

CAPITOLA KNOLLS HOMEOWNERS ASSOCIATION
RULES OF CONDUCT, ENFORCEMENT POLICY, SCHEDULE OF FINES

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**CAPITOLA KNOLLS HOMEOWNERS ASSOCIATION
RULES OF CONDUCT, ENFORCEMENT POLICY, SCHEDULE OF FINES**

I. GENERAL POLICY: Living in a common interest development offers many advantages and it also imposes some restrictions. Maintaining the attractive appearance of our homes, fostering harmonious relationships with our neighbors, and providing a safe and healthy environment for our Residents is important to our community. These Rules of Conduct represent some basic guidelines for Resident activity and property use. They arise out of our Amended and Restated Declaration of Covenants, Conditions and Restrictions of Capitola Knolls Homeowners Association (“CC&R’s”) recorded on February 29, 2016, and decisions and resolutions of the Homeowner Association Board of Directors (referred to in this document as “Board”).

A. Authority of the Board:

The Board, pursuant to the CC&Rs for Capitola Knolls Homeowners Association has the authority to adopt and establish rules, regulations, and policies (hereinafter collectively referred to as “Rules”) governing the use and operation of the Project, the personal conduct of Members, their tenants and guests, and the Unit occupants, and to take steps as it deems necessary for the enforcement of such Rules and other Association Governing Documents. These Rules & Regulations have been created in accordance with Section 8.4 of our Bylaws (“Adopt and Enforce Rules”) and Section 2.5 of the CC&Rs (“Association Rules”).

B. Member Responsibility:

Each Unit Owner is a Member of the Association and is responsible for complying with the Governing Documents. Owners shall give their tenants, if any, copies of the Governing Documents and any amendments as they are adopted. Owners are also responsible for ensuring that their family members, tenants, invitees, guests, and Unit occupants (each a “Member Party” and

collectively the “Member Parties”) comply with the Governing Documents. In the case of a violation by one or more Member Parties, who is not a Member of the Association, the Association shall notify the Unit Owner who is responsible for the Member Party’s conduct, and any sanction for noncompliance will be imposed against the responsible Unit Owner. See Sections XIII (“Enforcement Policy”) and Section XIV (“Schedule of Fines”)

II. DEFINITIONS: The capitalized terms used in these Rules shall have the meanings set forth in Article 1 of the CC&Rs, and any duly-recorded amendments thereof. Without limiting the generality of the forgoing:

A. Unit: Is the dwelling space that consists of the interior surfaces of the walls, ceiling and floor, and includes the doors and windows. CC&Rs, Section 1.48.2

B. Common Area: Everything in our community that is not classified as part of a specific Unit is Common Area. For example, the land, the building structures housing the Units, lawns and landscaping areas, sidewalks, streets, laundry rooms, pool and spa, refuse areas, and all unfenced patios (approved after December 31, 2005). CC&Rs, Section 1.12

C. Exclusive Use Common Area (“EUCA”): Common Area that is set-aside for use by a specific Unit or Units and the Resident(s) (such as Balconies, Garages, Decks, Carports, Patios, and Storage Spaces). Association property includes pool area furnishings and pool equipment. CC&Rs, Section 1.12. Some examples:

Unit Resident:

Balcony (Unit 4)
Stairway (Unit 4)
Decks (Units 1, 2, & 3)
Fenced Patios (Units 1, 2, & 3)
Garage Storage

Building Common Areas:

Laundry Room
Refuse Area
Carport/Garage & Apron

Common Area:

Landscaped Areas
Roofs, Attics
Maintenance Yard
Pool Pump Room
Water meters,
Irrigation
Mailboxes
Pool and Spa

III. GUIDELINES FOR USE OF UNITS:

A. Residential Use: The Units shall be occupied and used by the respective Owners as a private dwelling for the Owner, his family, tenants and social guests and for no other purpose. CC&Rs, Section 5.7

B. Business Activity: Capitola Knolls is a residential community and as such, no business, occupation or service is allowed to operate on the grounds except as provided in CC&Rs at Section 5.8.1.

