



WHEREAS, the Board of Directors (Board) of the Somerset Owners Association (Association) has the power and responsibility under Nevada Law and the Governing Documents of the Association to ensure that the Governing Documents are followed and enforced, and

WHEREAS, there is a need to bring this Policy to view by the community in one document for ease of reference, and

WHEREAS, it is the intent of the Board of Directors through the Community Standards Committee (CSC) to implement procedures for compliance to its Governing Documents, recognizing that sub-Associations may have compliance policies which are stricter than that prevailing in the master Association, and

NOW, THEREFORE BE IT RESOLVED that the Board of Directors has UPDATED the following Compliance Policy for handling violations of the Governing Documents by Unit/Lot Owners.

PROCEDURE for GENERAL VIOLATIONS

Information received or gathered by the Association relating to an Owner's non-compliance with the Governing Documents is subject to the following procedures:

1. A **Courtesy (First) Notice** and a Request for Information and Compliance (RIC) Form will be sent to the Owner referencing the applicable Governing Document(s) and the provision(s) at issue. The Owner must complete the RIC by filling in the information requested and return to the Association within 14 days of the date of the inspection.
2. A **Second/Hearing Notice and RIC** will be sent out if the Owner fails to return the RIC and to correct the violation, or fails to abide by his/her RIC selection. The Owner must complete the RIC by filling in the information requested and return to the Association within 10 days of the date of the Inspection. Within the Second notice, the homeowner will also be notified of a Hearing date if they still have not resolved the violation within the 10 days allowed. Details of the possible fines and actions by the Committee will be outlined with the date and time of the hearing.

PROCEDURE for HEALTH, SAFETY, OR WELFARE VIOLATIONS

The management company or the Board of Directors will determine if a violation is a Health, Safety, or Welfare violation which may result in a Special Immediate Hearing and/or immediate action by the Association to correct the violation at the Owner's expense if not immediately resolved by the Owner.

HEARING

If an Owner fails to take corrective action, requests a Hearing, or fails to communicate with the CSC, the CSC will invite the Owner to attend a Hearing which will be noticed in the Second Violation letter. Hearings on alleged violations of the Governing Documents are closed, unless the alleged violator requests in writing that an Open Hearing be conducted. The CSC must hold a Hearing before it may impose a fine, unless the fine is paid before the Hearing, or unless the Owner and, if different, the person against whom the fine will be imposed executes a written waiver of the right to the Hearing; or fails to appear at the Hearing after being provided with proper notice of the Hearing.

The person who is subject to being sanctioned at the Hearing:

- Is entitled to attend all portions of the Hearing related to the alleged violation, including the presentation of evidence and the testimony of witnesses, but is not entitled to attend the deliberations.
- Is entitled to due process, as set forth in the standards adopted by NRS 116, which must include, without limitation, the right to counsel, the right to present witnesses, and the right to present information relating to any conflict of interest of any member of the CSC or the Board.



Failure to Appear: If an Owner does not communicate a request for a change of the Hearing and/or fails to appear at the scheduled Hearing, the Owner will have waived all future rights to a Hearing for the alleged violation. The CSC or the Board will proceed in the Owner's absence and make a decision based on the evidence in its possession.

Time Limit: The CSC may reasonably limit the time an Owner is allowed to present evidence.

Response: After an Owner presents his/her case, the CSC or Board will excuse the owner to deliberate. Within 10 days of the hearing, a written response will be issued to the Owner detailing the decision. The minutes of the hearing shall also contain a written statement of the decision.

Results & Sanctions: If the violation is not dismissed, the Owner may be given additional time to correct, assessed a fine, or other sanctions applied. The CSC or the Board may impose sanctions other than fines or in addition to fines. Either body may take any action allowable under Nevada law, including, but not limited to, removal of Association voting rights, restriction of the use of common areas and/or community facilities, institution of legal action, and correction of the violation. Additionally, the Owner may be deemed ineligible to serve on the Board of Directors.

General Violations Fine Schedule:

Fines commensurate following the hearing date noticed in the 2nd Notice.

