



Resolution Establishing a Leasing Restriction Fine Schedule

WHEREAS, Desert Mountain Master Association ("Association") is governed by the Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Desert Mountain, Recording Number 2011-0517763 at Maricopa County, Arizona ("Declaration");

WHEREAS, the Declaration at Article 5, Section 5.4 authorizes the Association to establish rules and regulations as the Board deems reasonable and appropriate, including a system of fines and penalties applicable to violations of the Declaration.

WHEREAS, the Use Restrictions at Exhibit E to the Declaration, at Section 1.2.2, as amended, impose leasing restrictions. Section 1.2.2 prohibits a Lot from being leased to an Ineligible Renter (as defined in Section 1.2.2) for a term of less than thirty (30) days and prohibits an Owner from advertising his or her Lot as available for rent to Ineligible Renters for a lease term of less than thirty (30) days in duration, among other things.

WHEREAS, the Use Restrictions at Section 1.2.2, as amended, define the term "Ineligible Renter(s)" as "individuals and/or entities that are neither members of the Association nor Members of the Desert Mountain Club," and define the term "Eligible Renter(s)" as "individuals and/or entities that are Members of the Association (as set forth in the Master Declaration at Section 6.1) and/or individuals or entities that are Members of the Desert Mountain Club."

WHEREAS, the Board desires to establish a system of fines and penalties specific to violations of the Leasing Restrictions found in the Use Restrictions at Exhibit E, Section 1.2.2.

NOW THEREFORE,

1. The following schedule of fines and penalties shall apply to violations of the Leasing Restrictions:

(a) Upon the initial occurrence of an advertisement of a Lot as available for rent to Ineligible Renters for a period of less than thirty (30) days, a written notice will be sent giving the Owner of the Lot two business days to terminate such advertisement. If the initial advertisement is not terminated or a second such advertisement occurs, a \$5,000.00 fine shall be assessed. Each further advertisement violation may result in assessment of increasing fines at \$5000 increments (i.e. \$10,000 and \$15,000 and so on).

(b) Upon the initial occurrence of a Lot rental to an Ineligible Renter for a lease term of less than thirty (30) days a fine shall be assessed in the amount of \$5,000.00 or the amount of the rental fee plus twenty percent (20%), whichever is greater. Further rental violations may result in assessment of fines as prescribed in this paragraph 1(b) and may be increased by \$5000 for each additional violation.

2. Advertisements and leases to Eligible Renters for lease terms of less than thirty (30) days are acceptable pursuant to Section 1.2.2.
3. The Association reserves the right to seek and obtain injunctive relief and reimbursement of its attorneys' fees and costs in relation to the enforcement of the Lease Restrictions set forth in Section 1.2.2.

This Resolution was adopted by the Master Board of Directors at the Board meeting held on

September 24, 2018.