C. Compliance with Laws // Nuisances and Noise: Residents must comply with all requirements of Federal, State and local governmental authorities. No Unit shall be used in such manner as to be a nuisance, or cause unreasonable disturbance or annoyance to any Resident of the Project, or which shall in any way interfere with Residents' use of the Common Area and facilities thereon or the use and enjoyment of their Units, nor shall any nuisance or illegal activity be committed or permitted to occur.

When a dispute arises between neighbors, Residents are encouraged to work out their differences before involving the Association. Resident's complaints to the Association about neighbors must: (a) be in writing; (b) give as much detail as possible concerning the dispute; (c) provide specific information about what informal efforts to resolve the matter were undertaken by the complaining Resident(s); and (d) provide the name, address, phone numbers,

and email address of the complaining Resident(s). CC&Rs, Sections 5.9 and 5.10

D. Power Tools: Power tools may be used only between 8:00 a.m. and 7:00 p.m. CC&Rs, Section 5.16

E. Renting and Leasing: The respective Units shall not be rented for transient or hotel purpose, which shall be defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupant of the Unit is provided customary hotel service other than the foregoing obligation. CC&Rs, Section 6.3. The term “transient rentals” as used herein shall be deemed to include, but shall not be limited to, any rental through services such as Airbnb, HomeAway, VRBO, or similar such services. No Owner shall be entitled to rent a part of his or her Unit for transient or hotel purposes, this would include a short-term rental of a bedroom while the Owner or Resident is also present in the Unit. Owners have the right to rent or lease their Units, provided that the rental or lease is made subject to the Governing Documents, including the CC&Rs and these Rules. CC&Rs, Section 6.1.5. In addition,

1. There must be a written lease with an initial term of at least six (6) months. CC&Rs § 6.1.1 (i)
2. Within fifteen (15) days after entering into a lease or rental agreement, the Owner must provide a copy of the lease to the Association. CC&Rs, Section 6.1.3
3. The lease is subject to all of the provisions of the Governing Documents. CC&Rs, Section 6.1.1 (ii)
4. The Units may be rented only for residential purposes. CC&Rs, Section 5.7

5. The number of tenants shall not be more than two (2) times the number of bedrooms in the Residence plus one (1) additional person (for example, five people in a two-bedroom Residence). CC&Rs, Section 5.8

6. During the time any Unit is rented or leased, the tenants (and not the Owner) will have the right to use the Common Area facilities (subject to compliance with the Governing Documents). CC&Rs, Section 5.6

7. The Association is deemed to be a third party beneficiary under any rental agreement or lease of a Unit. If the Unit Owner does not take action to correct or terminate violations by his or her tenants, after notice to the Owner and the opportunity for a hearing before the Board, the Board has the right to maintain an eviction action against the tenants. CC&Rs, Section 6.7

8. Every lease or rental agreement is subject to an assignment of rents and the right of the Association to recover the rents if the Owner owes the Association money. CC&Rs, Section 8.18

9. In enforcing the provisions of the Governing Documents concerning leases and rentals, the Board has all of the enforcement powers otherwise available under the Governing Documents and applicable law.

10. In exercising its enforcement powers concerning leases and rentals, the Board shall be subject to the applicable procedural requirements that otherwise apply under the Governing Documents, such as requirements for written notice to the Owner of violations, notice and opportunity for a hearing, an Owner's right to request to "meet and confer" with the Board, requirements to offer to engage in alternative dispute resolution, and applicable procedures to enforce delinquent assessments and charges.

F. Entry into a Unit: An Owner shall permit the Association or its representatives, when so required, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests are made in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate. CC&Rs, Section 9.5

G. Toxic or Hazardous Materials: An Owner is prohibited from storing or keeping toxic or hazardous materials within the Project. Toxic or hazardous materials must be properly disposed of off-site by the Owner or Resident at his or her sole expense in accordance with all applicable statutes, ordinances and regulations and shall not be placed in Association waste containers, discarded in the Common Area, or stored in a storage Unit.

