

Operating Rules (Required Civil Code Sec. 4525)
The Terraces Homeowners Association

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**THE TERRACES
HOMEOWNERS ASSOCIATION**

**HOMEOwner HANDBOOK OF
RULES AND REGULATIONS**

Order: 8G86DSSZH8
100 Cypress Way, Rolling Hills Estates, California 90274

Address: 13 Oaktree Ln
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Order Date: 10-22-2024

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THE TERRACES HOMEOWNERS ASSOCIATION

IMPORTANT TELEPHONE NUMBERS AND EMAIL ADDRESSES

Gate House		310-541-0251
Terraces Business Office		Phone: 310-541-5292
100 Cypress Way, Rolling Hills Estates, CA 90274		Fax: 310-541-9766
Monday through Friday, 8:00 am to 4:30 pm		
Closed for lunch from Noon – 1:00PM		
Business Office email address:		office@terraceshoa.pvcoxmail.com
Emergency		911
County Sheriff's Department (non-emergency)		310-539-1661
26123 Narbonne Ave., Lomita, CA 90717		
County Fire Department (non-emergency)		310-377-9523
27413 Indian Peak Road, Rolling Hills Estates, CA 90274		
Cox Communications		310-377-1800
Waste Management		310-677-6500
Southern California Edison	24-hour Customer Service	800-990-7788
Verizon Telephone Service		800-483-5000
California Water Service	24-hour Customer Service	310-257-1400
Southern California Gas Company	Emergency or Safety Issues	800-427-2200
	Customer Service	877-238-0092
U.S. Post Office: Palos Verdes Peninsula		Phone: 310-541-0624
955 Deep Valley Dr., Palos Verdes Peninsula, CA 90274		Fax: 310-377-2805
		TTY: 877-889-2457

I. INTRODUCTION

A. THE TERRACES HOMEOWNERS ASSOCIATION

The Terraces Homeowners Association (the Association) is a “Not for Profit Corporation” organized under the laws of the State of California on December 13, 1972. The primary purpose of the Association is to own, maintain, and otherwise manage all of the common areas, facilities, improvements, and landscaping of our Planned Unit Development.

The power of the Association to own, manage, operate, and administer the common areas and common facilities of the Association, and the power to maintain the appearance of all of the improvements within The Terraces, is derived from California law, the Articles of Incorporation, the By Laws of the Corporation, and the Declaration of Covenants, Conditions, and Restrictions (CC&Rs) filed with the Recorder of Los Angeles County. Those documents, along with these Rules, Regulations, Requirements, and Procedures (“Rules and Regulations”), constitute the “Governing Documents” of the Association.

B. ORGANIZATION OF THE ASSOCIATION

Each homeowner is a member of the Association. Owners are entitled to one (1) vote, for each unit owned, whenever a vote of the membership is taken, including at the Annual Meeting, in May of each year, when we elect members of the Board of Directors (the “Board”) to replace those Directors whose terms have expired.

Residents and homeowners, for the purposes of this document, are referred to as “residents” or “owners” or “tenants” regardless of their status as owners or lessees, unless a specific designation is made.

The affairs of the Association are managed by the Board. The Board operates through its Officers, Directors, Employees, and Committees. The Board has final authority over all matters that fall within the purposes and authority of the Association. The Association Committees include:

The Architectural Committee, which has jurisdiction over the exterior appearance of buildings and homes within the Terraces. Its jurisdiction includes the authority to approve all modifications or alterations to the exteriors of units, structures, and common areas. Its jurisdiction also includes the authority to require owners to correct architectural deficiencies.

The Budget and Finance Committee administers financial affairs and reports directly to the Treasurer.

The Grounds Committee supervises the maintenance of all landscaping and trees.

The Maintenance Committee supervises maintenance of the common area structures, as well as watering, lighting, electrical, and similar systems.

The Recreation Committee establishes use and maintenance standards for the Clubhouse, pools, tennis courts, and play areas. The Recreation Committee also conducts social activities to foster and promote goodwill.

The Safety and Vehicle Management Committee monitors, reviews, and oversees Gatehouse operations, access policies, vehicle and parking regulations, and safety issues for The Terraces property.

C. THE PURPOSES OF THE RULES AND REGULATIONS

Within The Terraces community, we live and interact fairly closely with our fellow residents. Common courtesy dictates that our actions not infringe on or impair the rights and quality of life of other residents, or unduly interfere with the maximum enjoyment of our homes. To accomplish this goal, we each have to forego some of the privileges of detached home life.

Accordingly, as provided in our CC&Rs and By Laws, the Board has the authority and responsibility to adopt Rules and Regulations governing the use of The Terraces common areas, common facilities, and individual units. The Rules and Regulations also govern the personal conduct of members, and their guests, and establish penalties for the violation of the Rules and Regulations. The Rules and Regulations also provide the procedures for enforcing the Rules and Regulations.

Each owner is fully responsible for the conduct of and the compliance by their family members, guests, tenants, and other occupants of the owner's property while they are within the community, which includes that which occurs on and off of owners' lots.

II. MATTERS NOT SUBJECT TO THE RESPONSIBILITY OF A SPECIFIC BOARD COMMITTEE

A. SPECIAL INSTRUCTIONS FOR NEW AND CONTINUING RESIDENTS AND NON-RESIDENT OWNERS

1. All new residents must register at the Association Business Office.
2. Individual residents are responsible for contacting utility companies for service.
3. Residents will be charged a fee for each replacement of a pool key, tennis court key, or laser-readable barcode sticker.

4. Trash pick-up is provided by City contract. Contact the provider for service and scheduled pick-up days. Trash cans may be placed curbside no earlier than 4:00 P.M. the day prior to pick-up. Containers provided by the City contractor must be used. Empty containers are to be removed from curbside by the evening of the day of pick-up.
5. Pest Control service is provided at no charge to residents who have problems with ants, spiders, fleas, silverfish, and the like. Notify the Gatehouse by phone to make an appointment. The service does not include termite or dry rot control. If you have special problems, notify a pest control company. Any resident may use their own pest control company for work on their own property.
6. Homeowners are responsible for compliance by their tenants with the Governing Documents of the Association. The homeowner will be responsible for any damage to the common area caused by the homeowners or his or her renters, residents, family members, guests, contractors, and any other invitees.
7. To maintain gate access control and accurate records, owners must notify the Association when units are non-owner occupied, and furnish copies of the all rental agreements and the names of the new residents. Copies of the agreement are required so that they are available if questions arise concerning compliance with the Governing Documents.
8. Off-site owners are not issued barcode stickers for their vehicles, nor are they entitled to access to Association facilities while they are non-residents.

B. SPECIAL REQUIREMENTS REGARDING THE RENTAL OF TERRACES UNITS

1. No owner may rent a unit in The Terraces to another person unless the owner has personally occupied the unit for at least thirty-six months following such owner's acquisition of title to the unit.
2. No owner may rent a unit without the express consent of the Board of the Association. An owner who satisfies the requirements of subparagraph 1 and who desires to rent a unit to another person must submit an application for rental occupancy to the Board. The Board must make a decision on the application within seven (7) business days of the date the application is submitted. Failure of the Board to make a decision within such period shall constitute approval of the application.

3. Any owner who rents a unit without first obtaining the approval of the Board pursuant to these Rules and Regulations shall be assessed a fine of Twenty-Five Dollars (\$25.00) per day until such time as the rental shall have terminated.
4. Any owner who rents a unit to another person shall be responsible for assuring compliance by all tenant and other residents with all of the provisions of the Association's Governing Documents, especially these Rules and Regulations. The rental agreement between the Owner and the Tenant, which shall be in writing, shall be subject to the provisions of the Governing Documents, and shall provide that any failure of a tenant to comply with the provisions of the Governing Documents shall constitute a default under the rental agreement. The owner shall provide the tenant with copies of all of the Rules and Regulations.
5. The provisions of subsections 1 through 3 of this section shall not be applicable to: (i) any owner who acquired title to such owner's unit before January 1, 2003; or (ii) any owner who acquired title to such owner's Lot by means of inheritance, descent, intestate succession, or others means of transfer upon death, from a person who was the owner of such unit before January 1, 2003.

C. NOISE AND OFFENSIVE ACTIVITIES

1. Noise, unlawful, and other offensive activities are prohibited.
2. Residences may not be used for business or commercial purposes if those uses or purposes burden or interfere with the use and enjoyment of neighboring residences.
3. No garage sales are permitted within The Terraces.
4. Toys, bicycles, and other personal property must be kept within each residence's immediate area.

D. PET CONTROL

1. Dogs, cats, small birds, and other common household pets are permitted. Special permission is required for all other pets and unusual animals.
2. Breeding of animals for sale is not permitted.

3. Dogs and other pets must be restrained from barking and other noise making that disturbs other residents.
4. Pet owners must comply with the Rolling Hills Estates Animal Control Ordinance, which provides that:

“No person owning or having charge, care, custody or control of any dog shall cause, permit or allow the same to be or to run at large . . . upon any private property or premises other than those of the person owning or having charge, care, custody or control of such dog . . . unless such dog be restrained by a substantial chain or leash not exceeding six feet in length and is in the charge, care, custody or control of a competent person.”
5. Anyone walking a dog will pick up and properly dispose of the pet’s droppings.

E. MAINTENANCE RESPONSIBILITIES OF HOMEOWNERS

Homeowners are responsible for the following exterior home maintenance:

1. Maintenance, repair, and replacement of roofs.
2. Repair and replacement of all deteriorated wood and wrought iron (whether or not original).
3. Maintenance, repair, and replacement of wood or metal structures replaced by the homeowner.
4. Maintenance, repair, and replacement of decks, wood, wrought iron, and other structures added to the original residence.
5. Maintenance, repair, and replacement of exterior air conditioning units.
6. Repair of water lines, telephone lines, and similar connections from each residence to the trunk line maintained by any utility company. These lines may be located in the common area but are classified as “Exclusive Use Common Areas” in California Civil Code 1364.

III. MATTERS SUBJECT TO THE RESPONSIBILITY OF THE BUDGET AND FINANCE COMMITTEE

A. ASSESSMENTS, FEES, LATE CHARGES, AND PENALTIES

1. The Association establishes monthly dues based on each year's budget to cover the cost of Association operations, insurance, and reserve contributions. Payment and collections practices relating to dues are described in Appendix A, Debt collection Practices, Including Lien and Foreclosure Policies. Homeowners' monthly statements itemize the portion of homeowner dues allocated to the cost of insurance. The Master Policy is on file in The Terraces Business Office. Additional information relating to insurance is contained in Appendix B, Insurance. Dues cannot be increased by more than 20 percent in any year.
2. Regular monthly assessments are due and payable on the first day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. However, it is the owner of record's responsibility to pay each assessment in full each month regardless of the receipt of a statement. All other assessments, including special assessments, are due and payable on the date specified by the Board in the Notice of Assessment, which date will not be less than thirty (30) days after the date of notice of the special assessment.
3. Prompt payment of Assessments by all owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. The Association will enforce the lien rights and other legal remedies for default in payment of assessments against members in accordance with the CC&Rs as stated in Article VI, paragraphs 28 through 40, and Article VII, paragraphs 41 through 45. See Appendix A, Debt Collection Practices, Including Lien And Foreclosure Policies.
4. Assessments, late charges, interest and collection costs, including any attorney fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied.
5. Payments are posted as of the date received by the contractor selected by the Association. Assessments not received within twenty (20) days of the stated due date are delinquent and shall be subject to a late charge of the greater **of ten dollars (\$10.00)**. The mailing address for overnight delivery of belated assessment payments is Terraces Homeowners Association, 100 Cypress Way, Rolling Hills Estates, CA 90274. Additionally, an interest charge at the rate of 12% per annum will be assessed against any outstanding balance, including delinquent assessments, late

charges, and costs of collection, which may include attorney fees. Such interest shall accrue thirty (30) days after the assessment becomes due and shall continue to be assessed each month until the account is brought current.

6. Any payments made shall be first applied to principal assessments owed, and only after the principal owed is paid in full, shall such payments be applied to late charges, interest, or collection fees including attorneys' fees, unless the owner and Association enter into an agreement providing for payments to be applied in a different manner.
7. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.

B. SPECIAL FEES

The Association charges fees for the following services:

1. New owners pay fees for copies of new owner documentation and orientation to The Terraces.
2. When refinancing, owners pay fees for the delivery of documents and information to lending institutions. These fees are normally paid in advance directly to The Terraces Business Office.
3. Owners pay a fee for providing tenants with documentation and orientation to The Terraces. These fees are charged on the owner's monthly statement.
4. A reasonable fee is charged to prepare and reproduce additional copies of the following requested items:
 - a. A copy of the Governing Documents of the Association.
 - b. Documents regarding restrictions as to occupancy, residency, or use.
 - c. Copy of recent financial statements.
 - d. A written statement from an authorized representative of the Association as to the amount of any fees and assessments levied upon an owner which are unpaid on the date of statement.
5. A current list of matters for which fees are charged, and the current schedule of fees and charges, is available in the Business

Office. Fees and charges are subject to change upon thirty (30) days prior written notice.

