

The following amended and restated policy has been adopted by the Hills of Shannon Homeowners Association Inc. ("Association"), at a member meeting on [TBD], effective as of [TBD].

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Amended and Restated Policy for the enforcement of the Association's governing documents:

1. Power. The Board of Directors shall have the power and duty to hear and make decisions regarding violations and written complaints filed with the Board and impose fines or other sanctions, pursuant to this Policy. The Board may determine enforcement action on a case by case basis, and take other actions as it may deem necessary and appropriate to assure compliance with the Declaration of Restrictions, Homes Association Declaration ("Declaration"), the Association's Articles of Incorporation, Bylaws, and rules and regulations promulgated thereunder (hereafter collectively the "Association's Documents"), and to create a safe and harmonious living environment.

These enforcement provisions may be in addition to other specific provisions outlined in the Association's Documents, and the Association is not required to follow these enforcement provisions before seeking such other remedies. The Association may choose a legal remedy or seek assistance from other enforcement authorities, such as police, fire, or animal control, as it deems appropriate.

2. Complaint. A determination on whether the Association's Documents have been violated and any enforcement measures and remedies that may apply is initiated by the Association directly or by a Homeowner contacting a member of the Association's Board of Directors or the property manager either (a) orally, (b) in writing, (c) through electronic mail or (d) through electronic forms or links provided on the Association's website. Homeowners are encouraged to provide as many specifics as are available as to time, date, location and persons involved.

3. Notice of Violation; Demand for Abatement. Upon receipt of a complaint, the Association shall determine if the alleged violation of the Documents is attributable to a homeowner of the Association ("Homeowner") or the Homeowner's family member(s) or guest(s) and whether the allegations are sufficient to constitute a violation of the Association's Documents and that action by the Association is warranted.

Association Action. If the Association determines that the allegations in the complaint are sufficient to constitute a violation of the Association's Documents and that action is warranted, the Association shall take the following action:

The Association will send a notice ("Demand for Abatement") to the Homeowner, by electronic mail or first-class mail addressed to the appropriate address on file in the records of the Association at the time for such notice. The notice shall advise the Homeowner of the following: (a) the alleged violation; (b) the action required to abate the violation; (c) Except as prescribed in Section 4, a time period not less than ten days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any additional similar violation may result in the immediate imposition of a sanction, if the violation is not continuing.

4. Enforcement, Attorney's Fees, and Fines/Sanctions. The provisions of this Policy shall not limit, or be a condition precedent to, the Association's right to enforce the Association's Documents by any means available to the Association, including, but not limited to, commencement of a lawsuit to force compliance or seeking injunctive relief or damages. The Association shall be entitled to reimbursement of all reasonable attorney's fees and costs incurred by the Association in connection with any enforcement action, including any proceeding under this Policy. Without limiting the Association's remedies under the Association's Documents, the Association may assess fines and suspend membership privileges in accordance with this Policy. If the violation involves damage to Association property by a family member or guest of the Homeowner, the Homeowner shall pay the costs of repair or replacement. The Board may revoke or suspend a Homeowner's privileges. The procedures set forth in this Policy shall not be necessary in order to impose any sanction or penalty for nonpayment of a delinquent assessment or Default Assessment.

Fines may be levied for violations of the Association's Documents as follows:

(a) Violation in a rolling 12 month period. (Each violation is treated separately)

(i) Installing a fence, substantial exterior painting of a home, complete or significant installation of roof shingles, or substantial landscape changes without Architectural Committee Approval (ARC).

Effective [TBD], any violation in (i) will be allowed ninety (90) days to address the violation. The homeowner resolution to the violation must be documented and submitted to the HOA within forty-five (45) days. Failure to comply will result in the following fines

Fine Amounts

Courtesy Notice/Warning: \$0

First notice of violation(s), other than as noted in (i) above: \$50

Second notice of violation(s): \$75

Third notice of violation(s): \$150 per month

Violations other than noted in (i) would be reviewed every ten (10) business days.