IV. GUIDELINES FOR USE OF COMMON AREA:

A. Animals and Pets: CC&R 5.13

- Up to two (2) small household pets, such as dogs and cats, may be kept in any Unit so long as they are not kept, bred or maintained for commercial use or purpose.
- Under City of Capitola Ordinance 6.14.320, leashing is required. Pets must be maintained within the Resident's Unit and must be on a leash when outside. No pet (dog, cat or other animal) is to be tethered in any Common Area.
- Under City of Capitola Ordinance 6.14.390, any pet causing or creating a nuisance and/or unreasonable disturbance is subject to removal from Capitola Knolls.
- Any person bringing or keeping a pet in the Project is solely responsible for the conduct of their pets. Pet owners must clean up after their pets.
- There shall be no outside feeding of pets or other wildlife and no outdoor structures for housing pets are allowed within the Project.

B. Skateboarding: Consistent with Municipal Code of the City of Capitola, Section 12.52, no skateboarding is allowed under any circumstances at Capitola Knolls.

C. Bicycling: Bicycling is allowed only on the streets of Capitola Knolls, not on the sidewalks. CC&Rs, Section 5.9

D. Pool and Spa: Pool rules are posted at the pool and available on the Capitola Knolls website and distributed to all Owners and Residents each year.

E. Garage Sales: Due to the limited visitor parking spaces, garages sales are not allowed except as approved in writing by the Association.

F. Outdoor Furniture: CC&Rs, Sections 5.5, 7.2.5, 9.2.2, 9.2.4, 9.2.8

- Customary outdoor furniture (tables, chairs, barbecues, umbrellas, etc.) may be kept in the Common Area only when in use. When not in use, it must be stored inside the Unit or in carport/garage storage closet or cabinet.
- Two (2) chairs and one (1) small table may be left on a paved area in front of the Unit if the furnishings do not encroach on any planted or landscaped area.
- The exception is customary outdoor furniture (as defined above), which may be left in a Unit's Exclusive Use Common Area.

G. Hose Storage and Water Usage:

- Hoses are to be stored in carport storage closets or cabinets when not in use. Hoses left attached to the hose bibs when not in use may be removed without notice.
- Do not hose off pavement or use your personal hose to water Common Area landscape. CC&Rs, Section 7.2.2
- Car Washing: Follow rules and guidelines of Soquel Creek Water District for washing vehicles.

H. Common Area Storage: Storage of children's toys and strollers, barbecues, pet bowls, trash cans or any other items are not allowed in the Common Area. CC&Rs, Section 5.5

I. Barbecues; Open Fires: The use of charcoal or wood-burning open flame barbeques or other devices and the use of propane tanks larger than twenty pounds (20 lb) are not permitted on Unit 4 Balconies. Open fires, including fire pits and chimineas are not permitted on the property. CC&Rs, Section 5.21

J. Vehicles and Parking: There is a limit of no more than three (3) vehicles for each Unit that may be parked or stored within the Project. CC&Rs, Section 5.18.1

- Parking is authorized in the Unit's assigned carport/garage and apron and designated parking spaces only. Vehicles parked in other than assigned or designated spaces are subject to removal at the vehicle owner's expense. Cars parked along the streets or in other areas posted "**Fire Lanes – No Parking**" are subject to tow away without notice. Vehicle rules apply to motorcycles. CC&Rs, Section 5.18.5

- Mobile homes, large recreational vehicles, boats, trailers or any commercial vehicle larger than a standard pick-up and/or one that is not used for personal transportation shall not be parked at Capitola Knolls. CC&Rs, Sections 5.18.2 - 5.18.4

- No inoperable vehicle may be stored anywhere on the property and, if not made operable and not removed from Capitola Knolls within seventy-two (72) hours, the vehicle will be towed at the vehicle owner's expense. An inoperable vehicle is defined as: (1) having one or more flat tires, (2) mechanically inoperable or physically inoperable (3) tire has been marked indicating vehicle storage or abandonment, (4) expired registration, or (5) any other visible sign that the vehicle is inoperable. CC&Rs, Section 5.18.1

- Oil drippings in the carports, garages and aprons must be cleaned up immediately. Metal drip pans are allowed – cardboard is not.
- Major vehicle repair is prohibited. Major repair is defined as any repair, which renders the vehicle inoperable for more than one (1) hour. CC&Rs, Section 5.18.6
- Parking is allowed in guest parking spaces for no more than seventy-two (72) hours. Vehicles in violation are subject to ticketing and removal at the vehicle owner's expense. CC&Rs, Section 5.18.5

