of \$25.00 dollars if the Owner has not corrected or removed (or has chosen not to correct or remove) the violation or the violation has repeated or returned. The notice will inform the Owner that a monetary penalty of \$50.00 will be imposed for the violation if the violation has not been corrected after fourteen (14) calendar days.

Third Notice and Assessment of Additional Monetary Penalty

The Association will assess an additional monetary penalty of \$50.00 dollars if the Owner has not corrected or removed (or has chosen not to correct or remove) the violation or the violation has repeated or returned. The notice will inform the Owner that a monetary penalty of \$100.00 will be imposed for the violation if the violation has not been corrected after fourteen (14) calendar days.

Additional Monetary Penalty

After the imposition of the maximum initial monetary penalty, the full amount of the additional monetary penalty of \$100.00 dollars may be imposed upon subsequent inspections if the Owner has not corrected or removed (or has chosen not to correct or remove) the violation or the violation is repeated or has returned. Inspections will be conducted to coincide with the terms of the notices.

Certified Mailing Fee

In addition to the monetary penalties there will be a fifteen (\$15) dollar certified mailing fee assessed per violation.

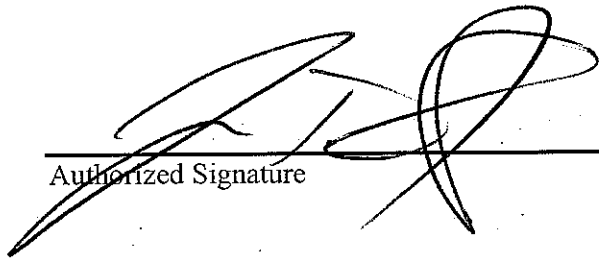
Should a period of time of at least six (6) months lapse between violations letters of the same offense, the next letter will be a first notice again.

Exception to Notice Procedure

Violations posing a threat to the health, safety, and welfare of the community as a whole or any one or more other Owners may require immediate action and thus create exceptions to the foregoing notice provisions. Examples of health, safety, and welfare violations include, but are not limited to, the following: accumulation of trash and/or other materials that may attract pests; threat of flood or fire damage to neighboring properties; an escaped pet; or a collapsed structure or tree blocking the road or drivers' lines of vision.

Opportunity to be Heard

The Association recognizes each Owner's right to explain the reasons why there is a violation of the CC&R's or the other Project Documents, particularly if the violation results in an assessment. Before any fine is assessed, an Owner has the opportunity to request a hearing before the Board of Directors. The Owner has 10 business days to respond in writing for a hearing. If the hearing is scheduled, and attended, the Owner is bound by the decision of a majority of the Board.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Authorized Signature

18 MARCH 2014

Date