

Policy #2025-01

Enforcement of Covenants



In accordance with Article VI, Section 6.3 and Article VIII, Section 8.1 of the *Declaration of Protective Covenants and Restrictions for Sundance Estates Subdivision* (PC&R), and Article III Section 3.2(h) and Section 7.1 of the *Bylaws of Sundance Estates Homeowners Association*, it is the intent of the Sundance Estates HOA (Association) Board of Directors (Board) that the following Enforcement of Covenants Policy #2025-01 establishes procedures and fines to address violations, speed resolution of unresolved issues, and encourage conformance to the Governing Documents of the Association and the New Mexico Homeowner Association Act (NMSA 1978, Section 47-16-1 through 47-16-18 (2019)) (the "Act").

This policy will also be utilized by the Architectural Control Committee (ACC) to ensure conformance with approved specifications, conditions, and timelines of projects, and to ensure projects are built in accordance with approved plans, approved submitted documents and written assurances, and conditions of approval.

PURPOSE

The Board is specifically entrusted with maintaining the community on behalf of its Members, and is required to enforce the Rules and Regulations of the Association. An Enforcement Policy clarifies how the Board, and its delegates such as the ACC, enforces the Rules and Regulations if a Member fails to timely cure a violation. This policy incorporates all prior enforcement and fine policies into a single document and, as such, it supersedes any and all prior enforcement, fine or fining Policies. The most recent Policy #2019-07 *Enforcement of Covenants* is hereby rescinded and wholly replaced.

SCOPE

This Policy applies to all HOA Members owning lots in the Sundance Estates Subdivision (Owner). This Policy goes into effect on the date it is adopted by the Board. The Policy will be applicable only to new violations, and will not be applied retroactively.

DEFINITIONS

Violation: A condition present on the property of a member of the Association which violates the Governing Documents of the Association and/or that is not in conformance with approved plans, approved submitted documents or written assurances, or conditions of approval, and as such may be subject to a fine, lien or foreclosure, or other remedies, if not cured in accordance with the procedures of this Policy.

Fine: A penalty levied by the Board, or its delegates such as the ACC, upon an Owner for uncured violations which have been properly noticed in accordance with the provisions of this Policy.

Association: In the context of enforcement powers and decisions described in this

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Policy, Association includes the Board and its delegates such as the ACC.

Conflicted Member: A member of the Board or ACC who has a potential conflict through direct involvement, or who may be affected by the potential violation. The conflicted member will recuse themselves from participating in the enforcement process. In the event there are fewer than 3 members of the ACC without a potential conflict as defined herein, the HOA Board, rather than the ACC, will carry out the enforcement process.

ENFORCEMENT PROCEDURE

General Fine Schedule:

Schedule	Violation Type	Description of Notice	Fine Amount Due
Upon Discovery of Violation	First Violation	First Notice of Violation	\$ 0
14 Days After First Notice or upon first re-occurrence of violation within 24 months of a prior violation	Second Notice or continuing Violation	Second Notice of Violation	\$200
14 Days After Second Notice of Violation or upon second re-occurrence of violation within 36 months of a prior violation	Third Notice or continuing Violation	Third Notice of Violation	\$300
14 Days After Third Notice of Violation or Notice of Continued Fine for Non-Compliance or upon third re-occurrence of violation within 48 months of a prior violation	Continuing Violation	Notice of Continued Fine for Non-Compliance (as many times as necessary)	\$400 + additional increases of at least \$100 for each subsequent notice sent A fine of \$250 per day for an uncured violation will be imposed following the Third Notice of Violation of Notice of Continued Fine for Non-Compliance or the Third Re-Occurrence of Violation
60 Days After Notice of Significant Violation	Significant Violation	Notice of Significant Violation	\$15,000

The Association generally intends to go to the next level in the process every 14 calendar days for a continuing violation or each time the same violation occurs if a recurring violation. By way of illustration:

1. Owner is informed in the First Notice of Violation that a \$200 fine will be imposed if the violation is not cured within 14 days or re-occurs.
2. If the violation is not cured within the 14-day period or if the violation re-occurs, the \$200 fine is charged to the Owner's account.