K. Satellite Dish Antennas and Cable Wiring: CC&Rs, Section 7.2.15

- Before any installation of a satellite dish or wireless cable antenna system or wiring, the Owners must notify the Association in writing of their intent by completing a Satellite Dish Installation Request Form. *(The complete policy for satellite dishes and related equipment and wiring is on the Capitola Knolls website and is included with the Satellite Dish Installation Request Form.)*
- The Association will work with the Owner to determine suitable locations for the Satellite and associated wiring. Under no circumstances will antennas be installed in the Common Area which includes roofs, building siding, and landscaped areas without approval of the Association.

V. GUIDELINES FOR EXCLUSIVE USE COMMON AREAS

A. Refuse Area: CC&Rs, Sections 5.14, 5.15

- Green Waste Recovery provides the containers and picks up trash and recyclables on Wednesday mornings and is paid by the Association. Each container must be marked to identify the Unit address.
- On Tuesday evening, place all trash and recycling containers at the curb for collection and return them to the enclosures by Wednesday evenings. The containers may not be kept elsewhere on the property.
- The area is to be kept clean by the building Residents. Bungee cords are recommended to deter raccoons. If necessary, refuse area will be periodically

cleaned and any required large item removal will be charged equally to the building Unit Owners.

- Toxic or hazardous materials may not be deposited in Association waste containers or discarded in the Common Area.

B. Laundry Room:

- The use of the laundry facilities is restricted to the specific building Owners and Residents; the building Owners and Residents are responsible for keeping the laundry room tidy.
- Washers and dryers are not to be used between the hours of 10:00 p.m. and 7:00 a.m.
- The laundry room door must be kept locked when not in use.
- Only fire resistant containers are allowed for the disposal of lint, etc.

C. Patio Fences and Balcony Railings: CC&Rs, Sections 7.2.5, 9.2.2, 9.2.8

- Railings and fences are not to be used for drying clothes, towels, etc.
- No items are to be stored or displayed on fences or balcony railings.
- Plants are permitted on the Unit 4 Balcony decks but must have adequate saucers to collect overflow water. Both the size and number of plants are limited: The containers may be no more than sixteen inches (16") in diameter and no more than twenty percent (20%) of the deck surface may be covered by plants.
- No construction of any item or fixture is allowed on any Balcony, Deck or Patio without prior architectural approval.
- Nothing whatsoever shall be placed on the Balcony railing.

D. Clothesline and Drying Racks: CC&Rs, Section 7.2.4

- Clotheslines and Drying Racks are only permitted in fenced or railed Exclusive Use Common Areas. A clothesline must be mounted below the top of the fence or railing.

E. Carport / Garage Storage: CC&Rs, Section 5.20

- Bicycles, wheeled toys, sports equipment and barbecues are the only items allowed to be stored in the carport/garage areas but only if sufficient space remains for the parking of two (2) cars in the carport or garage.
- The storage of flammable liquids or other flammable materials is not allowed in the carport, garage or any other Common Areas.
- No occupant may accumulate debris such as papers, magazines, boxes, lumber, bottles, furniture, appliances, rags or other litter in the carport or garage area. Regular sweeping of the garage or carport area is encouraged.
- Installation of extended storage cabinets or temporary storage of household items requires prior written approval by the Association.

F. P.G.& E.: The private use of Common Area gas or electricity is prohibited unless authorized in writing by the Association. CC&Rs, Section 7.2

G. Lighting: The Association maintains landscaping, carport, side building, and address lights. Please do not tamper with or adjust the lighting control units. Should the lighting require service, please contact the Association. CC&Rs, Section 9.1.1

H. Front Doors: Screen doors must match the color of the Unit window frames. Units that have desert tan or almond colored windows may apply to the architectural committee for approval of a matching screen door. Otherwise, screen doors may be installed provided they are bronze in color. Screen doors must be maintained at the Unit Owner's expense. Association approval is required before replacing the front door or adding a storm or security door. The exterior color of the front door is determined by the Association. CC&Rs, Sections 1.48.2, 7.1

I. **Windows:** CC&Rs, Sections 1.48.2, 7.1, 7.2.10

- Window replacement requires Association approval. To maintain a uniform appearance, all windows including the slider must be replaced at the same time.
- Window coverings must be kept in good condition and, unless otherwise approved in writing, be white, off-white or light beige in color.
- Window screen frames must match the color of the window frames of the Unit.

