

Highland Estates PUD, Inc.
Rule – Fine Schedule, Late Fee, and Interest

1. Purpose

The purpose of this Rule is to establish a uniform and legally compliant schedule and procedure for the imposition and collection of fines, late fees, and interest under the Declaration,¹ the Association’s previously adopted Rules and Regulations, and applicable law. This Rule replaces and consolidates all prior Association policies or practices concerning the imposition or collection of fines, late fees, or interest. It confirms, restates, updates, and implements the Association’s existing fine schedule, the late-fee authority in Declaration § 18, the assessment and collection provisions in Declaration § 14, and the Act, including Utah Code §§ 57-8-8.1 and 57-8-37, to ensure that the assessment and collection of fines, late fees, and interest are consistent, transparent, and equitable to all Owners.

This Rule further provides clear notice to Owners, residents, tenants, and other responsible parties of the amounts, timing, and procedures applicable to violations and delinquent accounts, thereby promoting fairness, due process, and financial stability within the community.

2. Authority

This Rule is adopted pursuant to the authority granted to the Board by: (a) Declaration §§ 14, 18, 22, and 23; (b) Bylaws §§ 3.15, 3.16, and 8.1; (c) the Association’s previously adopted Rules and Regulations; and (d) the Act, including Utah Code §§ 57-8-8.1 and 57-8-37. In the event of conflict, applicable law shall control, followed by the Declaration, then the Bylaws, then this Rule.

3. Definitions

A. Act. “Act” means the Utah Condominium Ownership Act, Utah Code § 57-8-1 *et seq.*, as it may be amended from time to time.

B. Act, Nonprofit. “Nonprofit Act” means the Utah Revised Nonprofit Corporation Act, Utah Code § 16-6a-101 *et seq.*, as it may be amended from time to time.

C. Assessment. “Assessment” has the meaning given in the Declaration and means any amount levied, charged, or assessed against an Owner or Unit in accordance with the provisions of the Declaration. For purposes of this Rule, Assessments may include annual assessments, special assessments, Common Expenses, late fees, interest, collection costs, attorney fees, fines, and any other amount chargeable to an Owner or Unit under the Governing Documents or applicable law; provided, however, that fines and other charges shall be lienable only to the extent permitted by the Governing Documents and applicable law.

¹ First Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Highland Estates P.U.D., recorded on November 13, 2000, as Entry No. 749107 in the Recorder’s Office of Cache County, Utah, as amended or restated from time to time.

- D. Association.** “Association” means **Highland Estates PUD, Inc.**, a Utah nonprofit corporation, also known in the Declaration as Highland Estates Home Owners’ Association, or its successor.
- E. Bylaws.** “Bylaws” means the bylaws of the Association as they may be amended or restated from time to time and as duly recorded in the Recorder’s Office of Cache County, Utah.
- F. Declaration.** “Declaration” means the declaration of covenants, conditions, and restrictions of the Association as they may be amended or restated from time to time and as duly recorded in the Recorder’s Office of Cache County, Utah.
- G. Governing Documents.** “Governing Documents” means the Declaration, Plat, Bylaws, Articles of Incorporation, Resolutions, and Rules of the Association, as applicable and as amended or restated from time to time.
- H. Notice of Fine.** “Notice of Fine” means the written notice by which the Association imposes a fine for a Violation, consistent with the requirements of Utah Code § 57-8-37, that describes the Violation, identifies the specific provision(s) of the Governing Documents violated, and states the amount of the fine.
- I. Notice of Violation.** “Notice of Violation” means a written notice of a Violation issued before any fine is imposed, consistent with the requirements of Utah Code § 57-8-37(2)(a), that describes the Violation, identifies the specific provision(s) of the Governing Documents violated, states that the Association may assess fines if the Violation is not cured or if another Violation of the same provision occurs within one (1) year, and, for a continuing Violation, provides a cure period of not less than forty-eight (48) hours after the day the notice is given to correct the Violation.
- J. Resolution.** “Resolution” means a formal written document of the Association in its capacity as a nonprofit corporation that is duly adopted by the Board or its membership. A Resolution is adopted under the Nonprofit Act and takes precedence over a Rule, but is void to the extent it conflicts with applicable law, the Declaration, the Articles of Incorporation, or the Bylaws.
- K. Rule.** “Rule” means an Association rule, regulation, policy, procedure, or the like, but not a Resolution unless and only to the extent expressly stated therein, that is duly adopted by the Board for the purpose of the operation, administration, control, or regulation of the Association.
- L. Violation.** “Violation” means any act, omission, or condition that is not in compliance with one or more provisions of the Governing Documents, whether caused, committed, maintained, permitted, or allowed by an Owner, the Owner’s Unit, or by any Resident, tenant, occupant, guest, invitee, contractor, agent, employee, or other Person for whom the Owner is responsible under the Governing Documents or applicable law.