C. REPLACEMENT RESERVE AND RESERVE CONTRIBUTIONS

In 1992, the Association established a program to identify common area components and to equitably fund a Reserve Plan to replace these components at the expiration of their useful life. The Reserve Plan is updated annually. At least every three years, the update is performed by an independent consulting organization that specializes in these reserve studies. Homeowners' monthly statements specify the portion of the monthly dues that is allocated to reserves.

IV. MATTERS SUBJECT TO THE RESPONSIBILITY OF THE ARCHITECTURAL COMMITTEE

A. OWNER RESPONSIBILITIES FOR CORRECTING ARCHITECTURAL DEFICIENCIES

The CC&Rs of our Association, in Paragraph 78, provide that owners are obligated to "maintain their units, including their roofs, in good repair and in an attractive, neat, safe, sanitary and orderly condition" Landscaping that is not maintained by the Association must also be "neatly trimmed, properly cultivated and maintained continuously by the Owner thereof" CC&Rs Paragraph 79. Other provisions in the CC&Rs provide requirements for the maintenance of the exterior appearance of units in The Terraces. Accordingly,

1. Owners shall maintain their units in an attractive, neat, safe, sanitary, and orderly condition. Specific responsibilities of owners are described in Section II.E. above.
2. Owners shall maintain the landscaping that is not maintained by the Association in a neatly trimmed and properly cultivated and maintained condition.
3. In the event an owner fails to comply with his or her obligations as set forth above, the Architectural Committee shall enforce the CC&Rs and these Rules and Regulations by following the procedures set forth in Appendix C, Architectural Committee Procedures For Identifying And Correcting Architectural Deficiencies.

B. OWNER RESPONSIBILITIES FOR COMPLYING WITH REQUIREMENTS FOR PROJECTS TO CHANGE THE EXTERIOR OF HOMES

Paragraph 45 of the CC&Rs provides that all projects affecting the exterior appearance of units within The Terraces must be submitted to

the Architectural Committee and be approved in writing "as to harmony of external design, location, material and color in relation to surrounding structures and topography"As such:

1. Unit owners who wish to undertake exterior projects involving maintenance, refurbishment, or repair of the exterior of their units must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.
2. Final approval of the project by the Architectural Committee at the project's completion is required to ensure that the work has been performed in accordance with the plans submitted by the owner and initially approved by the committee, and that the area around the project has been adequately cleaned, and where necessary, returned to its condition prior to the project.
3. Requirements for exterior projects are set forth in Appendix D, Architectural Committee Requirements For Projects To Change The Exterior Of Homes.
4. In the event an owner fails to comply with his or her obligations as set forth above, the Architectural Committee shall enforce compliance in accordance with the procedures set forth in Appendix E, Architectural Committee Procedures For Processing Owner Requests For Projects To Change The Exterior Of Homes.
5. It is the goal of the Architectural Committee to act promptly on all requests for Committee approval of exterior projects. Absent unusual circumstances, action on a proposed project should be taken within five (5) business days of receipt of a complete application, and notice of Committee action should be given promptly thereafter. Action on proposed projects will be taken more promptly in the event of emergency circumstances (such as may occur with roof repairs). More complicated applications may require additional time for review." Final approval of a project when completed should also be given within 5 to 10 business days.

V. MATTERS SUBJECT TO THE RESPONSIBILITY OF THE GROUNDS COMMITTEE

A. GROUNDS AND COMMON AREA CONTROLS

The Association will provide gardening services for plantings in common areas and on each individual owner's lot if original landscaping has been essentially retained. This includes care for replacement plantings, which require no more labor than original plantings.

1. Nothing is to be planted on common areas without obtaining approval of the Grounds Committee.
2. Surrounding walls and fences are not to be climbed over, on, or gone under.
3. No one is permitted on common area slopes except authorized maintenance personnel. The slopes are not to be used as slides, shortcuts, or playgrounds.
4. Damage to common areas, recreational facilities, or other common properties caused by an owner, resident, guests, or family member will be charged directly to the owner on the monthly statement. Procedures for the collection of charges for damage to common areas are set forth in Appendix A, Debt Collection Practices, Including Lien And Foreclosure Policies.
5. No real estate sign is permitted on any lot except for one (1) sign not more than 18" x 24" advertising the residence for sale or lease. This sign will be placed against the residence and in no event be placed in the common area. No open house offering a residence for sale or lease to the public will be permitted.
6. No signs of any kind, other than informational signs posted by the Association, may be displayed at the Gatehouse or other locations within The Terraces. This includes "for sale" signs on motor vehicles.
7. Forms to request tree trimming, or repairs to common areas are available in The Terraces Business Office or Gatehouse. Requests must be in writing. No verbal requests will be accepted except in the case of an emergency. Policies relating to tree management are contained in Appendix F, Guidelines And Procedures For Tree Management.

B. VIEW PRESERVATION AND RESTORATION

1. Objectives

The primary objectives of the Terraces Tree Management Policy, in no particular order, are:

- a. To preserve a park-like setting in The Terraces enhanced by distant views.
- b. To have as many full, lush, and healthy trees as possible.
- c. To have small and large trees to fill out various areas, such as “parkland settings” (meaning broad expanses with lawns), as well as our streets, walkways, and open areas where there are no buildings.
- d. To maintain as much and as many views as possible from primary viewing areas of units that have near and far views.
- e. To seek and maintain healthy trees through proper care, fertilization, pruning, periodic spraying and/or injections as needed, and whatever is necessary for the health of our trees.
- f. To maintain a mature tree whenever possible versus the "removal of that tree" as a remedy to fulfilling a homeowners written request, conflict, or other problem. This may require “pruning methods” not generally recommended by an arborist, provided it is determined that the tree and our property will be structurally safe after such “pruning” is completed.
- g. To achieve a practical, effective, monetarily efficient, tree pruning program that works, specifically for the Terraces.

2. Definition of “Near View” and Far “View”:

- a. “Near View” is defined as views of the buildings, trees and plantings of the Terraces, and a scene of the peninsula including, but not limited to a valley, ravine, trails, pastoral environment, or any natural setting standing, 6 feet back from the primary viewing window.
- b. “Far View” is defined as a scene located off the peninsula, including but not limited to the ocean, harbor, city lights, and distant mountain areas normally visible, standing 6 feet back from the primary viewing window.

- c. “Viewing Areas” are views standing six feet back from the window of the main rooms within the living quarters, including, but not limited to, the living room, dining room, family room, den and all bedrooms. For view restoration purposes, note that the view is NOT assessed from the balcony.
3. Definition of View Encroachment by Trees
 - a. “View Degree” is the total degree, thus the amount of a view available from the “viewing area” standing six feet back from the window. “View Degree of Encroachment” is the estimated percentage of the total area of a view blocked by one or more specific trees from the “Viewing Area” standing six feet back from the window. If more than one tree is involved, the total estimated percentage of blockage of the “viewing area” is calculated.
 - b. Remedies for view encroachment will be applied for degrees of encroachment greater than 33%, i.e. greater than one-third of the available view of a “viewing area” standing 6 feet back from the window.
 - c. View degree of encroachment applies during all seasons, and is calculated based on the worst-case seasonal scenario (the season with the most view blockage).
 - d. The Terraces homeowner must select one (1) window “viewing area” as the location the homeowner chooses as the primary “viewing area” to determine whether a remedy is available.
 4. Remedies for View Encroachment Problems.

The following provisions do not apply to existing mature trees that already fill view fields. These provisions are intended to provide relief for recently planted trees, trees (usually volunteers) that emerge from bushy areas (usually on slopes below homes), and to older trees that have only recently created view problems. When a bush or tree grows upward and begins to take away a unit's previous clear view, the owner/resident can request that the bush or tree be shaped and trimmed sufficiently to be maintained below the view line.

When a view is impaired by new growth or by newer trees, the Grounds Committee may pursue one or more of the following approaches to remedying a view encroachment:

- a. Thinning or Lace Pruning, not to exceed fifty percent (50%) of the live foliage, or the maximum recommended threshold as defined by the Terraces' independent certified arborist.
- b. Shaping will not exceed the removal of fifty percent (50%) of the foliage at any one time unless specifically approved by the majority of the Terraces' Grounds Committee, the tree care professional, and our independent arborist. The tree must be retrained/reshaped over at least the next two years and then be maintained as a well-shaped tree. Trees may not be rendered lopsided in order to eliminate a view encroachment.
- c. Crown Reduction may be utilized with the concurrence/approval the majority of the Terraces' Grounds Committee, the tree care professional, and our independent arborist. Then a tree's crown can be reduced in height and width if it is deemed safe for the health of the tree. After crown reduction, the tree must appear as a well-shaped tree.
- d. Trunk Reduction requires the approval of the majority of the Terraces' Grounds Committee, the tree care professional, and our independent arborist, as well as the Board of Directors. Trees with a main trunk (sometimes more than one main vertical trunk) can have the height of the trunk reduced sufficiently to restore a view as an alternative to the removal of the tree. The trunk shall be reduced sufficiently so that when the tree fills out its top and crown over the next two years it will not grow back into the view area. The crown of the tree needs to be reshaped as well as possible following a trunk reduction. Trunk reductions result in ugly looking trees for one to two years before the tree begins to fill out again. Over the next two to three years, the Committee and the tree care professional should reshape a tree that has been subjected to a trunk reduction.
- e. Melaleucas have their own section here because there are so many of them planted directly in the view fields. Melaleucas may have a single trunk or have multiple trunks which are actually major limbs. With age and size, the trunks, limbs and larger branches are as much a part of the appearance of the tree as are the small terminal branches with foliage. Many of the Melaleucas within the Terraces have had severe trunk reductions as well as major (usually vertical) limb reductions. Melaleucas

have often been flat-topped to restore views. Others have had the centers cut out or have been cut so that they are lopsided in appearance. The Grounds Committee will consider Melaleucas on a case-by-case basis. Once a solution is determined, Melaleucas will have to be reviewed at least every two years for additional work due to how rapidly they grow.

- f. Removal: If any or all of the above steps fail to eliminate a view encroachment exceeding the maximums described above, or if the cost of the alternative remedy is deemed to be excessive over multiple years, the Grounds Committee may recommend to the Board that the tree be removed. The decision of the Board of Directors is final.

C. TREE REMOVAL CRITERIA

Tree removal will be considered only when no alternative treatment or management options are available to remedy a "view encroachment" as described in these policies. The following circumstances justify consideration of tree removal:

1. The tree poses a serious hazard. (The word serious is meant to imply real danger to property and life.) If a tree is damaged by weather, accident, or other natural causes, and the condition of the tree presents a danger to persons, structures, or infrastructure, pictures shall be taken to retain evidence of the condition that caused the tree to be removed.
2. The tree has suffered from improper pruning to such a degree that the health and aesthetics of the tree are impaired to such an extent that the Committee and our independent arborist believe the tree will not recover.
3. The tree is diseased and/or insect infested and with or without medication the tree is considered a liability risk and/or the Committee has determined and voted that the tree is beyond all of our attempts and remedies mentioned above for saving the tree.
4. The tree is planted in the wrong location, such as too close to infrastructure, posing current or potentially severe structural damage and/or tree trimming management problems.
5. The tree conflicts with infrastructure, creating a potentially hazardous or litigious circumstance. Trees growing into infrastructure should be removed if pruning (limbs, branches, roots, and the like) cannot cure these problems.

6. The tree placement (location) causes an excessive percentage of view encroachment. (See View Restoration.)
7. When the cost of maintaining a tree with continuous problems has become excessive over the previous two or more years and the Grounds Committee and the arborist see no possibility of improvement.
8. All tree removals of mature trees (over 12 feet in height) shall be performed by the Terraces' licensed landscape management company or one of our tree care providers. Unless recommended for hillside retention or ground stability, the tree stump and roots shall be removed to the greatest extent practical. Trees under 12 feet are usually removed by the Terraces maintenance team and this mostly refers to unwanted 'volunteer' trees growing in places we do not want them.
9. The removal of a tree does not mean that a replacement tree will be planted in the same location. The Grounds Committee will review all relevant factors in deciding whether to install a replacement tree.
10. The steps to follow for tree removal are listed below in "Notification Procedure Prior to Tree Removal Action".

D. NOTIFICATION PROCEDURE PRIOR TO TREE REMOVAL ACTION

The following steps shall be followed once a tree has been identified for recommended removal.

1. The Grounds Committee and the Terraces' arborist and/or our professional tree service provider will inspect the tree causing concern. The Grounds Committee person, in consultation with the Terraces' arborist and/or professional tree service provider, will submit a recommendation with all documented options to the Grounds Committee. Notes from the discussion and recommendations made shall be included in the Grounds Committee meeting minutes.
2. A dated notice shall be prepared by the Grounds Committee stating the reasons for the tree's recommended removal. The notice shall be posted for thirty (30) days (the posting period) and will be visible from the outside of the Clubhouse.
3. A yellow band shall be placed around the trunk. This marks (identifies) the tree for removal for the posting period indicating recommended removal.

