

**HIGH DESERT RESIDENTIAL OWNERS ASSOCIATION, INC.
ENFORCEMENT POLICIES AND PROCEDURES**

(Adopted July, 18, 2017)

Pursuant to Article IV., Sections 4.3 & 4.4 and Article XI, Section 11.9 of the Amended and Restated Declaration of Covenants, Conditions, and Restrictions for High Desert Residential Properties (the "CC&Rs") and Article III., Sections 3.15, 3.16, & 3.21 of the Second Amended and Restated By-Laws of High Desert Residential Owners Association, Inc. (the "By-Laws"), the Board of Directors (the "Board") of High Desert Residential Owners Association, Inc. (the "Association") hereby adopts the following Policies:

SECTION I: ASSESSMENT DELINQUENCY POLICY

SECTION II: NON-MONETARY VIOLATION OF GOVERNING DOCUMENTS POLICY

SECTION III: RENTAL AGREEMENT VIOLATION POLICY

SECTION IV: NEW CONSTRUCTION COMMITTEE DIRECTIVE VIOLATIONS POLICY

Authority of the Association. The Association has a duty to enforce the provisions of the Articles of Incorporation, By-Laws, CC&Rs, and rules and regulations adopted by the Board per CC&Rs Art. III, § 3.1; By-Laws Art. III., §§ 3.15 & 3.21.

SECTION I. ASSESSMENT DELINQUENCY POLICY

1. Purpose. The purpose of this Delinquency Policy is to provide a consistent and orderly procedure for the billing and collection of assessments, attorney fees, base assessments, charges, costs, fines, interest, penalties, special assessments, specific assessments, village assessments, and all other charges assessed against a Unit and/or Member and/or Owner.

2. Billing of Assessments. Base Assessments and Village Assessments are determined each fiscal year which commences on July 1 and ends on June 30 of each calendar year. All assessments, attorney fees, charges, costs, fines, interest, penalties, and other charges assessed against a Unit and/or Member and/or Owner are determined in the manner provided for in the Articles of Incorporation, By-Laws, CC&Rs, and rules and regulations governing the Association.

3. Quarterly Statements. The Association shall by first-class mail or e-mail where the Owner has opted into receiving communications by e-mail provide every Owner a quarterly statement of that Owner's account on March 15, June 15, September 15, and December 15 of each calendar year. All amounts stated in the quarterly statement are due and payable by the Owner on the first day of the subsequent month (*i.e.*, April 1, July 1, October 1, and January 1) of each calendar year. All unpaid amounts become delinquent on the twenty-fifth day of the month in which such payment becomes due and payable (*i.e.*, April 25, July 25, October 25,

and January 25). Failure to receive a quarterly statement does not relieve the Owner of the Owner's liability for any amounts due and owing by the Owner.

4. Charges to Delinquent Accounts. The following shall be charged to all delinquent accounts:

a. *Interest.* Interest on all amounts due and owing at the rate of twelve percent (12.0%) per annum from the date that the amount first became due and payable until paid.

b. *Late Fee.* If an account is delinquent on the date that a quarterly statement is scheduled to be sent, then that account shall be charged a late fee of ONE AND 00/100 DOLLARS (\$100.00). An additional late fee of TWO HUNDRED AND 00/100 DOLLARS (\$200.00) shall be assessed against the account with the sending of each subsequent quarterly statement until such time as the account is paid in full.

5. Hearing. Upon a timely request by an Owner receiving a quarterly statement containing one (1) late fee, the Board will conduct a hearing at which any of the following actions may be imposed:

a. Waive the interest and/or late fee.

b. Deny request to waive the interest and late fee. However, if the violation is not cured within ten (10) days or a longer period as may be established by the Board, the violation shall be deemed a continuing violation and the Board may impose additional interest and late fees without notice and any opportunity to be heard.

6. Liens. The Association shall record with the office of the Bernalillo County Clerk a lien against each and every Unit having a delinquent account in an amount equal to or in excess of FIVE HUNDRED AND 00/100 DOLLARS (\$500.00). All costs and attorney fees associated with the filing and the release of the lien shall be charged to and the responsibility of the Owner. The lien will not be released until the account is paid in full.

7. Attorney Demand. The Board shall cause counsel for the Association to issue a demand letter to each and every Owner having a delinquent account in an amount equal to or in excess of EIGHT HUNDRED AND 00/100 DOLLARS (\$800.00). All costs and attorney fees associated with the issuance of a demand letter by counsel for the Association shall be charged to and the responsibility of the Owner.