VI. **ALTERATION OF THE COMMON AREA**

- The Owner must seek approval from the Association to repair or replace bearing walls, windows, exterior doors, garage doors, columns, roofs, foundation, waste water or plumbing pipes, gas pipes, ducts, conduits, wires or any item within or between the walls of his Unit. The Architectural Modification Form is available on the Capitola Knolls website and from King Management. CC&Rs, Section 7.1
- Under Civil Code section 4600, the Association cannot grant an Owner exclusive use of any Common Area. Any change to the Common Area is subject to an order to return the area to its original condition and/or a special reimbursement assessment to cover the cost of restoring it to its original condition.
- **Signs:** No signs shall be posted in the Common Area unless authorized by the Association. Real Estate signs of customary and reasonable dimensions may be posted inside the Unit window or the flower bed adjacent to the Unit address. Real Estate or other signs outside of these approved areas are subject to removal without notice. No 4x4 posts are allowed. CC&Rs, Section 5.17
- **Exterior Decorations:** *See, also, the adopted policy is on the Capitola Knolls website.* In summary, up to two (2) decorations may be installed adjacent to the Unit's front door providing that they total no more than 144 square inches in size and weigh no more than two pounds (2 lb)

VII. ALTERATIONS TO A UNIT OR EXCLUSIVE USE COMMON AREA: Prior Board approval in accordance with Article 7 of our CC&Rs must be obtained before making any exterior addition or change or alteration of any kind or before removing or moving any wall, floor, or ceiling of a Unit or creating an opening in any wall, floor, or ceiling of a Unit. The foregoing includes but is not necessarily limited to:

- Installing any screen, skylight, patio cover, tent, awning, screen door, exterior lighting, mast, pole, tower, antenna, receiver, or transmitter (to the extent restricted), or attaching any of the foregoing to the exterior of any building, railing or fence;
- Replacing any window, front door, patio door, or garage door;
- Exterior painting;
- Installing, moving, or removing landscaping;
- Commencing any work that will require upgrades to Common Area components or systems;
- Installing an air conditioner, skylight;
- Changing floor coverings, moving or removing any Walls or utility systems.

VIII. MAINTENANCE: Owners should refer to Article 9 of our CC&Rs for maintenance, repair and replacement responsibilities. As provided in Section 9.2, Owners have responsibilities for portions of the Exclusive Use Common Area appurtenant to the Unit. As provided in Section 9.3 Owners are responsible for maintenance, repair, and replacement of the Unit.

IX. INSURANCE: As provided for in Article 10, Section 10.6 of our CC&Rs, Owners are responsible for obtaining HO6 Condominium Owner's Policy covering property within the Unit and the personal liability of the Owner and other coverages enumerated in Section 10.6.

X.C COMPLAINT PROCEDURE: If any Owner or Resident notices the rules being violated, they may make a complaint by contacting the Association, c/o King Management 2425 Porter Street, Suite 15, Soquel CA 95073

All complaints will remain confidential and appropriate action, if necessary, will be taken unless an official hearing or court proceeding requires otherwise.

XI. COMPLAINT NOTIFICATION & ENFORCEMENT POLICY: The notification and enforcement process is initiated upon the receipt of a written complaint and/or the physical observation of a violation by Security, the Board of Directors, or King Management. As with any system, mistakes can occur. All correspondence, billings and fines are subject to review and appeal to the Board of Directors. The Association's Notice of Violation letters will include the following: 1) the date of the reported violation, 2) the nature of the reported violation, 3) the specific restriction or rule that has been violated, and 4) a request to correct the violation in a reasonable period of time. If the Owner/Resident feels the notification is in error or if they are unable to comply within the time frame allowed, please contact the Association within the time limit to make other arrangements. The Association will attempt to comply with all reasonable requests in order to ensure compliance.