4. Any objection(s) to the removal of that specific tree must be submitted in writing to the Business Office to the attention of the Grounds Committee during the posting period on a Terraces Request Form or by letter.
5. Any written objection received concerning the recommendation for removal of a tree shall cause the Grounds Chairperson and the Grounds Committee to reconsider the recommendation for removal, taking into consideration the information submitted with the objection. If removal is still recommended, the Grounds Chairperson shall notify the objector by mail or email, outlining the continuing reasons for removal and request that the objection be withdrawn. If, after 10 days from the mailing of the Grounds Chairperson's letter, no further written response from the objector is received by the Grounds Chairperson, the objection shall be considered withdrawn.
6. If active controversy from the objector continues, the objector will be invited to attend a Grounds Committee meeting to discuss all pertinent information to attempt resolution.
7. If an active objection still continues, the matter will be brought before the Board of Directors. The information in the file will be submitted to the Board. The objector and the Grounds Committee will be invited to speak before the Board explaining their positions. Then the Board of Directors will make a final decision.
8. No steps shall be taken to actually remove a tree until either the objection is withdrawn or the Board votes for the tree's removal.

VI. MATTERS SUBJECT TO THE RESPONSIBILITY OF THE MAINTENANCE COMMITTEE

Responsibility for maintenance and repair are defined in Article IX, Section 50, paragraph C, of the CC&Rs; Article XII, Section 78, of the CC&Rs, as added; and (3) Section 4775(a) of the California Civil Code.

A. COMMON AREAS

The Association is responsible for repair, replacement, and maintenance of common areas and structures, except those designated as "exclusive use" common areas of a given unit.

B. DRIVEWAYS AND EXTERIOR SURFACES OF INDIVIDUAL UNITS, EXCLUDING ROOFS; DETERIORATED WOOD; WROUGHT IRON; AND OWNER ADDITIONS

The Association is responsible for the maintenance and repair of concrete driveways and for the periodic repainting of all exterior surfaces of dwellings (excluding patio decks) and original garage doors. This is the only maintenance the Association is required to provide for individual residences. The Association is not responsible for deteriorated wood, wood rot, wrought iron, and owner additions to their units.

An owner who repairs or improves his or her garage door is responsible for painting the garage door to match the Association's approved color promptly after the repair or improvement is completed.

C. SEWER POLICY

The Terraces has sewer clean-out equipment and an experienced Maintenance Team. They are available to assist with external sewer blockage problems (not plumbing problems inside your residence), 8am - 4:30pm, Monday - Friday.

Call the Business Office to inform the Maintenance Team of the sewer line blockage. A staff member will conduct a visual inspection of the line using the sewer line camera to determine the cause of the blockage (tree roots, crushed sewer line or sewer line shift).

Should a sewer line problem arise after the above mentioned hours or on the weekend, it is the resident's responsibility to have the blockage repaired. Work performed by an outside commercial company is the financial responsibility of the owner.

D. REPAIR REQUESTS

Forms for requesting maintenance or repair of common areas and staff assistance with sewer clean out are available in the Business Office.

VI. MATTERS SUBJECT TO THE RESPONSIBILITY OF THE RECREATION COMMITTEE

A. CLUBHOUSE USE

1. Adult residents may use the Clubhouse for non-commercial events. Two weeks advance notice is requested. The resident must pay a non-refundable fee plus a refundable deposit for potential damage and clean up. An application and a complete set of rules may be obtained from the Business Office. Payment of fees is required before the request is approved. Residents are

responsible in the event the cost of damage and/or clean up exceeds the deposit. The Association may assess residents for such extra costs. Procedures for the collection of charges and assessments for damages to common areas is set forth in Appendix A, Debt Collection Practices, Including Lien And Foreclosure Policies.

2. California laws on alcoholic beverage control regulations are applicable.
3. Maximum occupancy of 50 people must be observed.
4. No animals except certified service animals are permitted in the clubhouse.
5. Adult supervision is required for minors (one (1) adult per 10 minors).
6. Contact The Terraces Business Office for further information.

B. POOL RULES

1. The Terraces pools are for the use and enjoyment of residents and their guests only.
2. Pool hours are 6:00 a.m. to 10:00 p.m.
3. An adult must accompany children under 14 years old.
4. There is no lifeguard on duty. Use of the pool by anyone is at his or her own risk.
5. Keys are required for entry and gates must remain locked at all times.
6. Running, jumping, splashing, and “cannon balls” are prohibited within the pool enclosure. Excessive and irritating noises (including games such as “Marco Polo”) are not permitted.
7. Guests must be accompanied by an adult resident and are limited to four (4) guests per residence.
8. Rafts, surfboards, boogie boards, and other such large devices are not permitted in the pools. Balls, Frisbees, squirt guns, toys, and other such devices are permitted unless other pool users object. Swimming aids are permitted.
9. Radios and tape players may be played at acceptable levels, but must be turned down if requested by other residents.

10. No pets, glass containers, or food are permitted within the enclosed pool area. Drinks in non-breakable containers are permitted.
11. Residents will be charged for replacement pool keys and are not permitted to give keys to non-residents.
12. During the winter months, the Board of Directors may close one or more pools to save on energy costs. The Board will vary pool closures each year to be fair to all residents. A closure schedule is available in The Terraces Business Office.

C. TENNIS RULES

1. No play is to begin before 7:00 a.m.
2. Court #1 may be reserved. Court #2 is to be used on a first come, first served basis.
3. Any adult resident may reserve Court #1 no more than three (3) days in advance. Reservations must be for and begin on the hour. Reservations may be made only in two-hour increments.
4. Reservations for Court #1 may be made at the Gatehouse. No person may make a reservation in the name of another resident.
5. The reservation procedure is as follows:
 - a. The gate attendant will record the reserved playing time on the calendar at the Gatehouse.
 - b. The gate attendant will issue a ticket noting the resident's name and the date and time of the reservation.
 - c. One portion of the ticket will remain at the Gatehouse. The player will retain the duplicate stub.
6. Court possession of Court #1 and Court #2 is relinquished every hour on the hour if people are waiting to play.
7. If the reserved court (Court #1) is unoccupied ten minutes after the hour, it is relinquished to the next waiting player.
8. If a tennis group with a reservation on one Court comes early, and finds the unreserved Court unoccupied, they may use the empty court until their reservation becomes available.

9. The reservation stub must be in possession of one of the players at the time of playing.
10. At least one (1) resident must be on the court playing in all doubles and singles games.
11. No one under 18 years of age may make a reservation.
12. On Saturdays, Sundays, and holidays, no one under 18 years of age may play on reserved or unreserved courts if adults are waiting (unless accompanied by an adult).
13. Proper tennis attire is required at all times on the tennis courts. Only proper tennis shoes that do not mark the court surfaces are permitted. Running shoes and athletic shoes that mark the court are not permitted.”
14. The tennis courts are to be used only for tennis. No other activity is permitted.
15. Players should report dirty courts, needed equipment repair, and any unauthorized activity to the Association Business Office or the Gatehouse.
16. If you are unable to play during your reserved time, please call the gate and release that time for others. If you find the reserved court empty, and know it had been reserved, please report it to the gate attendant.
17. The courts will be washed every Friday afternoon. Reservations will not be accepted for play during that time.
18. When leaving either court, the players should ensure the gate is closed and locked.

VIII. MATTERS SUBJECT TO THE RESPONSIBILITY OF THE SAFETY AND VEHICLE MANAGEMENT COMMITTEE

A. ACCESS TO THE TERRACES

1. Gate attendants are employees of the Association who maintain a 24-hour presence at our front Gatehouse.
2. Absent special circumstances, residents must affix bar code stickers to their cars in order to enter The Terraces. Lost or stolen barcode stickers are replaced at the expense of the resident. Lost or stolen barcode stickers must be reported to the Business Office immediately.

3. Moving vans are limited to two-axle trucks with a maximum length of 40 feet.
4. An adult resident must notify the gate attendant before visitors, including commercial service personnel, are admitted. Proper notification includes:
 - a. Identification of person or firm,
 - b. Resident's name and address, and
 - c. Approximate time of arrival.
 - d. When more than five (5) visitors are expected, notification must be in writing and signed by an adult resident.
5. Construction personnel retained to accomplish exterior repair work need pre-approval of the Architectural Committee to gain entry.
6. Unexpected visitors will not be admitted when a resident is not home and unable to provide approval. (No exceptions.)
7. A permanent admission list for relatives and frequent visitors may be filed at the office maintained at the Gatehouse.

This list must:

- a. Be dated and in writing
 - b. Identify the person and their relationship, and
 - c. Be signed by an adult resident.
8. Packages, messages or any item may not be left at the Gatehouse or at the Association Business Office.
9. Real estate agents and brokers will be admitted to The Terraces to show prospective residents units for lease or for sale if the units have been registered by their owners/agents with the Association Business Office as being for sale or lease. The office will notify the gate attendant of all such listings for admittance to The Terraces. Brokers and agents will identify themselves, and the units they are visiting or showing, to the gate attendant before admittance. No entrance for the purpose of solicitation by brokers or agents is permitted.

10. Pursuant to applicable law, emergency vehicles, sworn peace officers, and process servers with proper credentials must be admitted to gated private communities, including The Terraces, without prior notification to residents.

**B. VEHICLE REGISTRATION; PARKING; AND DRIVING;
BICYCLE AND PEDESTRIAN REGULATIONS**

1. Vehicle Registration

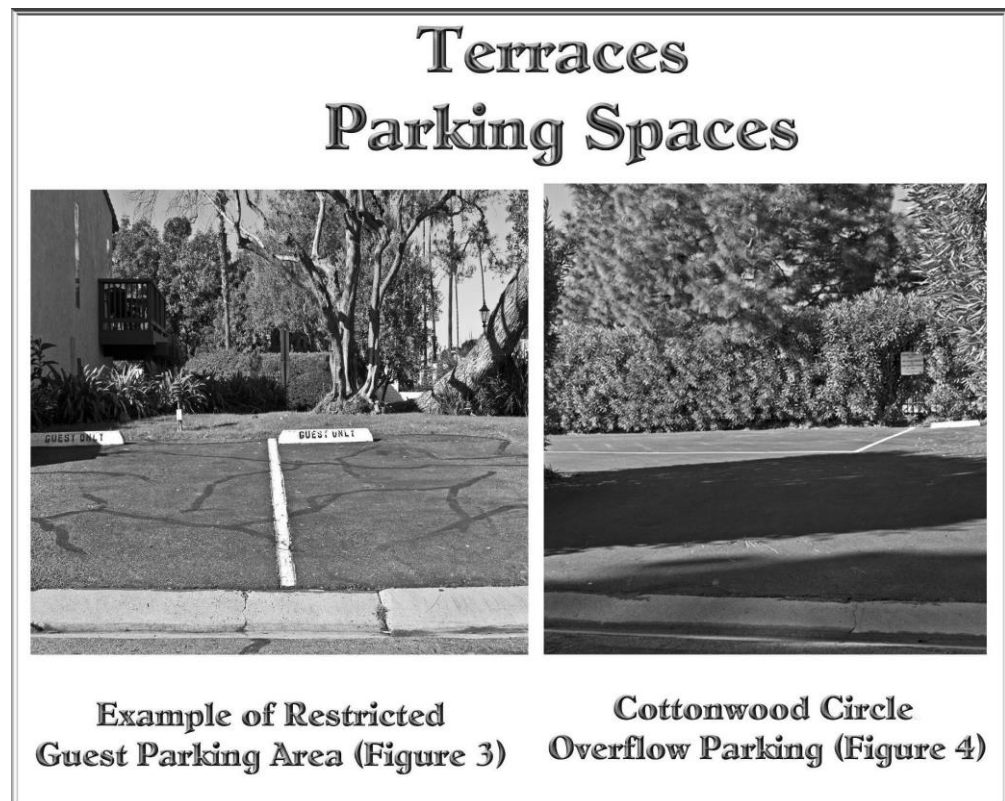
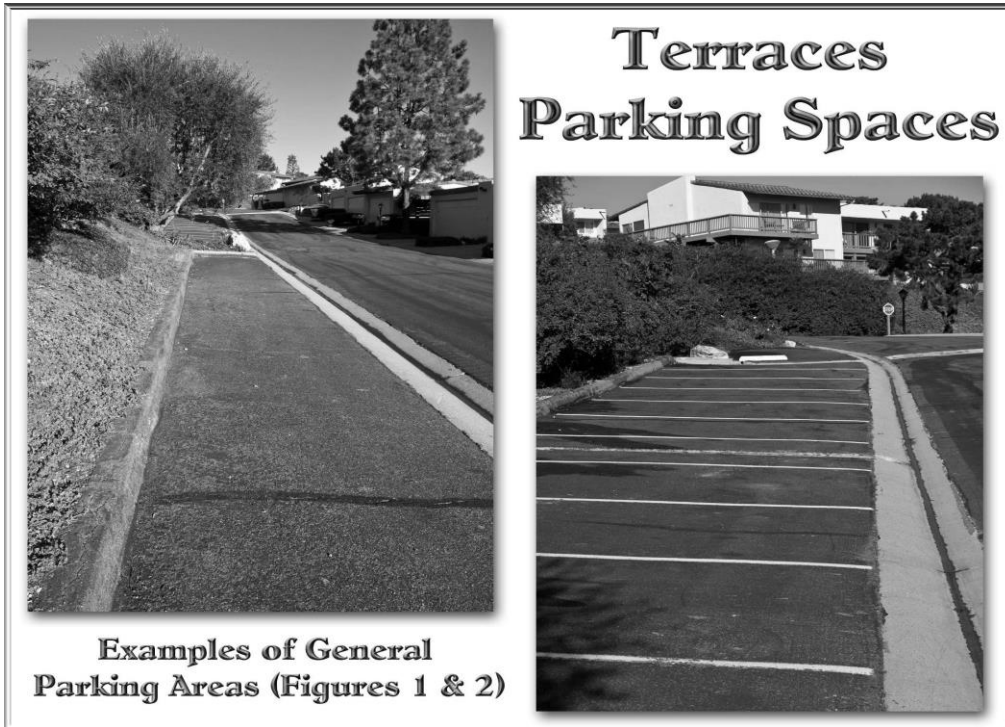
- a. All vehicles operated or parked in The Terraces, if owned or leased by Terraces residents, must be lawfully licensed and registered. They shall also be registered with The Terraces Business Office. At the time of registration, vehicle owners will receive two complimentary vehicle access barcode stickers applied to two vehicles in order to facilitate their entry into The Terraces, providing all requirements are met.
- b. Vehicles with expired registrations may be prohibited from entering The Terraces.
- c. If a resident owns or leases more than 2 vehicles that will be operated in The Terraces, a one-time fee of \$100 will be assessed for each additional vehicle in excess of 2. The fee will not be assessed for existing residents and existing cars if the resident brings in the shreds of the old barcode when obtaining a barcode for a new car.