8. Action to Collect Amounts Owed. The Association shall file suit to collect all amounts owed against each and every Owner having a delinquent account in an amount equal to or in excess of ONE THOUSAND AND 00/100 DOLLARS (\$1,000.00). All costs (including each and every cost whether permitted or excluded under the applicable rules of procedure) and attorney fees associated with the filing of the action and the exercise of post-judgment enforcement of any judgment arising out of the action shall be charged to and the responsibility of the Owner.

9. General Collection Procedure.

In most cases, the collection process for a file referred to counsel for collection will begin by sending a ten (10) day demand letter to the Owner. If the demand letter does not secure payment, the next step will be to file suit to collect the amounts owed. After the Complaint is filed, the Owner will be served with a copy of the Summons and Complaint. The Owner has twenty (20) days to answer if filed in metropolitan court and thirty (30) days to answer if filed in district court.

If the Owner does not resolve the matter or file an answer, then judgment by default is secured. If the Owner files an answer to the complaint, then a pre-trial conference will be set to establish all deadlines in the case and set it for trial. All pre-trial documents are prepared and filed by counsel. On the day of trial, a representative of the Association and a member of counsel appear to prove the Association's case and secure judgment.

Once judgment is secured, the next step will be to secure and record a transcript of judgment. The transcript of judgment becomes a lien against all real property owned by the Owner in every county of New Mexico in which the transcript of judgment is recorded. A demand letter is then sent giving the Owner ten (10) days to pay the amounts owed under the judgment.

Should the account remain unpaid, then the Owner is served with a notice of right to claim exemptions. The Owner then has ten (10) days to file a claim of exemption identifying exempt property. A writ of execution is then secured and sent to the sheriff for service. The sheriff is required to take possession of all non-exempt property and sell it. Any funds realized are then paid to the Association.

If the writ of execution fails to secure sufficient funds to satisfy the judgment, then the next step is to secure one (1) or more writs of garnishment. The garnishment can be directed toward bank accounts, employers, contracts, or any other person or entity from whom the Owner is owed money. The person or entity garnished is required to tender all amounts up to the amount of the judgment in the possession of the person or entity to the Association in payment of the judgment.

If the writ of execution and the writ of garnishment fail to secure sufficient funds to satisfy the judgment, then the Board may institute an action to foreclose the liens that the Association holds against property of the Owner.

Once the judgment is paid, the transcript of judgment is released and the judgment is shown as satisfied. Until then, the judgment and transcript of judgment remain in effect for fourteen (14) years.

10. Non-Exclusive Remedies. The rights and remedies of the Association stated herein are non-exclusive and the Association may exercise any additional rights and remedies available to the Association pursuant to the Articles of Incorporation, By-Laws, CC&Rs, and/or rules and regulations of the Association in addition to or in lieu of the rights and remedies stated herein.

SECTION II. NON-MONETARY VIOLATION OF GOVERNING DOCUMENTS POLICY

1. Purpose. The purpose of this Non-Monetary Violation of Governing Documents Policy is to provide a generally consistent and orderly procedure for addressing non-monetary violations of the governing documents of the Association, with the ability of the Association to vary from the general procedure as it deems necessary depending on the nature of the violation and the number of prior violations. There are many types of violations that occur on a regular basis within the Association. However, there are also unique violations that occur. Therefore, the Association needs to have the flexibility to address all types of violations.

2. Determination of a Non-Monetary Violation. The Association shall make a final determination as to the existence of a non-monetary violation of the governing documents of the Association.

3. Penalties for Non-Monetary Violations. Upon a determination that an Owner is in violation of the non-monetary provisions of the governing documents of the Association, the Association has established a system of penalties for the purpose of securing compliance by the Owner in violation. Although the Association generally intends to follow the system of penalties set forth below, the Association may vary from this system of penalties (both in terms of the amount of the penalty and at what stage the penalty may be imposed) depending on the nature of the violation and the number of violations (both present and prior).

Timing of Notice	Description of Notice	Amount Charged to Owner's Account
Upon discovery of violation	Courtesy Notice	\$0.00
10 days after Courtesy Notice or if same or similar violation occurs again within 6 months of prior violation.	First Notice	\$0.00
10 days after First Notice or if same or similar violation occurs again within 6 months of prior violation.	Second Notice	\$0.00
10 days after Second Notice or if same or similar violation occurs again within 6 months of prior violation.	Third Notice	\$0.00
10 days after Third Notice or if same or similar violation occurs again within 6 months of prior violation.	Fourth Notice	\$100.00

10 days after Fourth Notice or if same or similar violation occurs again within 6 months of prior violation.	Fifth Notice	\$250.00
10 days after Fifth Notice or if same or similar violation occurs again within 6 months of prior violation.	Sixth and Subsequent Notice	\$500.00

The Association shall provide the Owner all notices of violation issued by the Association by first-class mail or e-mail where the Owner has opted into receiving communications from the Association by e-mail.