XII. PROCESSING SCHEDULE: Upon receipt of a written complaint and/or observation of a violation, a Violation Letter is sent to the Owner of record detailing specific violations and sections of the Governing Documents that apply. A copy of the letter is sent to the tenant if applicable. A "blind" copy of the letter is sent to the reporting party. A copy of all correspondence is kept in the Unit file.

XIII. ENFORCEMENT POLICY: This sets forth Capitola Knolls Homeowners Association's enforcement policy (and its schedule of fines for violations of the Association's Governing Documents pursuant to Civil Code section 5850, and the Association's Amended and Restated Bylaws ("Bylaws") and Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs") which follows at Section XIV). This Policy replaces and supersedes any prior enforcement policies of the Association. This Policy shall be effective thirty (30) days from adoption by the Board of Directors ("Board").

A. Authority of the Association’s Board of Directors.

The Board, pursuant to the Bylaws and CC&Rs, has the authority to adopt and establish rules, regulations, and policies governing the use and operation of the Capitola Knolls Homeowners Association condominium project, the personal conduct of Members, their tenants and guests, and the Unit occupants (collectively, the “Rules”), and to take steps as it deems necessary for the enforcement of such Rules and other Association Governing Documents (as defined in the CC&Rs).

B. Member Responsibility.

Each Unit Owner is a Member of the Association and is responsible for complying with the Governing Documents. Owners are responsible for ensuring that their family members, tenants, invitees, guests, and Unit occupants (each a “Member Party” and collectively the “Member Parties”) comply with the Governing Documents. In the case of a violation by one (1) or more Member Parties, who is not a Member of the Association, the Association shall notify the Unit Owner who is responsible for the Member Party’s conduct, and sanctions for noncompliance may be imposed against the responsible Unit Owner. Additionally, any tenant of the responsible Unit Owner who violates applicable provisions of the Governing Documents is also subject to enforcement proceedings and sanctions for noncompliance in accordance with this Policy.

C. Notice of Violation.

The Board may, but is not required to, provide a Member that has violated, or is in violation of, the Governing Documents with a Notice of Violation that shall provide the Member with seven (7) days to cure or correct the violation. Whether to provide the notice shall be within the sole discretion of the Board. If the Member remains in violation of the Governing Documents, or fails to cure or correct the violation, the Board shall have the right to hold a hearing pursuant to the procedures set forth below.

D. Hearing Notice.

At least ten (10) days before the hearing at which the Board will determine whether to impose sanctions, including a Fine or other Personal Reimbursement Assessment, the Board shall notify the Member in writing (the "Hearing Notice").

The Hearing Notice shall:

- i. identify the Governing Document provision that is alleged to be violated;
- ii. describe the nature of the alleged violation;
- iii. describe the corrective action to be taken by the Member and the time within which it must be done (if applicable);
- vi. identify the date, time and place of the hearing;
- v. describe the sanctions, disciplinary action, or other enforcement action being contemplated; and
- vi. give the Member the opportunity to attend the meeting and to address the Board regarding the alleged violation.

If the Member's failure to correct a violation results in the expenditure of funds by the Association to correct the violation or if the violation resulted in the expenditure of funds by the Association to repair damages caused by the Member or a Member Party, then the Hearing Notice shall also state: (i) that the Board may vote to levy a Personal Reimbursement Assessment if the Board finds that a violation has occurred and (ii) the maximum amount of the Personal Reimbursement Assessment.

The Hearing Notice shall either be given personally to such Member or sent by first-class or certified mail to the most recent address for the Member as shown on the records of the Association.

E. Hearing.

The hearing shall be conducted by the Board. The Member is entitled to attend the hearing and to address the Board. Alternatively, the Member may submit a

written explanation to the Board on or before the time provided in the Hearing Notice. The charges against the Member shall be stated. The Member is allowed to present evidence and testimony on his or her behalf and examine any evidence presented. The Board and the Member shall have the right to question all witnesses and the Board is entitled to also question the Member. The Board shall have the exclusive power and authority to impose disciplinary action.