2. Vehicle Parking

a. Definitions

- 1) Terraces Parking Spaces include:
 - a) Garages.
 - b) Driveways.
 - c) General Parking: Parking places that are unmarked.
(See Figure 1 and Figure 2.)
 - d) Guest Parking: Spaces are identified with painted signs.
(See Figure 3.)

- e) Overflow Parking Area: Located on Cottonwood Circle, north of the Gatehouse at the entrance to The Terraces.
(See Figure 4.)



Order: 8G86DSZH8

THE TERRACES HOMEOWNERS ASSOCIATION RULES, REGULATIONS,
REQUIREMENTS, AND PROCEDURES

As adopted June 11, 2015.

Document not for resale
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b. Requirements

- 1) If a resident owns or leases 1 or 2 vehicles, both vehicles must be parked in the garage.
- 2) If a resident owns or leases 3 vehicles:
 - a) 2 vehicles must be parked in the garage and the 3rd must be parked in the driveway if the driveway is long enough to accommodate the vehicle (i.e., the vehicle does not extend onto the water drainage gutters on the side of the roadway).
 - b) If the driveway is not long enough, this vehicle shall be parked in a General Parking area that has more than 2 spaces.
- 3) If a resident owns or leases 4 or more vehicles, the 3rd and 4th vehicles must be parked in the driveway if the driveway is long enough and large enough to accommodate those vehicles. If the 3rd and 4th vehicles cannot fit on the driveway, it or they may be parked in General Parking areas that have more than 2 spaces. Additional vehicles beyond the 4th permitted vehicle may be parked in General Parking areas that have more than 2 spaces.
- 4) Diagonal parking across more than one parking space is prohibited.
- 5) If the garage is required for use during a renovation, the Gatehouse Supervisor or Director of Safety may issue a short-term permit for a maximum of 30 days. Permits must be visible on the vehicle's dashboard.
- 6) Additional permits may be issued IF the renovation is shown to require additional time for completion. Permits must be visible on the vehicle's dashboard.
- 7) When vehicles are properly parked in a General Parking space:

- a) The vehicle may remain in this space for a maximum of 72 hours.
 - b) If the vehicle is not to be used for an extended period of time, the Gatehouse Supervisor or Director of Safety are authorized to provide a permit to park in the Overflow Parking area on Cottonwood Circle for up to 30 days.
- 8) Residents are prohibited from parking in Guest Parking spaces. Brief periods of loading or unloading are permitted.
- 9) Guests may park in either General Parking or in spaces designated as Guest Parking.
- a) One-day permits and permits for guests on a resident's list of frequent visitors may be obtained from the Gatehouse personnel.
 - b) Guests must have a parking permit visible on the dashboard while the vehicle is within The Terraces.
- 10) Street parking is strictly prohibited except for *temporary* loading and unloading of service vehicles.
- 11) Motor homes, campers, large recreational vehicles suitable for sleeping, and boats are allowed in the Terraces only for loading and unloading purposes, not for parking. Esthetically offensive vehicles may not be parked in General Parking spaces. Such vehicles, after a written warning, may be towed at owner's expense as permitted by law.
- 12) Inoperative, stored, and derelict vehicles (those that are unregistered or have expired registrations) may not be parked on the street. Such vehicles, after a written warning, may be towed at owner's expense as permitted by law.
- 13) The speed limit within The Terraces is 15 miles per hour.

c. Violations.

- 1) Violations of these requirements may result in assessment of the fines, which will be billed to the homeowner, as provided in Appendix L, Monetary Penalties For Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents.
- 2) In order to impose the fines established in this Section of the Rules and Regulations, the Association will follow the procedures set forth in Appendix G, Hearing Procedures For Board Of Directors Action On Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents.

3. Driving, Pedestrians, and Bicycles

a. Requirements

- 1) Drivers must comply with the maximum speed limit requirement of 15 miles per hour.
- 2) Drivers must obey stop signs at posted locations.
- 3) Motorcycles and mopeds may be driven only to and from the owner's residence.
- 4) Pedestrians must walk or jog on the left side of the roadway facing traffic. Those who walk or jog at night should carry a lighted flashlight.
- 5) Bicycles must be ridden on the right side of the roadway and not more than two (2) abreast. Bicycles ridden after dark (one-half hour after sunset to one-half hour before sunrise) are required to have a front headlight and a rear reflector.
- 6) Roller skates, skateboards, roller blades, motorized scooters and the like are prohibited in The Terraces.
- 7) No one is allowed to play on the streets within The Terraces.

b. Violations

- 1) Violations of these requirements may result in assessment of the fines, which will be billed to the homeowner, as provided in Appendix L, Monetary Penalties For Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents.
- 2) In order to impose the fines established in this Section of the Rules and Regulations, the Association will follow the procedures set forth in Appendix G, Hearing Procedures For Board Of Directors Action On Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents.

C. OPEN GARAGE DOOR REQUIREMENTS

1. Garage doors must remain closed whenever someone is not entering or exiting a vehicle or when someone is not working in or near the garage.
2. Violations of these requirements may result in assessment of the fines, which will be billed to the homeowner, as provided in Appendix L, Monetary Penalties For Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents.
 - a. 1st violation within a 60 day period = Courtesy Call
2nd violation within a 60 day period = Written Warning
3rd violation within a 60 day period = \$25
4th violation within a 60 day period = \$50
5th and subsequent violations within 60 day period = \$100 per violation
 - b. Violations by guests will be charged to the homeowner of the unit they are visiting.
 - c. If 60 days has passed since the last violation, a new 60 day period begins with the next violation.
3. In order to impose the fines established in this Section of the Rules and Regulations, the Association will follow the procedures set forth in Appendix G, Hearing Procedures For Board Of Directors Action On Violations Of Rules And

Regulations And Other Terraces Homeowners Association
Governing Documents.

IX. AMENDMENTS

California law establishes procedures and requirements for the amendment of Association Rules and Regulations. Amendments may be made by action of the Board of Directors or by vote of the membership by ballot. Proposed changes to the Rules and Regulations must be noticed for at least thirty (30) days before final adoption by the Board or the membership. Members may submit comments on any proposed amendment to the Board for consideration at the time the proposed amendment is considered for final action. Adopted amendments become effective when notice of adoption is given to the membership. Such notice must be given promptly. Procedures established by Committees regarding how they will conduct their affairs are not Rules or Regulations and need not be formally adopted by the Board or the membership. Certain procedures will be published annually, and all written procedures are to be made available for review in the Business Office.

APPENDICES

APPENDIX A. DEBT COLLECTION PRACTICES, INCLUDING LIEN AND FORECLOSURE POLICIES

1. If an assessment becomes more than sixty (60) days delinquent, the attorney selected by the Association or its contractor will send a pre-lien letter to the owner, as required by Civil Code Section 5660, by certified first class mail, to the owner's mailing address of record, advising of the delinquent status of the account and impending collection action. The letter shall also contain the following:
 - a. A general description of the collection and lien enforcement procedures of the Association.
 - b. The method of calculation of the amount.
 - c. A statement that the owner of the separate interest has the right to inspect the association records pursuant to Civil Code Section 5205.
 - d. The following disclosure in 14 point type, if printed, or in capital letters is typed:

“IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION”. The owner will be charged the attorney's fees.
 - e. An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.
 - f. A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the Association.
 - g. A notice of the member's right to request a meeting with the board to request a payment plan as provided in Section Civil Code Section 5665.
 - h. A notice of the member's right to dispute the assessment debt by submitting a written request to meet and confer with the Board pursuant to the Association's Internal And Alternative Dispute

Resolution procedures, which are set forth in Appendix I,
Dispute Resolution: Internal And Alternative Dispute
Resolution Requirements And Procedures.

- i. A notice of the member's right to request Alternative Dispute Resolution with a neutral third party by submitting a written request for Alternative Dispute Resolution to the Association pursuant to Appendix I, Dispute Resolution: Internal And Alternative Dispute Resolution Requirements And Procedures.
2. If an owner fails to pay the amounts set forth in the pre-lien letter within thirty (30) days of the date of the pre-lien letter, the attorney will prepare a title search and a lien will be prepared and recorded against the property. The owner will be charged standard legal fees. If the owner fails to pay all accumulated assessments, fees, and charges by the time the lien has been recorded, the matter may be turned over to an attorney or collection agency to pursue the Association's legal remedies. In addition to the above, if a matter is sent to counsel for legal action, the owner will be responsible for an attorney preparation package fee, plus any attorneys' fees and costs incurred by the attorneys' actions. Thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure. In addition, the member's privileges to use the facilities shall be subject to suspension pursuant to CC&Rs Article V, Section 23. Please note that if a homeowners file is referred to the collections attorney for delinquent assessments, courtesy billing statements will not be sent until the delinquency is paid in full and the account is no longer in collections.
3. If the owner, within thirty (30) days from the date of recordation of the lien, pays to the Association, under protest, the amount of all assessments, late charges, interest, fees, and costs to date of preparing and filing the lien, including attorneys' fees, not to exceed the statutory allowance, the owner may request resolution of the assessment dispute by Alternative Dispute Resolution, by civil action, or by other procedures available through the Association.
4. In the event it is determined the owner has paid the assessments on time, the owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.
5. If an owner submits a written request to meet with the Board to discuss a payment plan for delinquent assessments and other charges, the Association shall provide the owner the standards for payment plans, if any exist. The Board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet

with the owner. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.

6. Nothing herein limits or otherwise affects the Association's rights to proceed in any lawful manner to collect any delinquent sums owed to the Association.
7. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and collection costs including attorneys' fees, must be paid in full to the Association.

APPENDIX B. INSURANCE

1. The Association has in effect a Master Insurance Policy known as the "Condominium/Association Policy" insuring the Common Area structures and Individual Homeowner's exterior structure (Real Property). The terms of the Association's insurance are set forth annually in the Association's INSURANCE DISCLOSURE.
2. The Association monthly assesses each homeowner for the cost of this insurance. Homeowners' monthly statements itemize the portion of homeowner dues allocated to the cost of insurance. The Master Policy is on file in The Terraces Business Office.
3. The following exceptions should be noted:
 - a. The coverage will include EARTHQUAKE insurance. There is a deductible of 20% per building.
 - b. There is a deductible (currently \$25,000) on all other property losses, which may be revised from time to time. Please make sure your homeowners and/or renter's policy covers the master policy's \$25,000 deductible.
 - c. The policy does not cover personal property or liability insurance for the individual homeowners. It is recommended all homeowners consult their personal insurance representative and provide them with the information in these Rules & Regulations for your insurance protection
4. In 1993, the State of California enacted a requirement affecting all Insurers doing business in the State (the California Unfair Settlement Practices Regulations). In effect, it requires all claims to be reported. In the event of an insurable loss:
 - a. The homeowner should take all necessary actions to minimize the potential loss.

- b. Contact the Terraces Business Office as soon as possible for assistance in obtaining a Claim Number under The Terraces' Master Policy.

This will accommodate State regulatory requirements and enable insurance adjusters to coordinate the Master Policy with your personal homeowner's insurance carrier.