4. Notification of Violation. The notice of violation shall be in writing and shall describe the violation. If the violation is of a continuing nature, the notice shall also state that the violation be cured by a stated deadline. The Owner is encouraged to contact the Association if additional information is needed to discuss special circumstances or to request additional time to correct a violation. The following provisions are applicable to notices sent to Owners by the Association (subject to the right of the Association to vary from the provisions as set forth above):

a. *Courtesy, First, Second, & Third Notices.* The Association generally does not intend to assess a fine in connection with a courtesy, first, second, or third notice.

b. *Fourth Notice.* The Association intends to assess a fine in the amount of ONE HUNDRED AND 00/100 DOLLARS (\$100.00) to the Owner's account upon issuance of the fourth notice. Any fourth notice sent shall provide instructions to the Owner of his/her/their right to a hearing. A written request for hearing which is properly signed by the Owner and dated must be postmarked within fourteen (14) days after the fourth notice is mailed. Failure of the Owner to request a hearing in writing within the required time period shall constitute a waiver of the right to a hearing.

c. *Fifth Notice.* The Association generally intends to assess a fine in the amount of TWO HUNDRED FIFTY AND 00/100 DOLLARS (\$250.00) to the Owner's account upon issuance of the fifth notice.

d. *Sixth & Subsequent Notices.* The Association generally intends to assess a fine in the amount of FIVE HUNDRED AND 00/100 DOLLARS (\$500.00) to the Owner's account upon issuance of a sixth and each subsequent notice to the Owner's account.

5. Hearing. Upon a timely request by an Owner receiving a fourth notice of violation, the Board will conduct a hearing at which any of the following actions may be imposed:

a. Waive the fine.

b. Deny request to waive fine. Furthermore, if the violation is of a continuing nature and is not cured within ten (10) days or a longer period as may be established by the Board, the violation shall be deemed a continuing violation and the Board may impose additional fines without notice and any opportunity to be heard.

c. Cure of the violation through self-help, all costs of which will be charged back to the Owner.

d. Injunctive relief against the continuance of such violations through the filing of an action with the courts.

6. Attorney Demand. The Association may cause counsel for the Association to issue a demand letter to any Owner who is in violation of the governing documents at any time, as determined by the Board. The costs and attorney fees associated with the issuance of a demand letter by counsel for the Association shall be charged to the Owner as a fine. If the Owner has not previously been given an opportunity for a hearing for the violation for which the demand letter is sent, the Owner shall be provided with the right to a hearing as set forth in Section 4(b).

7. Self-Help. The Association may take any action it deems necessary to bring the Unit in compliance with the governing documents of the Association and charge the costs of doing so to the account of the Owner as a Specific Assessment pursuant to Section 10.6 of the Declaration. The Owner shall be given an opportunity for a hearing prior to levying the Specific Assessment against the Owner.

8. Action for Injunctive Relief. The Association may file suit seeking injunctive relief requiring the owner to bring the Unit into compliance with the governing documents of the Association or to recover monetary damages at any time. All costs (including each and every cost whether permitted or excluded under the applicable rules of procedure) and attorney fees associated with the filing of the action and the exercise of post-judgment enforcement of any judgment arising out of the action shall be charged to the Owner as a fine. Collection of any money judgment awarded as part of an action for injunctive relief will be vigorously pursued in the manner described in the Assessment Delinquency Policy.

9. Non-Exclusive Remedies. The rights and remedies of the Association stated herein are non-exclusive and the Association may exercise any additional rights and remedies available to the Association pursuant to the Articles of Incorporation, By-Laws, CC&Rs, and/or rules and regulations of the Association in addition to or in lieu of the rights and remedies stated herein.

SECTION III: RENTAL AGREEMENT VIOLATIONS POLICY

1. Purpose. The purpose of the Rental Agreement Violations Policy is to provide for the protection of property and safety of persons located within the areas encompassed by the areas managed, maintained, operated, and controlled by the Association by providing a mechanism for the Association to identify and contact occupants in the event of emergency, to contact Owners in the event that a tenant violates the governing documents of the Association, and to eliminate unique concerns associated with transient occupants.