F. Imposing Disciplinary Action.

The Board may impose one (1) or more sanctions if it determines at the hearing that a Member or a Member Party has committed a violation of the Governing Documents. This action may be imposed even if the Member does not appear at the hearing when scheduled or does not submit a written explanation to the Board. Disciplinary action may include, but is not limited to:

- i. Suspension of Membership Rights and Privileges. Suspension of rights and privileges includes suspension of the Member's right to vote or run for election to the Board. The Board may suspend the Member's rights and privileges for so long as the Member remains in violation of the Governing Documents or for such period as may be specified by the Board if the violation involves misbehavior related to use of recreational or community facilities.
- ii. Fines. Imposition of Fines in accordance with the Association's current Schedule of Fines.
- iii. Imposition of a Personal Reimbursement Assessment. Imposition of a Personal Reimbursement Assessment in accordance with the Association's Governing Documents including (1) a penalty, Fine, charge or other financial obligation levied against a Member for violation of the Governing Documents, or (2) where (i) the Member's failure to correct a violation results in the expenditure of funds by the Association to correct the violation or (ii) the violation resulted in the expenditure of funds by the Association to repair damages caused by the Member or a Member Party.

Personal Reimbursement Assessments levied by the Board may include attorney fees and costs and costs and expenses of collection incurred by the Association.

- iv. Architectural Violations. Removal of any non-conforming structure or improvement.
- v. Other Actions. Any other enforcement action permitted by law or the Governing Documents.

In the case of continuing violations, such as an uncorrected architectural violation or violation of the rental restrictions, the Board may deem such violation a continuing violation and impose separate and successive sanctions once every thirty (30) days and may continue such separate and successive sanctions until the violation is remedied. Repeated or habitual violations within a thirty (30) day period, such as parking violations, shall not constitute a continuing violation but shall be a separate violation for each occurrence, and disciplinary action may be imposed for each and every separate violation.

G. Notice of Board's Decision; Effective Date of Sanction.

The Board shall notify the Member of its decision, in writing, within fifteen (15) days after the hearing. Failure to notify the Member within such fifteen (15) day period shall invalidate the Board's action. A Fine or other Reimbursement Assessment shall become effective as specified by the Board but in any case no sooner than thirty (30) days after the date of the hearing.

H. Payment of Fines, Personal Reimbursement Assessments.

Fines and other Reimbursement Assessments are deemed delinquent if not paid within fifteen (15) days after they are due. All sums payable hereunder by a Member shall bear interest at an annual percentage rate not to exceed twelve percent (12%) commencing on the date the said sums become delinquent. The

Association may record a lien against the Member's Unit and/or commence a lawsuit to compel payment of delinquent amounts and to recover attorney fees and costs of enforcement. All Fines and Personal Reimbursement Assessments collected shall be placed in the Association's general fund.

I. Schedule of Fines.

The Schedule of Fines adopted by the Board is attached to this Policy.

J. Additional Corrective Measures; Personal Reimbursement Assessment.

The imposition of Fines, Reimbursement Assessments and suspension of voting and use rights are in addition to the requirement that Members comply with the Governing Documents. Compliance may include, but is not limited to, correcting, repairing or replacing noncomplying conditions, all at the Member's expense by, for example, levy of a Reimbursement Assessment against such Member and the Member's Unit.

K. Other Remedies.

The Association reserves the right to avail itself of any other remedy permitted by law and the Governing Documents to enforce the provisions of the Association's Governing Documents. These remedies include, but are not limited to, requesting internal dispute resolution, requesting that the matter be submitted to alternative dispute resolution such as mediation or arbitration, the right of entry into a Unit or Exclusive Use Common Area in accordance with the CC&Rs, or bringing an action in Small Claims or Superior Court. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

L. Violations Involving Neighbors.

For violations involving neighbors, Residents should work with each other to resolve their differences. The Association generally does not get involved in trying to solve neighbor-to-neighbor disputes. In the rare instance that the Association does get involved, Residents are asked to first talk to their neighbor directly. The first point of contact should always be between neighbors. Member complaints about neighbors must: (a) be in writing; (b) give as much detail as possible concerning the dispute; (c) provide specific information about what informal efforts to resolve the matter were undertaken by the complaining Member; and (d) the name, address, phone numbers, and email address of the complaining Member.

