

Canterwood STEP Association
5727 Baker Way NW
Gig Harbor, WA 98332

FINE SCHEDULE AND APPEAL POLICY

Effective November 1, 2014

1. The Canterwood STEP [Septic Tank Effluent Pumped] System Association is a non-profit Washington corporation that was formed to provide sewerage services within the Canterwood community. All owners of residences connected to the STEP System are automatically members of the Association. The STEP System's infrastructure consists of tanks for settling and digesting waste water solids, a pump and a pressure piping system for conveying the sewage generated by the Association's members into the system's main sewer line. Some of this infrastructure is located on the members' property, in which case it is subject to a broad easement in favor of the Association. The Association's main sewer line is connected to the City of Gig Harbor Sewer System for treatment purposes. The City charges the Association a fee based on volume to treat the sewage generated by the Association's members.

2. The Association's internal governing documents (the "Governing Documents") are comprised of a Declaration of Covenants, Conditions and Restrictions for a STEP Sewerage System recorded June 30, 1994 under Pierce County Auditor's No. 9406300300, Articles of Incorporation filed with the Washington Secretary of State on July 1, 1994 and Bylaws of the Association that were adopted and amended by the Association's members. In addition to the Governing Documents, the affairs of the Association are regulated or governed by applicable Washington law, including the Washington Homeowner Association Act (the "Act"), chapter 64.38 RCW. The Governing Documents expressly provide that the Association's members shall be obligated to pay monthly and special assessments, together with interest, costs and reasonable attorneys' fees in the event that any assessments are not paid when due. In addition to confirming the authority of the Association's Board of Directors to impose and collect charges for late payments of assessments, the Act authorizes the Board to levy reasonable fines.

3. In the course of managing the affairs of the Association, the Board has directed that Association members take certain specific actions to maintain and repair the portions of the STEP System's infrastructure that are located on the property of the members. In that regard, after the Board determined that a significant portion of the sewage sent to the City of Gig Harbor Sewer System by the STEP System was ground water that was entering the System through openings in the infrastructure located on the property of the Association's members, the Board directed that all members have their portion of the infrastructure inspected and, if necessary, repaired. While most members have complied with the directives issued by the Board, a small number of members have neglected or declined from time-to-time to pay all or part of the bi-monthly and special assessments levied by the Board or to have their portion of the STEP System's infrastructure inspected or repaired.

4. It is the view of the Board that it is inherently unfair to the members who have incurred the expense of having their portion of the System's infrastructure inspected and repaired to ignore those members who have not cooperated. Accordingly, whenever it shall appear to the Board that a member of the Association has failed to fully comply with a directive of the Board (collectively, a "Violation"), the Board shall provide the noncomplying member (the "Noncomplying Member") with written notice of the apparent Violation. If the Noncomplying Member believes that the Board is in error, the Noncomplying Member may provide such explanation in writing as he or she deems proper to the Board within ten (10) business days of the receipt of the Board's notice.

5. If the Board is not satisfied by such explanation, it may provide the Noncomplying Member with written notice of a meeting to consider the matter at least ten (10) business days prior to the meeting. At that meeting, the Board shall consider any evidence it deems appropriate, which evidence may be submitted either at or prior to the hearing, orally or in writing, by any interested person. The Noncomplying Member shall be afforded an opportunity to respond at the meeting to any evidence so presented. After considering the evidence and the Noncomplying Member's response, the Board may either find that no Violation has occurred, or find that a Violation has occurred.

6. The Board will allow a Noncomplying Member at least ten (10) business days to cure a Violation. If a member fails to cure a Violation within the time specified by the Board, the Board may assess a monetary fine in conformance with the guidelines set forth below by providing written notice of the fine to the Noncomplying Member. Fines may be assessed by the Board as follows:

Failure to Comply with a Directive: Whenever the Board determines that a Noncomplying Member has neglected or declined to take any action with respect to the repair, maintenance or improvement of the STEP infrastructure located on the Noncomplying Member's property, the Board may assess a fine of up to five hundred and no/100 dollars (\$500) per occurrence. If the matter is corrected within the time specified by the Board, no further penalty shall be assessed. If not so corrected, the Board may assess an additional fine in the same amount for each calendar month that the Violation continues.

Critical Violation: Whenever the Board determines that a Noncomplying Member has taken any action or made any modification to the STEP System's infrastructure that was not approved by the Board and which cannot be reasonably corrected, it may assess a penalty of up to one thousand and no/100 dollars (\$1,000) per occurrence.

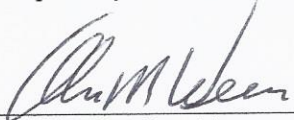
7. All Board decisions regarding fines shall be deemed final and become effective unless appealed to the Board within ten (10) calendar days of the date the decision was either mailed or delivered to the member, whichever occurs first. Any appeal of the Board's decision shall be made to the Board by delivering written notice of the appeal to the President of the Board with a statement of the basis for the appeal. The notice of appeal shall state the decision being appealed, as well as the reasons the appellant believes that the decision should be reversed.

In determining timeliness of the appeal, the appeal shall be deemed filed on the date the appeal is received by the Board's President. If an appeal is timely filed, the Board's decision shall not take effect until such time as the Board of Directors decides the appeal.


8. If an appeal is timely filed, the Board shall schedule a hearing to consider the appeal. The appeal may be considered at the Board's option at either a regularly scheduled meeting or a special meeting. The appellant shall be provided with written notice of the meeting at least ten (10) calendar days prior to the meeting. At the meeting, the Board shall reconsider the Board's decision being appealed, and shall further consider any additional evidence regarding any matter it deems appropriate, which evidence may be submitted either at or prior to the hearing, orally or in writing, by any interested person. The appellant shall be afforded an opportunity to respond at the meeting to any evidence so presented. After considering the Board's decision, all evidence presented, and the response of the appellant, the Board may decide to either confirm or reverse the Board's decision.

9. The decision of the Board of Directors shall be transmitted to the appellant in writing. The decision of the Board shall be deemed final and become effective three (3) business days after the date the decision was either mailed or delivered to the appellant.


Adopted by the Board of Directors to be effective as of the first day of November 2014.



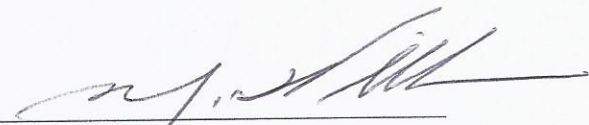
Alan Weiss, President



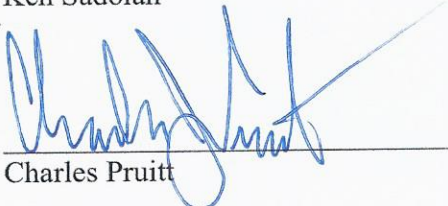
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