2. Determination of a Rental Agreement Violation. The Association shall make a final determination as to the existence of a rental agreement violation of the governing documents of the Association.

3. Penalties for a Rental Policy Violation. Upon a determination that an Owner is in violation of the Rental Agreement Violations Policy provisions of the governing documents of the Association, the Association has established a system of penalties for the purpose of securing compliance by the Owner in violation:

Timing of Notice	Description of Notice	Amount Charged to Owner's Account
Upon discovery of violation	First Notice	\$0.00
10 days after First Notice	Second Notice	\$200.00 per day
10 or more days after Second Notice	Third Notice	\$500.00 per day

The Association shall by first-class mail or e-mail where the Owner has opted into receiving communications from the Association by e-mail provide the Owner all notices of violation issued by the Association.

4. Action for Injunctive Relief. The Association may file suit to seeking injunctive relief requiring the Owner to bring the Unit into compliance with the governing documents of the Association or to recover monetary damages at any time after the issuance of a second notice by the Association. All costs (including each and every cost whether permitted or excluded under the applicable rules of procedure) and attorney fees associated with the filing of the action and the exercise of post-judgment enforcement of any judgment arising out of the action shall be charged to and the responsibility of the Owner. Collection of any money judgment awarded as part of an action for injunctive relief will be vigorously pursued in the manner described in the Assessment Delinquency Policy.

5. Non-Exclusive Remedies. The rights and remedies of the Association stated herein are non-exclusive and the Association may exercise any additional rights and remedies available to the Association pursuant to the Articles of Incorporation, By-Laws, CC&Rs, and/or rules and regulations of the Association in addition to or in lieu of the rights and remedies stated herein.

SECTION IV: NEW CONSTRUCTION COMMITTEE DIRECTIVE VIOLATIONS POLICY

1. Purpose. The purpose of this New Construction Committee Directive Violations Policy is to provide a consistent and orderly procedure for addressing violations of the directives of the New Construction Committee (the NCC). The Board of Directors of the Association is vested with the power and responsibility to enforce the governing documents of the Association, the Guidelines for Sustainability, and the decisions of the NCC. The purpose of this New Construction Committee Directive Violations Policy is to provide a consistent and orderly procedure for addressing violations of the governing documents of the Association, the Association Guidelines for Sustainability, and the directives of the NCC.

2. Determination of a New Construction Committee Directive Violation. The NCC's interpretation and determination as to the Guidelines for Sustainability and matters of aesthetic judgment in individual cases is absolute, final, and binding. The Board of Directors shall make a final determination as to all fines and other matters concerning the existence of a violation of the governing documents of the Association and/or the directives of the NCC.

3. Types of Violations. Generally, violations of the governing documents of the Association, the Guidelines for Sustainability, and/or the directives of the NCC fall into the following categories:

a. *Site Operation & Maintenance Violations.* Site operation and maintenance violations comprise acts or omissions of the contractor to correct issues and/or repeated reoccurrence of the same acts or omissions. Site operations and maintenance violations include but are not limited to the following:

- i. Failure to maintain the construction site in a clean and orderly manner;
- ii. Failure to promptly dispose of debris and litter;
- iii. Failure to have an on-site dumpster or other trash container sufficient for the construction project;
- iv. Failure to install, maintain, and repair any required construction fence on site;
- v. Failure to have a port-a-potty accessible to the site;
- vi. Engaging in construction activities during hours that are not appropriate;
- vii. Engaging in construction activities in a manner that results in excessive noise; and
- viii. Engaging in construction activities in a manner that constitutes a nuisance

b. *Construction Violations.* Construction violations comprise acts and omissions that cause the project to be out of compliance with applicable plans as approved by the NCC or any governmental agency; that fail to comply with the governing documents of the Association; or that violate any applicable local, county, state, or federal code, law, ordinance, regulation, or rule. Construction violations include but are not limited to the following:

- i. Violation of building height and wall height limitations;
- ii. Violation of grading plans and limitations;
- iii. Violation of drainage plans and limitations; and
- iv. Commencement of construction without approved building plans.
- v. Failure to complete required building height surveys;
- vi. Failure to remove non-approved plants and trees when requested.

c. *Completion Violations.* Completion violations comprise acts and omissions that prevent the project from achieving final completion following commencement of construction. Completion violations include but are not limited to the following:

- i. Failure to submit a schedule providing for the timely completion of the project;
- ii. Failure to secure all required governmental inspections;
- iii. Failure to secure a certificate of occupancy; and
- iv. Failure to provide an engineer's certification that the grading and drainage is in accordance with the approved Grading and Drainage Plan.