APPENDIX C. ARCHITECTURAL COMMITTEE PROCEDURES FOR IDENTIFYING AND CORRECTING ARCHITECTURAL DEFICIENCIES

The CC&Rs of our Association provide that owners are obligated to "maintain their units, including their roofs, in good repair and in an attractive, neat, safe, sanitary and orderly condition . . ." CC&Rs Paragraph 78. Landscaping that is not maintained by the Association must also be "neatly trimmed, properly cultivated and maintained continuously by the Owner thereof . . ." CC&Rs Paragraph 79. Other provisions in the CC&Rs provide requirements for the maintenance of the exterior appearance of units in The Terraces. See Rules and Regulations, II.E.

In order to reasonably and effectively enforce the requirements of the CC&Rs relating to the maintenance of the appearance of our community, the Board has adopted the following procedures and policies:

1. The Architectural Committee will have initial authority to determine when an owner must take maintenance or repair actions required by the CC&Rs.
2. When a Committee member or other person identifies an exterior maintenance or repair item needing correction, the Committee may attempt to resolve the matter informally.
3. If the homeowner corrects the deficiency as requested, the file will be closed. If the homeowner submits an Architectural Application Package for approval of a project to accomplish the correction, the request will be processed in accordance with Appendix E, Architectural Committee Procedures For Processing Owner Requests For Projects To Change The Exterior Of Homes.
4. If the owner is not responsive to the informal request, the Committee may send the homeowner an official Notice of Violation notifying the homeowner of the deficiency and of the corrective actions required under the CC&Rs. The Notice of Violation shall constitute a written statement of charges.
5. At the time of delivery of the Notice of Violation, the Committee will advise the homeowner that the violation will be treated as a "First Offense" pursuant to the Association's Schedule of Monetary Penalties unless the homeowner either corrects the deficiency by the date specified

by the Committee or submits an Architectural Application Package for approval of a project to accomplish the correction within a reasonable time.. The Committee will also advise the homeowner that the Association will, if the homeowner fails to respond or correct the deficiency, follow the procedures set forth in Appendix G, Hearing Procedures For Board Of Directors Action On Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents. Under those procedures, if the owners disputes the Notice of Violation, a the will be appointed by the Board pursuant to the Hearing Procedures to determines whether the homeowner has violated the CC&Rs and whether the penalty is due.

6. If the panel appointed by the Board determines that the penalty is due, and the penalty is not paid within 15 days after the mailing of the letter advising the homeowner of the panel's action, the Committee shall impose a subsequent monetary penalty (which will be considered a "Second Offense" pursuant to the Association's Schedule of Monetary Penalties). For each 30 day period thereafter, the Committee shall impose an additional monetary penalty, in the amounts set forth in the Association's Schedule of Monetary Penalties, until payment has been made.
7. In the discretion of the Board, monetary penalties imposed as a result of an owner's failure to comply with his or her obligations regarding maintenance and repair of his or her unit may be enforced and collected as allowed by law and described in Appendix A, Debt Collection Practices, Including Lien And Foreclosure Policies.

APPENDIX D. ARCHITECTURAL COMMITTEE REQUIREMENTS FOR PROJECTS TO CHANGE THE EXTERIOR OF HOMES

All exterior changes to the structure, design, color, or appearance of our units and attached buildings, walls, and structures require the approval of the Architectural Committee. The procedures for gaining Architectural Committee approval are set forth in Appendix E, Architectural Committee Procedures For Processing Owner Requests For Projects To Change The Exterior Of Homes. In order to obtain Committee approval, owners must comply with the requirements set forth in this Appendix D. If a proposed project is not subject to specific requirements in this Appendix, the Committee will exercise reasonable judgment pursuant to the standards set forth in the CC&Rs and guided by the principles embodied in the Appendix.

1. ARCHITECTURAL REQUIREMENTS FOR AIR CONDITIONER REPAIR AND REPLACEMENT

Unit owners who wish to install or replace an air conditioner must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural

Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. All installations of air conditioners, new or replacements, shall meet all applicable Codes and Southern California Gas Company requirements.
- b. As provided in the National Fuel Gas Code, Section 54-5.7.2.3, “gas meters shall be located at least 3 feet from sources of ignition.”
- c. All installations of air conditioners, new or replacements, shall meet the requirements specified in the National Electricity Code (NEC 110126, Article 2) for the electrical circuit breaker box.
- d. All work involving repair and replacement of air conditioners, new or replacements, of must be performed by a licensed contractor experienced in this type of installation.

2. ARCHITECTURAL REQUIREMENTS FOR BALCONY AND OTHER EXTERIOR STRUCTURE REPLACEMENT

Unit owners who wish to replace, or otherwise alter the look, style, or color of a balcony or other exterior structure, must submit a request using the Architectural Request Form available in the Association Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. Repaired or replacement balconies and other exterior structures shall generally be of the same dimensions, design, texture, and type of finish as used in the original construction. In specific circumstances, variances from original construction may be granted by the Architectural Committee consistent with maintaining the harmony of exterior design, material, and color in relation to surrounding structures and topography.
- b. Wooden balconies or other exterior wood structures that are to be repaired or replaced shall be constructed using rough sawn

lumber (Douglas Fir or redwood) or plastic composite lumber of a similar texture. Redwood and plastic composite lumber have greater resistance to mildew, dry rot, and infestation.

- c. Repaired and replacement balconies or other exterior structures shall use an Association approved paint color. Exterior paint matching the Association's requirements is available at Association cost. You must submit a Request Form to the Association Business Office in advance.
- d. Prior to installation, all wood elements other than redwood shall be coated with "Jasco Termin8" or an equivalent wood preservative for protection against dry rot and termites.
- e. Deck joists shall be constructed from "pressure treated" lumber. The tops of deck support joists shall be completely covered with plastic strips or another competent moisture barrier prior to the installation of the decking boards. The moisture barrier must protect against moisture compromising the tops of joists.
- f. All bolts, nails, and screws shall be galvanized or powder coated. Decking boards shall be secured with flat head screws or by other approved hidden/smooth clipping methods.
- g. Each application for approval of repairs to or the replacement of a balcony or other exterior structure shall either certify that the project will be identical to the original structure or include:
 - 1) The current dimensions (including the dimensions of all supporting members) of the balcony or other exterior structure proposed to be replaced or repaired, and the dimensions (including the dimensions of all supporting members) of the balcony or other exterior structure after the proposed replacement or repair has been completed.
 - 2) A description of the type of materials to be used, along with a description of the design, texture, and type of finish that will be used for the repaired or replaced balcony or other exterior structure (including all supporting members).
- h. Each application for approval of repairs to or the replacement of a balcony or other exterior structure shall either certify that the project will be identical to the original structure or include a graphic design and/or photograph depicting the proposed balcony or other exterior structure (including all supporting members) as it is to be constructed.
- i. If the balcony is on a "Terraces" model:

- 1) Any stucco repairs shall be the same color and texture as the rest of the stucco.
 - 2) Replacement of the rail guard shall be with 2" x 8" rough sawn lumber painted with The Terraces approved paint.
 - 3) Since these balconies are shared by the owner (lower unit) and the resident in the upper unit, both parties are encouraged to work together in deciding on repairs to be made to the balcony.
- j. All major, structural work must be performed by a licensed contractor experienced in this type of construction and installation.

3. ARCHITECTURAL REQUIREMENTS FOR FRONT ENTRY DOOR AND ADJACENT GLASS PANEL REPLACEMENT

Unit owners who wish to replace, or otherwise alter the look, style, or color of their front entry door and/or an adjacent glass panel, must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. Replacement entry doors and adjacent glass panels shall be located in the same place and position as the original doors and glass panels they replace except as noted in paragraphs 2 and 3 below.
- b. Where the original construction included a door and an adjacent glass panel, the door and adjacent glass panel may be replaced by double doors or by a resized door and resized glass panel, but the replacement doors or door and glass panel may not be larger than the dimensions of the original door and glass panel.
- c. Where the original construction included double or split entry doors, they may be replaced by a single door or a door and glass panel(s) occupying the same space as the original doors.
- d. Replacement doors shall be made of wood, fiberglass, or metal.

- e. The style, look, finish, texture, and color of repaired, refurbished, and replacement front entry doors and glass panels shall be in harmony with the prevailing style, look, finish, texture, and color of existing entry doors in The Terraces community. Accordingly, the Architectural Committee will not approve bold, bright, brash, loud, or garish colors, or inappropriate artwork on doors or glass panels.
- f. Applications for approval of new or altered front entry doors and/or adjacent glass panels shall include:
 - 1) The current dimensions of the door(s) and/or adjacent glass panel proposed to be replaced or altered and the dimensions of the door(s) and/or adjacent glass panel after the replacement or alteration has been completed.
 - 2) The type of materials to be used in the replacement or alteration, along with a description of the design, texture, type of finish, and color of the replaced or altered door(s) and/or glass panel frame. Color and texture samples shall be provided in sizes large enough to allow the Committee to judge the overall look of the replaced or altered door(s)/glass panel.
 - 3) A graphic design and/or photograph of the proposed door(s) and/or adjacent glass panel, including the lock, handle, and other exterior hardware.
- g. The color and texture of the stucco around replacement entry doors and adjacent glass panels shall be consistent with the original stucco color and texture.

4. ARCHITECTURAL REQUIREMENTS FOR GARAGE DOOR REPLACEMENT

Unit owners who wish to replace their garage door must submit a request using the Architectural Request Form available in the Association Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. All replacement garage doors shall be double-sided, insulated, flush, steel rollup doors. The door shall have a finely embossed

wood grain surface to match existing metal doors within The Terraces community. No windows or glass panels are permitted.

- b. Where required to match existing or previously replaced garage doors in the same building, trim shall be added to the installed door to replicate those doors' trim. No trim is permitted if other garage doors in the same building lack trim. All 12-inch wide trim shall use 1"x12" composite material only.
- c. For units whose original garage doors have air vents near the bottom edge, the replacement door shall have air vents in similar locations. In particular, Terraces studio model units which that lack separate garage air vents must have air vents in the garage door irrespective of whether the existing door has or does not have vents.
- d. Any replacement door for a garage lacking a second entry door shall have a device for opening the garage door in case of power failure. Typically, a pull cord is used to disengage the garage door opener. Access to the pull cord is through an external lock mounted near the top middle of the garage door. Once disengaged, this permits the door to be manually raised and lowered.
- e. All garages are to be equipped with automatic overhead door openers maintained in working condition.
- f. The replacement garage door and associated trim shall be painted in the color approved by the Association for garage doors.
- g. The color and texture of the stucco around the replacement garage door shall be consistent with the original stucco color and texture.
- h. All work must be performed by a licensed contractor experienced in this type of construction and installation.

5. ARCHITECTURAL REQUIREMENTS FOR GARDENS WITH STUCCO WALLS

Unit owners who wish to have a garden with a stucco wall installed must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. If a garden is to be constructed with a stucco wall around it, the wall must be 42 inches in height.
- b. The wall must use the approved stucco paint and a texture consistent with other garden walls in The Terraces.
- c. The wall must not protrude on to any walkway.

6. ARCHITECTURAL REQUIREMENTS FOR HOT TUBS

Unit owners who wish to have a hot tub installed must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. The hot tub shall be a self-contained unit with all pumps, heater, and filters enclosed.
- b. Hot tubs can only be located at ground level. Hot tubs are not permitted on balconies.
- c. Hot tubs shall be installed so that they are not visible from neighboring homes.
- d. If the hot tub cannot be hidden from neighboring homes, a stucco wall, brick wall, or hedge shall be installed to shield the hot tub from view.
- e. If a stucco wall is constructed, it must have an approved color and texture, and a height of 42 inches (as provided in the Requirements for Gardens With Stucco Walls).
- f. The noise from operating the hot tub shall not disturb the neighbors.

7. ARCHITECTURAL REQUIREMENTS FOR PATIOS

Unit owners who wish to have an enclosed, ground-level patio installed or modified must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence.

Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. A patio may be installed at the front of the home or at the back.
- b. Any wall constructed around the patio shall be 42 inches tall, and have a Terraces-approved color and texture (as provided in the Requirements for Gardens With Stucco Walls).
- c. A wrought iron fence is permitted around the patio deck.
- d. If the patio is constructed in the front of the home adjacent to the garage, the wall or fence used for the enclosure shall be no farther from the front door than the front wall of the garage.
- e. If the patio is constructed at the back of the home, the deck can extend no more than 10.5 feet from the sliding glass doors.

8. ARCHITECTURAL REQUIREMENTS FOR ROOF REPAIR AND REPLACEMENT

Unit owners who wish to repair or replace their roofs must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. Repaired and replaced roofs must retain the original design and color of the original roof.
- b. On tile roofs, the tile shall be of the same style and appearance as the original tile.
- c. On flat roofs, roofing material shall not be laid over or overlap the stucco on walls or cornices.
- d. Terra cotta red crushed rock is required on all flat roofs.
- e. No tiles may be stacked or piled on the roof of any other unit.
- f. All work must be performed by a licensed contractor experienced in this type of construction and installation.

