

The Lakes at Castle Rock Homeowners Association

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BOARD ADOPTED POLICIES

The Board of Directors of The Lakes at Castle Rock Homeowners Association has adopted the following policies:

1. Homeowners delinquent in their assessments 15 days after the due date be given notice that they must bring their account current within the next 15 days or be charged a late fee of 10 percent of the balance, 1 percent interest on the balance, and a lien filed against their property after 30 days. This policy adopted November 30, 1999.
2. The Board shall prosecute or allow to be prosecuted through normal and customary legal channels any resident or guest arrested for committing any criminal or malicious act while within the legal boundaries of The Lakes at Castle Rock Homeowners Association. This policy adopted November 30, 1999.
3. Delinquency notices are sent on the 16th day of each month; homeowners have 30 days to bring their account current or provide evidence that they have already done so. A second delinquency notice is sent on the 46th day, again providing homeowners 30 days to resolve the delinquent balance. Upon the expiration of the second 30 day period, a complaint is filed in Small Claims Court to secure a judgment. This judgment can then be used to garnish wages or bank and investment accounts and/or force the sale of non-exempt assets. The names of the delinquent homeowners will be published (and other information as allowed by law), in our newsletter along with the balance owed the Association. This policy adopted October 24, 2000.
4. The Association may consider the sale of portions of Common Area adjacent to lots owned by members, provided the area proposed for purchase meets all of the following criteria. The area proposed for purchase must not extend the lot into any Common Area surrounding any lake within the community. The area proposed for purchase must not extend the lot into any Common Area that borders on the Agua Caliente Wash or the Tanque Verde Creek. The area proposed for purchase must not be below the 100-year flood plain. The area proposed for purchase must be within 1' of the same elevation of the adjacent portion of the owner's lot. The area proposed for purchase must not be part of a drainage easement. The area proposed for purchase must be contiguous to one complete side of the lot it would become a part of.

If all 6 of these criteria are met, the Board will then establish the price at which the sale can be made, taking into account but not being bound by any offer that might be made by the prospective purchaser. Ultimately it is the Board's

responsibility to establish the selling price, taking into account the best interests of the Association.

If the selling price is agreed to, the Board will then conduct a vote amongst the Association's members in accordance with CC&R 4.11. Pursuant to this provision, a sale may be made if approved by a 2/3 majority of the owners of all lots, based on number of lots, and not by number of owners. The homeowner requesting the purchase of Common Area must bear any and all costs incurred in the process. The Board will furnish the requesting homeowner with its estimate of the cost of the election, which must be paid before the vote is conducted.

If the required two-thirds majority vote is obtained, the Board will then proceed with the legal transfer of ownership of the common area to the purchasing member. The purchasing member must pay all costs associated with the transfer. This policy adopted March 27, 2001.

5. All major additions with regard to structural changes, such as room additions and covered patio enclosures will now require the final approval of the Board of Directors. These change requests will be reviewed by the DRC and then reviewed by the Board before any action is taken. With this added step, the Board and DRC may take up to 60 days to respond to the homeowner. This policy adopted January 30, 2001.