4. Fines

4.1. Schedule of Fines

This Schedule of Fines replaces the fine schedule in the Association's Rules and Regulations that were adopted prior to this Rule.

4.1.1. First Violation

The Association may issue a Notice of Violation for a first Violation. If the Violation is a continuing Violation, the Notice of Violation shall state a cure period of not less than forty-eight (48) hours after the day the Notice of Violation is given to the Owner.² No fine may be imposed for a first Violation unless: (a) the Violation is a continuing Violation and is not cured within the cure period stated in the Notice of Violation, in which case the Association may impose a fine under Section 4.1.2 (Second Violation);³ or (b) within one (1) year after the day the Notice of Violation is given to the Owner, there is another Violation of the same provision of the Governing Documents by the Owner, the Owner's Unit, or any Resident, tenant, occupant, guest, invitee, contractor, agent, employee, or other Person for whom the Owner is responsible under the Governing Documents or applicable law, in which case the Association may impose a fine under Section 4.1.2 (Second Violation).⁴

4.1.2. Second Violation

The Association may impose a fine of **Fifty Dollars (\$50.00)** by issuing a first Notice of Fine if: (a) the first Violation is a continuing Violation and is not cured within the cure period stated in the Notice of Violation;⁵ or (b) within one (1) year after the day the Notice of Violation is given to the Owner, there is another Violation of the same provision of the Governing Documents by the Owner, the Owner's Unit, or any Resident, tenant, occupant, guest, invitee, contractor, agent, employee, or other Person for whom the Owner is responsible under the Governing Documents or applicable law.⁶

4.1.3. Third Violation

The Association may impose a fine of **Seventy-Five Dollars (\$75.00)** by issuing a second Notice of Fine if: (a) the same Violation continues for ten (10) days or longer after the day the first Notice of Fine is given;⁷ or (b) within one (1) year after the day the first Notice of Fine is given, there is another Violation of the same provision of the Governing Documents by the Owner, the Owner's Unit, or any Resident, tenant, occupant, guest, invitee, contractor, agent, employee, or other Person for whom the Owner is responsible under the Governing Documents or applicable law.⁸

² See Utah Code § 57-8-37(2)(a)(iv).

³ See Utah Code § 57-8-37(2)(b)(ii).

⁴ See Utah Code § 57-8-37(2)(b)(i).

⁵ See Utah Code § 57-8-37(2)(b)(ii).

⁶ See Utah Code § 57-8-37(2)(b)(i).

⁷ See Utah Code § 57-8-37(2)(c)(ii).

⁸ See Utah Code § 57-8-37(2)(c)(i).

4.1.4. Fourth Violation or Subsequent Violation

The Association may impose a fine of **One Hundred Dollars (\$100.00)** by issuing each additional Notice of Fine if: (a) the same Violation continues for ten (10) days or longer after the day the immediately preceding Notice of Fine is given;⁹ or (b) within one (1) year after the day the immediately preceding Notice of Fine is given, there is another Violation of the same provision of the Governing Documents by the Owner, the Owner's Unit, or any Resident, tenant, occupant, guest, invitee, contractor, agent, employee, or other Person for whom the Owner is responsible under the Governing Documents or applicable law.¹⁰

4.2. Monthly Cap on Fines

Notwithstanding anything in this Rule to the contrary, the aggregate amount of fines assessed against an Owner for violations of the same provision of the Governing Documents shall not exceed Five Hundred Dollars (\$500.00) in any one calendar month, or such other maximum amount as may be permitted or required by Utah Code § 57-8-37, as amended from time to time.

4.3. Imposition of Fines

The Association shall impose and collect fines in accordance with the notice, cure, hearing, and appeal procedures set forth in Utah Code § 57-8-37, this Rule, and the Governing Documents.

Upon the Association's issuance of a Notice of Fine, the amount of the fine shall be imposed against the Unit and its Owner(s) and, to the extent permitted by law, directly against any tenant, resident, guest, invitee, or other person identified in the Notice of Fine as responsible for the Violation; however, lien rights shall attach only to the Unit and its Owner(s) to the extent permitted by the Governing Documents and applicable law.