9. ARCHITECTURAL REQUIREMENTS FOR SATELLITE TV DISH AND OTHER EXTERIOR ANTENNA INSTALLATION

Unit owners who wish to have a Satellite TV dish or other exterior antenna installed must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

REQUIREMENTS

- a. The dish or other exterior antenna shall be installed so as to minimize its visibility from the street and residential locations.
- b. Dish or other exterior antennas shall not be mounted on roof surfaces. This will protect our members from potential water damage to their units.
- c. All cabling from the dish or other exterior antenna must be hidden or, where it cannot be hidden, painted to minimize visibility from outside locations.
- d. Junction boxes shall be hidden or, where they cannot be hidden, painted to minimize visibility from outside locations. Junction boxes shall not be mounted on stucco walls.
- e. All installations shall minimize the chance of rain penetration of roofs, walls, and windows.
- f. All work must be performed by a licensed satellite dish or other exterior antenna service provider such as DIRECTV or DISH NETWORK or other exterior antenna service who shall be responsible for all dish antenna installations.
- g. Work shall not proceed until the installer receives approval from the Architectural Committee for the specific location of the satellite dish or other exterior antenna.

10. ARCHITECTURAL REQUIREMENTS FOR WINDOW AND SLIDING GLASS DOOR REPLACEMENT

Unit owners who wish to replace, or otherwise alter the look, style, or color of their exterior windows or sliding glass doors, must submit a request using the Architectural Request Form available in the Association's Business Office. Approval in writing by the Architectural Committee is required before work may commence. Any proposed change to an approved request requires a subsequent approval from the Architectural Committee. Where such a change involves a material modification of the original request, an amended request and a subsequent written approval are required before such work may proceed.

These requirements for exterior windows and sliding glass doors do not apply to glass panels adjacent to front entry doors. Those glass panels are subject to review under the FRONT ENTRY DOOR AND ADJACENT GLASS PANEL REPLACEMENT REQUIREMENTS.

REQUIREMENTS

- a. Replacement windows and sliding doors shall generally be located in the same place and position as the original windows and sliding glass doors that they replace and be of the same dimensions, design, texture, and type of finish as used in the original construction. In specific circumstances, variances from original construction specifications may be granted by the Architectural Committee consistent with maintaining the harmony of exterior design, material, and color in relation to surrounding structures and topography.
- b. Colored, tinted, and “grid” windows are not permitted.
- c. Wood windows are not permitted.
- d. Acceptable colors are almond and white. If almond is the chosen color, a sample must be provided to assure that the color is consistent with the specific shade of almond approved by the Association.
- e. Each application for approval of new or altered window(s) shall include:
 - 1) The current dimensions of the window(s) or sliding glass door(s) proposed to be replaced or altered and the dimensions after the replacement or alteration has been completed.
 - 2) The type of materials to be used in the replacement or alteration, along with a description of the design, texture, type of finish, and color of the replacement window(s) and sliding glass door(s).
 - 3) A graphic design and/or photograph of the proposed window(s) and sliding glass door(s).
 - 4) A description of any changes to other exterior structures that will result from installation of the new window(s) or sliding glass door(s).
- f. The color and texture of the stucco around replacement windows shall be consistent with the original stucco color and texture.
- g. Replaced windows shall be consistent in appearance with all of the unit’s adjacent windows.

APPENDIX E. ARCHITECTURAL COMMITTEE PROCEDURES FOR PROCESSING OWNER REQUESTS FOR PROJECTS TO CHANGE THE EXTERIOR OF HOMES

The Board of Directors and the Architectural Committee have established procedures for processing owner requests for exterior changes to their homes. The procedures apply to all exterior changes to the structure, design, color, or appearance of our units and attached buildings, walls, and structures. The procedure to be followed by the Architectural Committee and Terraces Staff for assessing, tracking, and providing approvals and/or disapprovals for projects will be as follows:

1. An owner submits a request for an exterior change to the home to The Terraces Business Office by using The Terraces Architectural Committee Policies, Requirements, and Applications Package. A refundable deposit check for \$200.00 is to accompany the Application. The Office Staff enters the Application into the Architecture Log Book along with the deposit check. "Refundable" means the owner may retrieve his or her check after the project has been completed as approved and all work areas and affected common areas have been cleaned up to the reasonable satisfaction of the Committee.
 - a. The Office Staff gives the Application to the Property Supervisor, who reviews the Application to determine if the Application fully and clearly describes the project as required by the Application Package.
 - b. If the Property Supervisor believes that the Application is incomplete or that additional information is required, he will contact the owner to request additional information. A notation of the request should be placed on the submitted request form, indicating the information that was requested and the date and time of the request. The Property Supervisor should initial the notation.
 - c. When all of the necessary information is obtained, or after the owner has indicated that no additional information will be supplied, the Property Supervisor will contact the Architectural Committee Chairperson and they will make a joint decision as to whether the Application is complete and whether the project meets the requirements stated in the Applications Package.
 - 1) If the Property Supervisor and the Chairperson (or his designee) determine that the project is in compliance with the guidelines set forth in the Application Package, one of them should sign the Approval Form in the Applications Package, and the Property Supervisor or Chairperson should notify the homeowner that the project may proceed as described in the approved plan.

- 2) If the proposed project is not clearly in compliance with the requirements specified in the Application Package, the Property Supervisor or Chairperson should contact the owner (and possibly, the contractor) with a request for the additional information.
- 3) When all of the requested information is received, the Property Supervisor and Chairperson (or designee) will determine whether the application is simple and straight-forward (e.g., a roof repair by a known contractor, a window replacement of the proper size, color, and texture, etc.).
 - a) If it is considered simple and straight-forward, the Property Supervisor, Chairperson, or designee should notify the owner.
 - b) If it is not considered simple and straight-forward, the Property Supervisor (or the Chairperson or his designee) should contact the Committee member assigned to the specific architectural area (e.g., windows, front doors, roofs, etc.).
 - (1) The assigned committee member should perform the evaluation and advise the Chairperson and Property Supervisor of his/her assessment.
 - (2) After the committee member with responsibility for the type of application under consideration has performed the evaluation of the Applications Package, he/she will work with the Property Supervisor and Chairperson to determine whether the project should be approved or disapproved.
 - (3) If the project is in compliance with the requirements set forth in the Applications Package, the Property Supervisor or Chairperson should sign the Approval Form in the Applications Package, and the Property Supervisor or Chairperson should notify the homeowner that the project may proceed as described in the approved plan.
 - c) If the determination is made that a project does not comply with the stated requirements for exterior changes, the owner should be given a

summary of the reasons why the application has been disapproved and should be invited to submit a modification of the plan. A modified Application Package will be considered under the same process as applied to the initial Application Package. If the owner refuses to submit a modified plan, the Application should be disapproved and notice of that disapproval should be sent by the Chairperson to the owner.

- d) Homeowners may appeal the disapproval of a requested change to the exterior of the home by applying to the Board of Directors a by letter setting forth the homeowners reasons for his or her position and requesting action by the Board permitting the owner to accomplish the proposed exterior project in accordance with the plans and descriptions submitted to the Architectural Committee.
- e) Appeals to the Board of actions by the Architectural Committee shall be conducted in accordance with the procedures set forth in Appendix H, Hearing Procedure For Appeals To The Board Of Directors. These procedures include the right to appear in person.

2. Following project approval and authorization to proceed, either by the Architectural Committee or by action of the Board following an appeal by the homeowner, the Architectural Committee member assigned to the project may make periodic visits to the site to ensure that the project is being completed in conformance with the approved plan.

- a. If significant changes from the approved plans are noted by the Architectural Committee during project performance:
 - 1) The observed changes will be discussed with the Property Supervisor and the Chairperson.
 - 2) If the changes are considered significant, the Chairperson should give the owner an informal opportunity to agree to make necessary changes to assure that the project is either (a) completed in accordance with the original approval or (b) put on hold until an amended Application Package has been submitted by the owner and approved in accordance with these procedures.
 - 3) If the owner refuses the options set forth in section 2), the Chairperson will send the homeowner a Notice of

Violation advising the homeowner that the Committee has determined that the homeowner is in violation of the CC&Rs. The Notice of Violation shall constitute a written statement of charges. At the time of delivery of the Notice of Violation, the Committee will advise the homeowner that the violation will be treated as a "First Offense" pursuant to the Association's Schedule of Monetary Penalties. The Committee will also advise the homeowner that the Association will thereafter follow the procedures set forth in Appendix H, Hearing Procedure For Appeals To The Board Of Directors.

- 4) If the panel appointed by the Board pursuant to the Hearing Procedures For Board Of Directors Action On Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents determines that the homeowner has violated the CC&Rs, and the penalty is not paid within 15 days after the mailing of the letter advising the homeowner of the panel's action, the Committee shall impose a subsequent monetary penalty (which will be considered a "Second Offense" pursuant to the Association's Schedule of Monetary Penalties). For each 30 day period thereafter, the Committee shall impose an additional monetary penalty, in the amounts set forth in the Association's Schedule of Monetary Penalties, until payment has been made.
- 5) In the discretion of the Board, monetary penalties imposed as a result of an owner's failure to comply with his or her obligations regarding maintenance and repair of his or her unit may be enforced and collected as allowed by law and described in Appendix A, Debt Collection Practices, Including Lien And Foreclosure Policies.

b. When the project is complete, the owner should notify The Terraces Business Office.

- 1) The Business Office Manager should inform the Property Supervisor that the project is complete, and an Architectural Committee member should be requested to go to the project site to perform a final review and determine if the completed project is in conformance with the approved plan, and if the project site has been adequately cleaned of debris and that the area around the work site has been returned to its condition prior to the project.

- 2) If project is as proposed and the site is clean, the Property Supervisor or the assigned Committee member (or the Chairperson) should sign the final approval form, notify the homeowner by phone of the approval within 5 to 10 business days of being notified that the project is complete, and should request the owner to pick up the deposit check.
- 3) The date and time of the contact should be noted on the Applications Package along with the initials of the person making the contact.
- 4) If it is determined that the project has not been completed as approved, the Property Supervisor or the assigned Committee member (or the Chairperson) should give the owner an informal opportunity to agree to make necessary changes to assure that the project is brought into compliance with the latest approved Application Package. If the owner agrees, project changes should be monitored by the Property Supervisor or the assigned Committee member (or the Chairperson).
- 5) If the project is changed so as to comply with the Committee's most recently approved Application Package, the Property Supervisor or the assigned Committee member (or the Chairperson) should sign the final approval form, notify the homeowner by phone of the approval within 5 business days of receiving notice in the absence of any unusual circumstances that the project is complete, and should request the owner to pick up the deposit check.
- 6) If the owner refuses the options set forth in section 4), he Chairperson will send the homeowner a Notice of Violation advising the homeowner that the Committee has determined that the homeowner is in violation of the CC&Rs. The Notice of Violation shall constitute a written statement of charges. At the time of delivery of the Notice of Violation, the Committee will advise the homeowner that the violation will be treated as a "First Offense" pursuant to the Association's Schedule of Monetary Penalties. The Committee will also advise the homeowner that the Association will thereafter follow the procedures set forth in Appendix G, Hearing Procedures For Board Of Directors Action On Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents.

- 7) If the panel appointed by the Board pursuant to the Hearing Procedures For Board Of Directors Action On Violations Of Rules And Regulations And Other Terraces Homeowners Association Governing Documents determines that the homeowner has violated the CC&Rs, and the penalty is not paid within 15 days after the mailing of the letter advising the homeowner of the panel's action, the Committee shall impose a subsequent monetary penalty (which will be considered a "Second Offense" pursuant to the Association's Schedule of Monetary Penalties). For each 30 day period thereafter, the Committee shall impose an additional monetary penalty, in the amounts set forth in the Association's Schedule of Monetary Penalties, until payment has been made.
- 8) In the discretion of the Board, monetary penalties imposed as a result of an owner's failure to comply with his or her obligations regarding maintenance and repair of his or her unit may be enforced and collected as allowed by law and described in Appendix A, Debt Collection Practices, Including Lien And Foreclosure Policies.

APPENDIX F. GUIDELINES AND PROCEDURES FOR TREE MANAGEMENT

The Terraces most recent tree inventory (completed during 2009, determined that there were 750 trees on the property, belonging to approximately 37 different major species. This does not include the trees owned and maintained by Terraces homeowners or residents; trees in pots, patio areas or personally "homeowner planted and maintained" trees as approved (or not approved) by past or the current Grounds Committee.

1. OBJECTIVES

The Objectives of the Association's Tree Management policies and procedures are as stated in subsection B. 1 of Section V above.