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3. The Second Notice of Violation will then be sent informing the Owner that the \$200 fine is due, and that an additional \$300 fine will be imposed if the violation is not cured within 14 days of the date of the Second Notice of Violation or if the violation re-occurs.
4. If the violation is not cured within the 14-day period specified in the Second Notice of Violation or if the violation re-occurs, the \$300 fine is charged to the Owner's account, and the process continues...
5. Upon the fine balance reaching the sum of \$1,400.00, a Notice of Lien will be recorded in the Santa Fe County Clerk's office against the Owner's property. The costs of recording the Notice of Lien will be charged to the Owner.

Additional Fines for Significant Violations:

Upon a determination by the Association that there is a significant violation which causes a threat to public health or safety, or where an Owner has failed to comply with HOA requirements to obtain prior approval for improvements to their property, or has failed to comply with the requirements of such approvals, the Association may impose a fine of \$15,000.

If, after the imposition of a fine, the Owner is still not in compliance, the Association will continue to address the violation according to the above General Fine Schedule.

Other Expenses incurred by the Association:

The Owner against whom the fine is imposed is also liable for any expenses caused by the violation, including any inspection, consulting and/or legal fees or other costs incurred by the Association to bring the Owner into compliance with the Sundance Estates governing documents and any approved project specifications and conditions.

All notifications and decisions will be formally documented and communicated in writing, which can be electronically transmitted or sent via the United States Postal Service.

Prior to imposition of a fine, and at any time during the enforcement process, the Owner has the option to respond with a written request for a hearing and/or for a deadline extension. A hearing will be held by a committee appointed by the HOA Board which shall include at least 3 members of the HOA Board, and representation from the ACC if appropriate. Following the hearing or review of the written response of the Owner, the hearing committee shall determine by majority vote whether to proceed with the proposed fine(s). Notice and a hearing are not required for violations that pose an imminent threat to public health or safety.

The Association will continue to follow the above Fine Schedule until such time that the

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Association determines the violation has been cured. Fines shall not be imposed or shall be reversed if the Association determines the condition is not a violation or grants an extension to a deadline and the violation is cured. Failure to cure the violation by any extended deadline will result in the imposition of fines beginning on the date of the extended deadline. The Association will formally notify the Owner of any decisions and/or extensions or changes.

Fines will be implemented according to the Fine Schedule unless extenuating circumstances exist in the sole judgment of the Association, which may grant reasonable deviations.

No fine may be imposed until notice and an opportunity to dispute the violation has been provided to an Owner; however, fines may be imposed retroactively to the date of the violation if the Owner fails to request a hearing or submit a written statement for consideration.

If the unpaid fine and other expense balance reaches or exceeds \$1,400, a Notice of Lien will be filed for the amount due to the Association by recording an affidavit of such fact in the office of the County Clerk of Santa Fe County, New Mexico. The Owner will be charged the cost of recording the Notice of Lien.

Interest on the outstanding balance due will begin to accrue on the date that the Notice of Lien is recorded, at the rate of 18% per annum, as specified in Article VII, Section 7.1 (d) of the Association Bylaws.

While an unpaid balance remains outstanding, an updated Notice of Lien may be filed annually or at such intervals that the Association determines. The updated Notice of Lien will include the prior balance, accrued fines and other expenses, accrued interest and costs of filing.

Upon recording of the first Notice of Lien, the Owner will forfeit voting privileges, per section 2.3 Voting, Paragraph (b) Right to Vote in the Sundance Estates Bylaws.

If the Owner lists their property for sale prior to curing any and all violations, disclosure documents will reflect that unpaid fines and other expense balances are secured by the property and, if applicable, a statement that the records of the association reflect alterations or improvements to the property that violate the PC&Rs. The balance due shall be a personal obligation of the Owner, secured by the lien on the property.

The association may initiate a lawsuit to foreclose the lien and/or for debt and money due as the personal obligation of the Owner, upon the determination of the Association.

In the event an Attorney is retained by the HOA to enforce compliance or collection of any monies due the Association, the Owner is responsible for all associated costs, including but not limited to Attorney fees and lien recording fees.

Nothing herein is intended to limit, or shall be construed as limiting, the Association's other rights and remedies pursuant to the Declaration (PC&Rs), the Bylaws, Rules and

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Regulations, policies, or applicable law. No failure to enforce any rights shall be considered a waiver of the right to enforce such rights in the future.

The foregoing was approved by the Sundance Estates Board of Directors on October 1, 2025.