Each fine imposed under this Rule shall be due fifteen (15) days after the Association gives the Notice of Fine, unless the Owner timely requests an informal hearing under Utah Code § 57-8-37. If the Owner timely requests an informal hearing, no interest or late fees may accrue on the fine until after the Board conducts the hearing and the Owner receives a final decision.¹¹

Each fine imposed under this Rule, including any interest, collection costs, and attorney fees authorized by the Governing Documents or applicable law, shall be collected and enforced in the same manner as other Assessments, subject to applicable law.

5. Late Fee

Pursuant to Declaration § 18(a) and Utah Code § 57-8-8.1(4)(b)(i), each monthly assessment installment is due on or before the first day of each month, unless the Board establishes a different due date in accordance with the Governing Documents. For purposes of this Late Fee section, the Late Fee applies to any unpaid annual assessment installment, special assessment installment, reimbursement assessment, or other principal Assessment levied against an Owner or Unit to fund Common Expenses, Association expenses, maintenance, repair, replacement,

⁹ See Utah Code § 57-8-37(2)(c)(ii).

¹⁰ See Utah Code § 57-8-37(2)(c)(i).

¹¹ See Utah Code § 57-8-37(4)(c).

reserves, insurance, capital improvements, or other amounts properly chargeable as principal Association assessments under the Governing Documents or applicable law.

The Late Fee does not apply to fines, previously imposed Late Fees, interest, collection costs, attorney fees, or other non-principal charges. Any amount to which the Late Fee applies that is not received by the Association within ten (10) days after its due date shall be deemed delinquent for purposes of this Late Fee section. Fines are governed by the due-date and interest provisions in the Fines and Interest on Delinquent Amounts sections of this Rule.

Upon delinquency, the Association may impose one Late Fee in an amount equal to the **greater of Twenty-Five Dollars (\$25.00) or ten percent (10%)** of the unpaid amount to which the Late Fee applies.¹²

Only one Late Fee may be imposed for each delinquent Assessment, and no recurring or monthly late fees shall accrue for the same delinquent Assessment unless separately authorized by the Governing Documents and applicable law.

This Rule establishes the Late Fee amount pursuant to Declaration § 18(a), which authorizes the Association to charge a Ten Dollar (\$10.00) late fee “or such amount as the Association may otherwise establish.” This Rule supersedes, to the extent of any conflict, the default Ten Dollar (\$10.00) late-fee amount in Declaration § 18(a) and any prior Association policy, practice, or schedule concerning the amount of a late fee.

The Late Fee shall be charged to the delinquent Owner and Unit, shall constitute part of the delinquent Owner’s account, and shall be collected and enforced in the same manner as other Assessments, costs, and charges authorized under the Governing Documents and applicable law.

6. Interest on Delinquent Amounts

Pursuant to Declaration §§ 14 and 18(a), Bylaws § 8.1, the Association’s previously adopted Rules and Regulations, and Utah Code §§ 57-8-8.1(4)(b)(ii) and 57-8-37, as applicable, all unpaid Assessments, unpaid Late Fees, unpaid fines, collection costs, attorney fees, and other authorized charges shall accrue simple interest at the **rate of twelve percent (12%) per annum** from the applicable due date until paid.

No interest accrues on previously accrued interest or on any amount for which interest is prohibited by applicable law.

Accrued interest shall be charged to the delinquent Owner and Unit, shall constitute part of the delinquent Owner’s account, and shall be collected and enforced in the same manner as other Assessments, costs, and charges authorized under the Governing Documents and applicable law.

¹² See Utah Code § 57-8-8.1(4)(b)(i).

7. No Waiver

The Association’s failure to impose a fine, Late Fee, interest, collection charge, or other authorized charge in one or more instances shall not constitute a waiver of the Association’s right to impose and collect fines, Late Fees, interest, collection charges, or other authorized charges in any other instance.

8. Terms

All capitalized terms used in this Rule and not expressly defined herein shall have the meanings given to them in the Declaration, Bylaws, or applicable law.

9. Adoption

This Rule was duly adopted by the Board of Trustees of Highland Estates PUD, Inc. in accordance with the Declaration, the Bylaws, and Utah Code § 57-8-8.1, including Subsection (17). This Rule is effective as of the date the last Trustee below signed this written consent.

Bryan Daines Date: 06/15/2026
Bryan Daines, Trustee

Yulere Lincoln Date: 06/16/2026
Yulere Lincoln, Trustee

Jennifer Stevenson Date: 06/15/2026
Jennifer Stevenson, Trustee

Kassie White Date: 06/15/2026
Kassie White, Trustee

END OF RULE