2. TREE PRUNING GUIDELINES AND EXCEPTIONS

The reasons for tree pruning may include but are not limited to: reducing hazards; maintaining or improving tree health, structure, aesthetics, size and structure; maintenance; maintaining or restoring views; as well as other specific needs of The Terraces and unit homeowners. Needs that are more specific may include removing diseased, dead, dying, or decayed portions of trees; removing interfering or obstructing branches; training young and even more mature trees to obtain or maintain a certain shape or height; and specialty tasks often necessary due to conflicts with infrastructure. Before pruning, the primary objective

should be clearly defined and take into consideration the health of the tree. The Terraces "Tree Pruning Guidelines" include the following:

- a. Pruning Percentages. Normally not more than one-fourth ($\frac{1}{4}$) of the branches and foliage of mature large trees such as Pines, Alders, Sycamores, or Eucalyptus should be removed within a growing season. However, the percentage and location of the foliage to be removed can be further adjusted according to each trees species, age, height, health, location and any Terraces homeowner's Request.
- b. Topping. The term "topping" has been misused historically at the Terraces to mean what we now term "trunk reduction", which is to severely reduce the height for single or multiple vertical trunk trees. The actual ANSI definition of "topping" is "The reduction of a tree's size using heading cuts that shorten limbs or branches back to a predetermined crown limit." At The Terraces, topping, as properly understood, is not an acceptable pruning practice.
- c. Trunk Reduction. Trunk reduction of a healthy tree involves shortening the height of a tree with a main trunk, or by the severe reduction in the height of multiple limbs/trunks that make up the height of the tree. Trunk reduction may be considered and approved. Usually this is done if the only other solution is the removal of the tree. The majority of the Grounds Committee, together with our arborist and our tree care professional, must agree, and then the Committee must obtain Board of Directors approval. (Trunk reduction is not topping and it is not crown reduction.)
- d. Crown Reduction. Crown reduction is used primarily for the health of the tree (including allowing for greater light and air penetration), view maintenance or restoration, and downsizing the size of a tree in areas where the tree brushes against or overhangs infrastructure (such as sidewalks, patios, roofs, walls and driveways) or where the height of the tree interferes with views or infrastructure (especially power lines). It is the reduction of the leaves and branches of a tree, from the top down, and sides inward, measured from the lowest branch on the trunk to the top of the tree. While crown reduction is usually applied to trees with multiple major branches and often no single main leader or trunk, it can also be applied to single trunk trees. Crown reduction may be approved by the Grounds Committee in proper circumstances.
- e. Thinning and Lace Pruning. Thinning and/or "lace pruning" shall consist of selective pruning to reduce the density of live branches, increase light penetration, air movement, reduce

weight, and lessen the droppings of tree matter onto roofs, patios, yards and walkways. Thinning should result in an even distribution of branches, and individual limbs throughout the crown of the tree. Thinning and/or "lace pruning may be approved by the Grounds Committee in proper circumstances.

- f. **Root Pruning.** While root pruning is generally not an acceptable method of tree care according to ANSI and is not encouraged within The Terraces, we acknowledge exceptions. We regularly use root pruning where roots interfere with walkways, streets, driveways, utilities, and other infrastructure. It is the objective of the Committee to attempt to preserve a tree, rather than remove a tree when possible. It is possible that severe root pruning will result in the tree dying, but the Committee has found that this is not a common result and thus we encourage trying to maintain the tree first by utilizing root pruning rather than removal as the remedy. The tree's future health as well as the safety of the tree must be taken into consideration.
- g. **Wires and Supports.** The Grounds Committee has used wiring through the trunks of Melaleuca trees to help prevent splitting and falling. The Grounds Committee has also used a support beam system to promote the health of one pine tree.
- h. **Frequency of Pruning.** The frequency of tree pruning is most often determined by the location and species of the tree. By pruning or trimming trees in groupings, the Grounds Committee is able to greatly reduce the substantial cost of tree care within the Terraces. The following pruning/trimming schedule applies for the majority of tree types in The Terraces:
 - 1) **WINTER SEASON.** Trees to be trimmed in the winter season generally include large trees, including Pine trees (Canary Island, Italian Stone, Monterey, Aleppo and Black), Sycamores, Alders, Podocarpus, Eugenia, Olives, Melaleuca, Orchid, Eugenia, Plum, and all other trees that are not listed under Fall Trimming. The winter season trees are generally pruned every three years. However, some of these trees that are in the open, non-view areas are pruned only about every five years. In addition, some of these trees in view areas where homeowners request more frequent pruning, might be placed on a more frequent two year or even annual review period. We have a few trees that seldom need trimming, including Coral, Peach, Strawberry, Magnolia, California Pepper, Jacaranda, and Pear. We also have several types of trees that can be pruned throughout the year, but we only have a few of each specific type and they are added to the list

on a case-by-case basis when pruning is needed or a Request is received.

- 2) **FALL SEASON.** During this season, we prune or trim the following trees: Eucalyptus, New Zealand Christmas Trees, Pittosporum, Coral, Fichus, Hopseed, and Liquidambar. We have several other types of trees that can be pruned during the Fall, but we only have a few of each of these specific types and they are added to the list on a case-by-case basis when pruning is needed or a written request is received.
- 3) **MELALEUCA TREES** are trimmed every two years if they cause view impairment, and every three to five years if view impairment is not an issue. Melaleuca trees that cause view-loss are often flat topped and encouraged to grow fuller at lower levels with new growth hanging downward.
- 4) **OLIVE TREES** that overhang walkways and patios are marked with a blue metallic medallion and are either pruned annually or are subject to one of several alternative treatments to de-fruit these trees, inclusive of fruit pruning, spraying and selective limb pruning, usually in alternate years. Olive trees in open areas that do not have blue medallions are pruned every three or four years. Olive trees are trimmed as little as 25% and up to 50%. We do not go above 50% unless our arborist instructs us to do so for various reasons, but in no case do we strip the trees as is done in typical orchard pruning.
- 5) **ORCHID TREES** are presently under review as they are suffering from a strange growing pattern. The trees leaf out and die back three times in the late spring and summer, including up to three blooming periods before the final or permanent leaves fill in (most often in July to September) for the balance of the year through the following April/May. We are trying fertilization and injection therapy in an attempt to resolve this losing of the leaves and restart problem. Orchid trees are trimmed on an as needed basis, usually in the late spring when the leaves have fallen off the trees.
- 6) **TREES UNDER 12 FEET.** We have a large number of trees, generally under 12 feet after trimming (some deciduous), that are pruned annually under our maintenance contract to control the height and shape of the tree. Our current landscape contract provides that our regular daily maintenance crew can maintain trees where

the top cuts are at a maximum height of 12 feet. These trees are maintained at 12 feet or less for several reasons including, landscape design, view preservation, walkways or driveways clearance

3. HOMEOWNER REQUEST POLICIES AND PROCEDURES

Homeowners may fill out a Terraces Request Form (located in the Business Office) anytime during the year and ask that specific attention be applied to a tree. The Grounds Committee will often note the work to be done and put that tree on the list for action during the next regular pruning season for that tree type (winter and fall). The Grounds Committee may determine that the specific tree Request be completed in the near future if prudent, economical, and necessary.

Homeowners may also request the approval of the Grounds Committee for annual pruning at the expense of the homeowner, under the following circumstances:

- a. The homeowner (or tenant) uses the Terraces Request Form and thus submits a written Request;
- b. The homeowner (not the tenant) contracts with one of the Terraces approved tree care providers (contractor);
- c. The homeowner agrees to pay the expense of pruning directly to the Contractor;
- d. A copy of the contract is submitted to the Committee for advance written approval; and
- e. The Committee and our arborist or tree care provider determine (1) that the work is consistent with Objectives of The Terraces Tree Management Policy and (2) that the health of the tree will not be compromised.

4. EMERGENCIES

Pruning, remedial action as required, or tree removal, to correct a 'hazardous situation' will be done as soon as the problem is identified. A hazardous situation means immediate and serious danger to property and life.

5. ADDITIONAL ITEMS

- a. Personal Trees. Personal Trees include: trees planted by a current or former owner/resident; trees inside the unit's personal patio area planted by the Terraces but by agreement are taken care of by the owner; trees in pots; etc. If an owner wants to give up control of a

tree (usually planted by a former resident/owner) they can ask the Grounds Committee to consider it. When the Grounds Committee (TGC) accepts responsibility, at that time TGC has full control over the tree as to shaping, maintenance, and possible removal. Otherwise, owner/residents must maintain their personal trees and TGC can and often does notify the owner of work that needs to be done to a personal tree. If the owner does not do the work requested in a timely manner, the TGC will have the work done and send a bill to the owner.

b. **Owner Disputes With Grounds Committee Decisions.** Sometimes owners may disagree with the decision(s) of the Grounds Committee on Tree Matters. In that case, the following is the suggested method of appealing a decision and or recommending another solution.

- 1) Write a written appeal to the Grounds Committee.
- 2) Attend a Grounds Committee meeting and discuss the appeal above in step 1).
- 3) If the Owner is not satisfied with the outcome of steps 1) and 2), above, the Owner may appeal directly to the Board of Directors by submitting a written summary of the situation and, if possible, presenting their case to the Board (via email if desired) and then by attending a Board meeting and stating their case. One or more members of the Grounds Committee may attend the Board meeting and state their case. The decision of the Board is final.

APPENDIX G. HEARING PROCEDURES FOR BOARD OF DIRECTORS ACTION ON VIOLATIONS OF RULES AND REGULATIONS AND OTHER TERRACES HOMEOWNERS ASSOCIATION GOVERNING DOCUMENTS

The Association and its Committees may impose monetary penalties for violations of our Governing Documents by residents, lessees, guests, contractors, and other invitees. In some situations, the Association may repair an appearance problem on a home and charge the costs to the homeowner where the homeowner has refused to correct a violation of the CC&Rs' appearance requirements. The following procedures are intended to give the owner and the party against whom a penalty may be assessed a fair procedure for review by the Board, through a three member panel, of the asserted violation before the fine becomes subject to the assessment and collection process.

1. If the Board or a Committee of the Association determines that an owner or resident has violated, or is responsible for a violation of the Rules and Regulations or other Governing Documents of the Association, the

Board or Committee shall provide the homeowner or resident, by mail, with a Notice of Violation, which shall constitute a written statement of charges.

2. The Notice of Violation will advise the homeowner or resident (a) of the matters deemed to be a violation and the amount of the penalty for the violation and (b) that the Board, through a three member panel appointed by the Board, will hear and determine whether a violation has occurred and whether the fine is appropriate.
3. Either after or concurrently with The Notice of Violation, the Board or Committee responsible for the Notice of Violation will deliver by mail a Notice stating the specific date, place, and time when the Board, through a three member panel, will hear and determine whether a violation has occurred and whether the fine is appropriate. The Notice of the hearing will also include a copy or summary of these Hearing Procedures. The homeowner or resident shall be given at least thirty (30) days' notice of the date of the hearing.
4. The decision on whether a violation has occurred will be made by a panel of three persons (one of whom shall be designated a Chairperson). The Board shall designate the panel and the Chairperson. The panel may not include any person responsible for the issuance of the Notice of Violation.
5. If the homeowner wishes to contest the Notice of Violation, the homeowner may appear at the hearing, in which event he or she shall have the right to present oral and written evidence and to confront adverse witnesses and evidence. At the request of the owner or resident, the panel will meet in executive session to hear the evidence and arguments. Alternatively, the homeowner or resident may, at least one week before the hearing, submit a statement in writing advising the panel that the owner will not appear at the hearing and that the accompanying written materials shall constitute his or her sole presentation. The written materials must be submitted at least one week before the hearing to The Terraces Business Office for delivery to the Board and hearing panel.
6. The Association Committee responsible for the Notice of Violation shall gather the information it deems appropriate relating to the matter (including any recommendation of the Committee as to the matter) and submit the pertinent facts to the hearing panel, along with its recommendations.
7. The panel shall mail to the homeowner or resident, within seven (7) days after the hearing, a written decision which specifies the penalties levied, if any, and the supporting rationale.

8. In the discretion of the Board, monetary penalties imposed as a result of a homeowner's or resident's failure to comply with the Rules and Regulations or other Governing Documents may be enforced and collected as allowed by law and described in Rules and Regulations Appendix A, Debt Collection Practices, Including Lien And Foreclosure Policies.
9. In the discretion of the Board, and as provided in the CC&Rs, the Board may elect to repair an appearance problem on a home and charge the costs to the homeowner where the homeowner has refused to correct the appearance violation.
10. Before the Board undertakes to repair a homeowner's unit, and before litigation or non-judicial foreclosure proceedings are commenced to collect a monetary penalty, the member or resident may request that the Association participate in Rules and Regulation Appendix I, Dispute Resolution: Internal And Alternative Dispute Resolution Requirements And Procedures.

APPENDIX H. HEARING PROCEDURE FOR APPEALS TO THE BOARD OF DIRECTORS

Any resident may appeal an action or decisions of a Committee, Committee Chairperson, Association employee, hearing panel, or other person or persons acting on behalf of the Association.

1. Any resident who objects to an action or decision of a Committee, Committee Chairperson, Association employee, hearing panel, or other person or persons acting on behalf of the Association may appeal that action or decision to the Board of Directors by delivering a letter directed to the Board to the Business Office.
2. If the letter is received at least fourteen (14) days prior to the next scheduled Board meeting, the staff of the Business Office will gather the information related to the appeal (including the decision or recommendation of the relevant Committee, Committee Chairperson, hearing panel, or other person or persons responsible for the action or decision in issue) and submit the resident's letter and the additional pertinent facts to the Board at least seven (7) days before the Board meeting. At the Board meeting, the resident may present his or her case to the Board, after which a representative of the Committee, Committee Chairperson, or other person or persons responsible for the action or decision in issue may make a presentation and recommendation to the Board. If the letter is received less than fourteen (14) days before the a pending Board meeting, the issue will be addressed at the following meeting of the Board.
3. The resident seeking to appeal an action or decision must either appear at the Board meeting or submit his or her case in writing to the Board

(stating in their written material whether they intend to appear at the meeting). If the resident does not appear at the meeting, the written materials of that member shall constitute the sole presentation on behalf of the appeal.