(b) Repeated Violations. A homeowner who accumulates more than 3 violations within a rolling 12 month period will be deemed to have been a habitual offender. The Board shall determine, in the reasonable exercise of its discretion, whether continuing violations, repeated violations, habitual offenses, or violations with an indefinite commencement or termination date, are deemed Repeated Violations ("Repeated Violations"). Without limiting the Board's ability to fine or suspend membership privileges in accordance with this Policy, Repeated Violations shall all be subject to a fine of \$150 per month until the violation is corrected, and suspension of membership privileges as determined by the Board. Further, in the event of a determination by the Board of a willful, wanton or flagrant disregard for the provisions of the Association's Documents, or based on the severity of the violation, the Board may impose such additional fines as are deemed reasonable by the Board without regard to the schedule set forth above.

(c) Obligation to pay fines. The record Homeowner of real estate subject to the Declaration shall have the primary obligation to pay fines imposed for their actions and actions of their tenants, family members, and guests. Fines imposed pursuant to this Policy shall become a Default Assessment imposed against the record Homeowner's real estate and enforceable as provided in the Bylaws and the Declaration of Restrictions.

5. Notice of Hearing. At any time within twelve months of date of the Demand for Abatement, if the violation continues past the period allowed in the Demand for Abatement without penalty or if the same violation subsequently occurs, the Board or its agent may mail the Homeowner a written notice of a hearing ("Notice of Hearing") to be held by the Board. The Notice of Hearing shall contain: (a) the nature of the alleged violation; (b) the time and place of the hearing, which time shall not be less than ten days from the date of the Notice of Hearing; (c) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf, and (d) may contain the following statement: **The Board may determine that the Homeowner's failure to respond to this Notice of Hearing or failure to appear at the hearing constitutes a no-contest plea to the complaint or Demand for Abatement and enforce the provisions of the Association's Documents.**

6. Hearing. The hearing shall be held pursuant to the Notice of Hearing affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and invitation to be heard shall be placed in the minutes of the hearing. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the hearing. If the Homeowner does not appear but a written response is filed, the Board shall render its decision based on the information contained in the complaint and the written response, considering all of the relevant facts and circumstances. If neither an appearance nor a written response is made, the Board need not conduct a hearing or make any further findings except that it may determine that the Homeowner's failure to appear or respond constitutes a no-contest plea to the complaint, and impose the sanctions provided for herein or enforce the provisions of the Association's Documents, or both. The Board may:

(a) exercise its discretion as to the specific manner in which a hearing shall be conducted; (b) question witnesses and review evidence; and (c) act as it may deem appropriate or desirable to permit the Board to reach a just decision.

7. Decision. If the Homeowner appears at the hearing or provides a written response, after all testimony and other evidence has been presented to the Board at a hearing, the Board shall render its

decision(s), taking into consideration all of the relevant facts and circumstances. The decision of the Board shall be final. Except as provided herein, the Board's decision shall have an effective date no sooner than the day after the hearing. If the Board does not inform the Homeowner of its decision at the time of the hearing, or if no hearing is held, the Board will provide a written decision to the Homeowner's address of record via first class mail within ten (10) days after the hearing. The minutes of the hearing shall contain a written statement of the results of the hearing and sanction, if any, imposed.

8. Violations or Offenses that Constitute a Present Danger. If, in its sole discretion, the Board deems that any violation is or may be an immediate or substantial threat to the health, safety or welfare of the community or an individual, the Board may impose any appropriate sanction as necessary to abate the threat to health, safety or welfare of the community or individual without prior compliance with Sections 1 through 7 above.

9. Business Judgment Rule. The decision of the Board to pursue enforcement action in any particular case shall be left to the Board's discretion, subject to the duty to exercise its business judgment, and shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing, the Board may determine that, under the circumstances of a particular case: (i) the Association's position is not strong enough to justify taking any or further action; (ii) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (iv) that it is not in the Association's best interests, based on hardship, expense or other reasonable criteria, to pursue enforcement action.

10. Miscellaneous.

(a) Failure by the Board to enforce any covenant, restriction or rule, or any other provision of any of the Association's Documents shall in no event be deemed a waiver of the right to do so thereafter or preclude the Association from enforcing any other covenant, restriction or provision of the Association's Documents.

(b) The provisions of this Policy shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

(c) Action taken by the Association in accordance with this policy, or a decision to not take action, shall not affect an Homeowner's right to bring his own enforcement action under the provisions of the Declaration.

11. Revisions. This amendment can only be modified by two thirds vote by members of the association who are currently in good standing and not in violation of the Bylaws or Declaration of Restrictions.