M. Conflict.

In the case of any conflict between the CC&Rs and this Policy, the CC&Rs shall control.

N. Liens / Nonjudicial Foreclosure.

In accordance with the CC&Rs, the Association may secure recovery of any Fines and/or payment of other Reimbursement Assessments imposed, plus the costs of enforcement, by recordation of a lien or liens and, to the extent not prohibited by law, enforce such lien(s) by nonjudicial foreclosure pursuant to Civil Code sections 2924, 2924b and 2924c.

O. Association's Duty of Enforcement.

Failure by the Association to enforce any provision of the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

P. Amendment of Policy.

The Board may, from time to time, modify this Policy. As provided in Civil Code section 4340 et seq., the Board may amend this Policy without providing advance notice to the Owners if an amendment is required by law or needed to conform a

particular provision or provisions of this Policy to changes in applicable California statutory law that are nondiscretionary in nature.

[The Schedule of Fines follows on the next page.]

XIV. SCHEDULE OF FINES

This Schedule of Fines is effective unless and until changed by action of the Board. Any violation of the Governing Documents either by a Member or a Member Party shall subject the Member to the following Fines:

Conduct and Use Restriction Violations / No Threat to Health/Life/Property

Examples: parking, barking animals, signs, parties, disruptions, nuisance, noise, etc.

- For first violation: \$ 25 to \$100
- For second violation of same type: Fine is Doubled
- For third and subsequent violations of same type: Fine is again Doubled

Example of fine progression: An Owner whose barking dog causes a disturbance is subject to a \$50/75/100 fine. The Owner is subject to a second fine of \$100/150/200 if the violation is not resolved, and a third violation for barking may result in a \$200/300/400 fine.

Conduct and Use Restriction Violations / Involving a Threat to Health/Life/Property/

Examples: smoking, pet droppings, off leash animals, parking in fire zone, flooding from Unit, climbing trees, faulty smoke and carbon monoxide detectors, facilities use violations, etc.

- For first violation: \$ 100 to \$500
- For second violation of same type: Fine is Doubled
- For third and subsequent violations of same type: Fine is again Doubled

Example of fine progression: An Owner whose dog is off leash is subject to a \$100 to \$500 fine. The Owner is subject to a second fine of two times (2 x) the fine amount of the first fine if the violation is not resolved, and a third violation in the amount of two times (2 x) the amount of the second fine if the violation is not resolved.

Fine for Unapproved Architectural Alteration

Examples: installing a window, replacing a garage door or Unit door without prior Board approval, etc.

- For first violation: \$ 50 to \$100
- For continuing violation:
 - Uncured after 30 days: \$ 100/\$200
 - Uncured after 60 days: \$ 150/\$300

- Uncured after 90 days and
- Each 30-day period thereafter: \$ 200/\$400

Example of continuing violation: An Owner whose property has an unauthorized architectural modification is subject to a \$50/\$100 fine if not resolved upon thirty (30) days' notice. The Owner is then subject to a second fine of \$100/\$200 if the violation is not resolved within sixty (60) days of the original violation notice, and additional fines of \$200/\$400 every thirty (30) days until the violation is resolved.

- In the event the Board determines that actual, or a serious threat of, personal injury or serious property damage resulted from the conduct, the Board may enhance the fine by levying an additional fine in the amount of \$500.

Renting, Leasing, and Transient Rentals

Examples: Fines for violation of the six (6) month minimum rental requirements, for example renting for transient of hotel purposes, such as listing a Unit for rent on sites such as, by way of example and not as a limitation, Airbnb and VRBO:

- For first violation: \$ 500
- For second violation of same type: \$ 750
- For third and subsequent violations of same type: \$1,000

Fines for Violation of Pool Rules:

Fine for violations of pool Rules are subject to loss of use privileges and/or \$50 to \$200 for each occurrence.

Other Fines

Fines for other violations are at the sole discretion of the Board. The amount of the Fine may be reduced at the Board's discretion if the Member presents evidence of prompt compliance.

Adopted by Resolution of the Board of Directors

Secretary

_____, 2016
Date