1 st	\$50 fine and/or suspension of common area privileges
2 nd	\$100 fine if not corrected with 14 days
Continuing	\$100 per violation per week
Construction	\$100 per violation per week
Landscaping	\$100 per violation per week
Incident	\$50 fine for the initial occurrence/ \$100 fine per following occurrence

GENERAL COMPLIANCE PROCEDURES

Community Inspection: A representative for the Association will conduct periodic property inspections, which may be more or less than the twice a month schedule depending on circumstances of the community. Although the master Association may make inspections within the sub-Associations (Sierra Canyon, The Vue, and The Village at Town Center), they are responsible for conducting their own inspections following the Compliance Policy of the master Association and any more restrictive aspects of the sub-Association policy. Violations are uniformly enforced under the same or similar circumstances against all Owners.

Reporting Violations: Violations are to be reported in writing (email preferred) to the Association. Anyone may report a violation, including staff for The Club at Town Center for applicable violations. The names of persons reporting a violation will not be released except upon request to members of the Board of Directors.

Owner Correspondence: Violation related correspondence shall be directed to the Owner. Owners are responsible for the actions of their lessee, tenant, guest, or invitee. The Owner is responsible for the correction of the violation. If the Unit is known to be a rental, the tenant may receive a copy of the "Courtesy" (First) Notice so they may be made aware of the violation that they themselves may have committed. Further correspondence relating to the violation will only be sent to the Owner.

Records: The management company shall maintain a record of each violation, its resolution, and any sanctions related thereto until the offending Owner is no longer a member of the Association; however, if it is a violation of the Association's Aesthetic Guidelines the violation will continue in place until remedied by New Owner. Failure to correct subjects the New Owner to the Compliance Policy in effect at the time.

Repeating Violations: Repeat violations within a one-year period from the date of the "Courtesy" Notice will cause the violation process to continue from where it previously was closed.



Enforcement: The CSC or the Board, conducts Hearings and uniformly enforces the correction of a violation through the imposition of fines and/or sanctions to include the suspension of common area and community facility privileges.

Corrections: It is the Owner's responsibility to notify the Association in writing when the violation is corrected.

APPEAL

If the Hearing is conducted by the CSC, an Owner may, within 14 days of the decision, appeal to the Board by submitting a written request to the Association. If the Board conducts the Hearing, no further appeal of its decision may be made within the Association.

If the Owner does not agree with the decision of the CSC or the Board, s/he may request arbitration/mediation through the Ombudsman's Office for the State of Nevada at their own expense in accordance with Nevada law.

FINES

A fine may be levied commensurate to the general fine schedule for each violation. A maximum of \$1,000 may be fined in total per occurrence. If a fine is imposed and the violation is not cured within 14 days, or the period of time established by the CSC or the Board, the violation shall be deemed a continuing violation, which will result in, without notice or an opportunity to be heard, an additional fine for the violation for each 7 day period or portion thereof that it is not cured. There is no cumulative limit to the amount of continuing violation fines.

For a violation that poses a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the community, the amount must be commensurate with the severity of the violation and must be determined by the Board. When \$500 in fines or construction penalties is reached, a lien may be filed on the property if payment is not received within 30 days of the fine.

The limitations on the amount of the fine do not apply to any charges or costs levied by the Association if the fine becomes past due, including collection agency fees. Any past due fine must not bear interest, but may include costs incurred by the Association during a civil action to enforce payment of the past due fine. Upon the discretion of the Board, levied fines may be adjusted. At its discretion the Board may refer violation matters at any time to the Attorney for the Association.

The CSC or the Board may impose a fine against an Owner for a violation of the Governing Documents committed by an invitee or tenant if the Owner: Participated in or authorized the violation; or had prior notice of the violation; or had an opportunity to stop the violation and failed to do so.

CONFLICT AND SEVERABILITY

In the event this Compliance Policy may, at any time, be inconsistent with any provision of the Governing Documents or Nevada law, Nevada law shall control. If any of these procedures should be ruled invalid or improper, the validity and enforceability of the remaining procedures shall be unaffected and the procedure held invalid will be reformed so as to give it the manifest intent for which it was drafted. Should a violation occur which imposes a financial obligation to the Association; the party responsible for the violation shall reimburse, by way of a special, non-lien assessment, the Association for the financial obligation.

POLICY DATES

This Compliancy Policy was duly updated by the action of the Board of Directors on February 26, 2013, and shall be effective April 1, 2013.