

EXHIBIT B

Violations and Fines

This Rule shall apply to any alleged violation (“violation”) of the Association’s Declaration, Articles of Incorporation, Bylaws and Policies, Procedures, Rules and Regulations, except and excluding non-payment of assessments or other sums.

1. Complaints

Initial complaints of any violation may be presented to the Board in writing or orally by any person before or at any meeting. The Board shall, in its discretion, determine whether or not the complaint shows cause for further proceedings. The Board shall not decide the validity of the complaint at that meeting, but rather shall notify the owner and shall set it for hearing at a later date, if it finds cause is shown that the owner or alleged violator has committed or permitted a violation.

2. Notice

- (a) Warnings. The Association may send courtesy notices and warnings regarding violations and/or fines.
- (b) Notice of Hearing. If the Board decides that cause has been shown for a hearing, the Board, or its officers or agents, shall then send a written notice (the “Notice”), by regular mail and certified mail, return receipt requested, to the owner, and a copy may be sent to the alleged violator (if known) such as a tenant, contractor, guest or family member of the owner. The Notice shall indicate the time and place of the hearing, and any other information regarding violation which the Board deems appropriate in its discretion. The Notice shall be deemed received by the owner five (5) business days after mailing. The Notice may be sent to the unit if the owner has failed to register a current mailing address. The Notice may also be sent to the complaining party.

3. Hearing

- (a) The primary purpose of hearings before the Board is to resolve covenant enforcement matters as early as possible, without the expense of litigation. As a result, any owner or alleged violator who appears at a hearing is encouraged to discuss resolution in lieu of or in addition to the hearing. If the Board believes that the owner/violator is acting in good faith and that there is a realistic chance of resolution, the Board may reschedule the hearing and attempt to use the remainder of the time that was originally scheduled for a hearing for some form of alternative dispute resolution. If an agreement can be reached at this meeting, the minutes of the meeting and/or a separate letter will describe the binding agreement. However, if no agreement can be made, or if at any time the Board, in its

sole judgment, believes that delay will harm the interests of the Association, it may proceed with the hearing.

- (b) Hearings shall be held in executive session because they may involve privacy and/or possible litigation issues. The Board may exclude any person other than the owner or alleged violator and witnesses, when testifying.
- (c) At the hearing, the Board may consider any written or oral information produced by the owner, the alleged violator or other interested party. Any legal or statutory rule of evidence or procedure shall not apply to the hearing, and the Board may restrict testimony or proceed in any manner or order which it deems appropriate in its discretion. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence shall be sufficient in itself to support a finding. The Board may tape record or otherwise transcribe the hearing. The Board may proceed with the hearing even if the owner fails to appear or refuses to participate or to submit information. The owner may be represented by legal counsel so long as said owner gives the Board at least five (5) days prior written notice, in which case the Board's attorney may be present as well. Any participant may question any witnesses and examine any documents presented at the hearing. After hearing any information, witnesses, or documents presented at the hearing, the Board's decision shall be made by majority vote of the Board members present and a brief summary of the decision and the sanction, if any, should be sent by regular mail to the owner and, if necessary, to the alleged violator.

4. Extent of Violations

Each incident or each day of a continuing violation shall be considered a separate violation for which any maximum fine may be imposed. For example, each day during which a pet or a sign is permitted to remain is a separate violation. The Board may in its discretion impose increased fines for repeated or intentional violations.

5. Parties to Violations

Owners shall be responsible for violations committed by their contractors, guests, family members, and tenants, for example, pets kept by tenants or signs placed by real estate agents. The Board may proceed against both the owner and the alleged violator, simultaneously or separately, and actions against one shall not bar action against the other. The Board may contact the police, any regulatory or licensing authorities or other third parties regarding the alleged violation, but any action or decision by those parties shall not bar the Board from proceeding.

6. Fines and Sanctions

- (a) Attached hereto is a "Schedule of Fines" adopted by the Board.
- (b) Any fine shall be (i) a personal obligation of the owner or the violator or both and (ii) shall also be an assessment creating a lien which may be recorded against the unit and may be foreclosed as provided in the Declaration. The Board may notify any lender and credit agency of such obligation and lien. Additionally, the Board may bring legal action to enforce the violated provision and to recover the fine.
- (c) Any violation shall entitle the Board to recover from the owner or violator or both, its reasonable attorneys fees, court costs, interest, and any other collection expenses, regardless of whether litigation is instituted or is successfully concluded. The Board may seek to recover such fees and costs by all legal remedies, including without limitation, charging such fees and costs to the owner's account with the Association.
- (d) The Board, in its discretion, may waive fines, attorney fees, court costs, interest and other collection expenses.

7. Substantial Compliance

Technical irregularities or defects in the complaint, Notice or other compliance with this Rule shall not invalidate the proceedings or any fine or sanction imposed. This Rule shall be liberally construed to accomplish prompt, effective enforcement of the Association's Declaration, Articles of Incorporation, Bylaws and Rules.

8. Remedies Cumulative

In addition to the provisions of this Rule, the Association may, in the discretion of the Board, exercise any right or remedy in the Association's Declaration, Articles of Incorporation, Bylaws or Rules or at law or in equity, whether simultaneously or sequentially, and exercise of any right or remedy shall not preclude any other.