4. Penalties for New Construction Committee Directive Violations. Upon a determination that an Owner is in violation of the governing documents of the Association, the Guidelines for Sustainability and/or the directives of the NCC, the Association will invoke the following system of penalties for the purpose of securing compliance by the Owner in violation:

Timing of Notice	Description of Notice	Amount Charged to Owner's Account
Upon discovery of violation	Courtesy Notice	\$0.00
10 days after Courtesy Notice	First Notice	\$100.00
10 days after First and Subsequent Notices	Second and Subsequent Notices	\$250.00

The Association shall by first-class mail or e-mail where the Owner has opted into receiving communications from the Association by e-mail provide the Owner all notices of violation issued by the Association. The Owner shall be responsible for the payment of all fines imposed pursuant to this new construction committee directive violations policy.

5. Notification of Violation. The notice of violation shall be in writing and shall describe the violation, the applicable provisions of the governing documents violated, and the requirement that the violation be cured by a stated deadline. The Owner is encouraged to contact the Association if additional information is needed, to discuss special circumstances, or to request additional time to correct a violation. The following provisions are applicable to notices sent to Owners by the Association:

a. *Courtesy Notices.* The Owner will have ten (10) days from the date of a courtesy notice to cure a violation. The Association will not assess any fine in connection with a courtesy notice.

b. *First Notice.* The Owner will have ten (10) days from the date of a first notice to cure a violation. The Association shall assess a fine in the amount of ONE HUNDRED AND 00/100 DOLLARS (\$100.00) to the Owner's account upon issuance of the first notice. Any first notice sent shall provide instructions to the Owner of his/her/their right to a hearing. A written request for hearing which is properly signed by the Owner and dated must be postmarked within fourteen (14) days after the fourth notice is mailed. Failure of the Owner to request a hearing in writing within the required time period shall constitute a waiver of the right to a hearing.

c. *Second and Subsequent Notices.* The Owner shall have ten (10) days from the date of a second and subsequent notice to cure a violation. The Association shall assess a fine in the amount of TWO HUNDRED FIFTY AND 00/100 DOLLARS (\$250.00) to the Owner's account upon issuance of the second and each subsequent notice.

6. Hearing. Upon a timely request by an Owner receiving a first notice of violation, the Board will conduct a hearing at which any of the following actions may be imposed:

a. Waive the fine.

b. Deny request to waive fine. However, if the violation is not cured within ten (10) days or a longer period as may be established by the Board, the violation shall be deemed a continuing violation and the Board may impose additional fines without notice and any opportunity to be heard.

c. Cure of the violation through self-help. The Association may take any action it deems necessary to bring the Unit in compliance with the governing documents of the Association, the Guidelines for Sustainability, and/or directives of the NCC and charge the costs of doing so to the account of the Owner at any time after the issuance of a first notice by the Association.

d. Injunctive relief against the continuance of such violations through the filing of an action with the courts.

7. Attorney Demand. The Association may cause counsel for the Association to issue a demand letter to any Owner who fails to cure a violation of the governing documents, the Guidelines for Sustainability, and/or directives of the NCC at any time after the issuance of a first notice by the Association. The costs and attorney fees associated with the issuance of a demand letter by counsel for the Association shall be charged to and the responsibility of the Owner.

8. Action for Injunctive Relief. The Association may file suit to seeking injunctive relief requiring the Owner to bring the Unit into compliance with the governing documents of the Association, the Guidelines for Sustainability, and/or directives of the NCC or to recover monetary damages at any time after the issuance of a first notice by the Association. All costs (including each and every cost whether permitted or excluded under the applicable rules of procedure) and attorney fees associated with the filing of the action and the exercise of post-judgment enforcement of any judgment arising out of the action shall be charged to and the responsibility of the Owner. Collection of any money judgment awarded as part of an action for injunctive relief will be vigorously pursued in the manner described in the Assessment Delinquency Policy.

9. Non-Exclusive Remedies. The rights and remedies of the Association stated in herein are non-exclusive and the Association may exercise any additional rights and remedies available to the Association pursuant to the Articles of Incorporation, By-Laws, CC&Rs, the Guidelines for Sustainability, the directives of the NCC, and/or rules and regulations of the Association in addition to or in lieu of the rights and remedies stated herein.

The above policies are effective upon adoption hereof and will remain in full force and effect until revoked.

President

Secretary

Adopted: July 18, 2017