4. The Board will evaluate the appeal in light of the facts and considerations the Board deems relevant and appropriate, and determine whether the decision or action in issue should be affirmed, reversed, or modified. If the resident is not present, the Director responsible for the issue will send the resident a letter describing reporting the decision of the Board.

APPENDIX I. DISPUTE RESOLUTION: INTERNAL AND ALTERNATIVE DISPUTE RESOLUTION REQUIREMENTS AND PROCEDURES

1. INTRODUCTION

- a. The California Civil Code, in provisions starting with Section 5900, relating to Internal Dispute Resolution (IDR) procedures, requires the Association to provide a fair, reasonable, and expeditious procedure for resolving disputes between the association and a member involving their rights, duties, or liabilities under the laws applicable to homeowners associations like ours or under the governing documents of the Association. The procedures in this article are intended to provide a fair, reasonable, and expeditious process for resolving disputes before the more formal "Alternative Dispute Resolution" procedures are invoked.
- b. The California Civil Code, in provisions starting with Section 5925, relating to Alternative Dispute Resolution (ADR) procedures, also requires the Association and its members (owners) to endeavor to submit disputes related to the activities, rules, requirements, and governing documents of the Association to Alternative Dispute Resolution (ADR) rather than file litigation seeking declaratory, injunctive, or writ relief. ADR includes mediation, arbitration, and other non-judicial procedures using a neutral party to help the parties reach a settlement or to suggest or decide a dispute.
- c. The IDR and ADR requirements do not apply to private disputes between owners and other owners, owners and tenants, or tenants and tenants, or where the Association has a dispute with a third party such as a service provider. In addition, the ADR requirements are not applicable to actions for preliminary or temporary injunctive relief; to cases brought in small claims court; to actions where the applicable statute of limitations would expire within 120 days; to most efforts to collect assessments; to

actions in which a party seeks both monetary damages above the jurisdiction of the small claims court and declaratory, injunctive, or writ relief; and to the filing of a Cross-Complaint in response to a Complaint already filed.

- d. The Association will make maximum, reasonable use of available local dispute resolution programs involving a neutral third party, including low-cost mediation programs such as those listed on the Internet Web sites of the Department of Consumer Affairs and the United States Department of Housing and Urban Development.
- e. The procedures set forth below are intended to comply with the requirements of both Civil Code Sections 5900 *et seq.* and Civil Code Sections 5925 *et seq.*

2. INTERNAL DISPUTE RESOLUTION USING A "MEET AND CONFER" PROCESS

- a. Either party to a dispute, other than a dispute described in Section 1c, between an owner or resident and the Association may invoke the following procedure in an effort to resolve the dispute without more formal proceedings:
 - 1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
 - 2) An owner or resident may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
 - 3) The Board shall designate a director to meet and confer.
 - 4) The parties shall meet promptly and no later than 14 days after the request, at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
 - 5) A resolution of the dispute agreed to by the parties shall be promptly, and in no event later than 14 days after the parties meet and confer, memorialized in writing and signed by the parties, including the Board designee on behalf of the association.
- b. An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

- 1) The agreement is not in conflict with law or the governing documents of the Association.
 - 2) The agreement is either consistent with the authority granted by the Board to its designee or the agreement is ratified by the Board.
- c. A member may not be charged a fee to participate in this process.

3. **ALTERNATIVE DISPUTE RESOLUTION USING A NEUTRAL THIRD PARTY**

- a. If the Internal Dispute Resolution procedure described above has been waived by the owner or resident, or if the Internal Dispute Resolution procedure has not resulted in a resolution of the dispute, either party to the dispute, other than a dispute described in Section 1c, may invoke the following procedure in an effort to resolve the dispute without more formal proceedings:
- b. The party pursuing a dispute related to the activities, rules, requirements, or governing documents of the Association must, prior to filing a lawsuit covered by the Code, serve on the other party a written Request for Resolution including the following information and language:
 - 1) A brief description of the dispute between the parties;
 - 2) A request that the matter be submitted to ADR;
 - 3) A statement that the party receiving the request for resolution (Responding Party) is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected; and
 - 4) A copy of Civil Code Sections 5925 to 5965 if the responding party is an Owner.
- c. Service of the request for resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.
- d. Actions by the Responding Party.
 - 1) Upon receipt of a Request for Resolution, the responding party, whether the Association or owner/resident, has thirty (30) days in which to either accept or reject the request. In the event no such response is received, except

where the procedure is invoked by an owner or resident, the request is deemed rejected.

- 2) If the procedure is invoked by the Association, the member may elect not to participate in the procedure. If the member participates, but the dispute is resolved other than by agreement of the owner or resident, the member shall have a right of appeal to the Association's Board of Directors.
- 3) If the procedure is invoked by a member, the Association will accept the Request and participate in the procedure.

e. General Procedure.

Where the request is accepted, the parties must complete the ADR within ninety (90) days of receipt of the acceptance. However, the parties can stipulate in writing to extend this period. In the ADR process, the parties may invoke the following procedure:

- 1) The parties will mutually agree on the process to be used to resolve the dispute. They may choose mediation or arbitration. If the parties choose arbitration, the arbitration will be considered binding unless one or all parties indicate in writing that the arbitration will be non-binding.
- 2) The parties will agree to the mediator or arbitrator within 30 days.
- 3) The process to be followed in the presentation of the parties' positions, evidence, or witnesses will be determined by the neutral mediator or arbitrator.
- 4) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the Association.
- 5) An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:
 - a) The agreement is not in conflict with law or the governing documents of the common interest development or association.
 - b) The agreement is either consistent with the authority granted by the Board of Directors to its

designee or the agreement is ratified by the Board of Directors.

- 6) In the ADR process, the owner or resident and the Association may explain their positions.
 - 7) Owners and residents shall not be charged a fee to participate in the process.
- f. Consequences For Failure To Comply.
- 1) In the event that a lawsuit is eventually commenced, the party filing must file a certificate concerning the completion of the ADR. Where a lawsuit is commenced and ADR has not occurred, the filing party should file a certificate as to why ADR did not take place.
 - 2) In the event the initiating party proceeds to Court without complying with the ADR requirements, the responding party can move the Court for an order of dismissal. As a result, it is important to seek independent counsel if you have further questions.
 - 3) In the event a trial proceeds as a result of a responding party's refusal to participate in ADR, the Court may take such failure into consideration when ruling on payment of attorney's fees and costs.
 - 4) Failure of an owner or resident to comply with the alternative dispute resolution requirements of California Civil Code Sections 5930 may result in the loss of your right to sue the Association or another member of the association regarding enforcement of the governing documents or the applicable law. Owners and residents are encouraged to review the statute in its entirety or seek independent legal counsel when a dispute arises.

APPENDIX J. ELECTION RULES

These election rules are adopted pursuant to Civil Code Sections 5100 *et seq.* and apply to assessments legally requiring a vote of the members, election and removal of directors, amendments to the governing documents where a vote or election of the members is required, and transfers or grants of exclusive rights to use common areas or other property of the Association. The Board may elect to conduct other elections in the same manner.

1. **FAIR ACCESS TO COMMUNICATIONS.** To assure fair and equal access to the means provided by the Association for the communication of qualifications and positions on issues reasonably related to elections:

THE TERRACES HOMEOWNERS ASSOCIATION RULES, REGULATIONS,
REQUIREMENTS, AND PROCEDURES

As adopted June 11, 2015.

- a. The Association shall ensure that if any candidate or member advocating a point of view is provided access to association media, newsletters, or internet web sites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and members advocating a point of view, including those not endorsed by the Board, for purposes that are reasonably related to the election. The association shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the association, is responsible for that content. In particular, the Association may include the following:

"Owners or members making any statements in connection with any election are solely responsible for the content. Any proponent of any view shall be personally responsible for statements made and legally liable individually to the extent such statements constitute fraud, misrepresentation, defamation, or are otherwise legally actionable. Neither the Board, nor the Association, assumes any legal responsibility or liability for publishing or republishing the statements herein made, or any statements required by law to be published or republished. The Association shall not be liable for the statements made by any owner or member relating to an election."

- b. The Association shall ensure access to the common area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election.
- c. The Association shall provide a reasonable opportunity for nominees to communicate their qualifications and reasons for candidacy to the members and to solicit votes.
- d. The Association shall provide a reasonable opportunity for all members to choose among the nominees.
- e. Association funds shall not be used for campaign purposes in connection with any Association Board election. Funds of the association shall not be used for campaign purposes in connection with any other Association election except to the extent necessary to comply with duties of the Association imposed by law. For the purposes of this section, "campaign purposes" includes, but is not limited to, the following:

- 1) Expressly advocating the election or defeat of any candidate that is on the association election ballot.
 - 2) Including the photograph or prominently featuring the name of any candidate on a communication from the Association or its Board, excepting the ballot, ballot materials, or a communication that is legally required, within 30 days of an election (unless the communication is one for which equal access must legally be provided to another candidate or advocate).
2. **BOARD MEMBER QUALIFICATIONS:** The only qualification for being a Director is that the candidate must be a member of the Association in good standing.
3. **NOMINATIONS/ANNUAL MEETING:**
- a. Nomination for election to the Board shall be by self-nomination only. Members shall be notified at least 60 days before any ballot is sent out for the election of Board Members, how and when nominations for the Board of Directors will be accepted. Any Member wishing to be nominated will be included in the ballot materials to be sent to homeowners in connection with Board Member elections. No nominations from the floor of membership meetings will be permitted, and write-in votes will not be allowed or counted. Failure by any Member to submit his or her name within the time specified by the Board may prevent the nominee from having their name appear on the ballot.
 - b. The procedures for nomination and election in the case of a recall election shall comply with the procedures in Section 3a, above.
 - c. Nothing in this section prevents the Board from soliciting nominations or appointing a nominating committee to encourage individual members to self-nominate.
4. **BALLOT DUE DATE – OPENING AND CLOSING OF VOTING.** The Association shall notify members at the time the ballot is sent out when the ballots must be received to be counted. If the voting period continues into a meeting, any member may bring their voting package to the meeting and turn it in as specified in the notice or agenda.
5. **QUORUM FOR BOARD ELECTIONS:** The Board will make reasonable efforts to solicit candidates and to achieve a quorum at any election. The quorum for our annual meeting/election is 50% of the members. The members present at an annual meeting may vote to adjourn the annual meeting when there is not a quorum, after which the

quorum at the adjourned meeting will be 25%. An option shall be provided on the ballot to vote to be counted for quorum purposes only.

6. **QUORUM FOR OTHER ELECTIONS:** For elections relating to assessments, amendment of governing documents and transfer of common area, the quorum/voting requirements vary according to statutes in effect at the time of voting and other provisions in our governing documents. The quorum/voting requirement for these elections will be announced in the voting materials. There is no meeting required for these elections, except the meeting at which votes will be counted.
7. **VOTING QUALIFICATIONS AND VOTING RIGHTS:** Members are entitled to one vote per lot owned in any matter that comes before the Membership. If more than one person or entity owns the lot, they have one collective vote for the lot. The Board is entitled to require documentation of ownership entitling any person claiming to be a member to the right to vote.
8. **CUMULATIVE VOTING:** Board Members serve two-year staggered terms. In each election for directors, Members are entitled to cumulate their votes so as to cast all of the votes they are permitted to cast, based on the number of candidates to be elected, for a single candidate or, provided they do not cast more votes than the number of seats being elected, more than one candidate. Each gets the number of votes specified to be allocated as set forth on the ballot. In any recall election, the California law dictates the quorum/approval requirements. Legal counsel may be consulted and the members shall be informed about the requirements in the balloting materials.
9. **VOTING/PROXIES:** Election of Board members shall be by secret ballot pursuant to the procedures established by California law. In compliance with these requirements, the Board shall use the double-envelope, secret mail voting procedure described below for all elections requiring a secret ballot and may use it for other elections. The Board may, but is not required to offer a proxy to any member requesting one. No proxy will be counted as a ballot in and of itself. It must be accompanied by a ballot package, which is the means to accomplish voting. Whenever possible, the members shall be encouraged to mail in the ballot with his or her choices and forego using a proxy.

APPENDIX K. SECRET BALLOT ELECTION PROCEDURES

1. **THE BALLOT PACKAGE:**
 - a. Whenever it is determined that an election is to be held under this procedure, the package described below will be provided to members. It will be sent by first-class mail or delivered by Association to every Member not less than 30 days prior to the

deadline for counting the ballots, to the last known address of the Member. The Association records shall reflect the means/method of delivery.

- b. In an election to approve an amendment of the governing documents, the text of the proposed amendment shall be delivered to the members with the ballot.
- c. The package shall also include the following:
 - 1) A ballot that contains the voting measures being offered and no identifying information as to the voting Member;
 - 2) A blank (inner) envelope into which the ballot, once marked, is to be inserted (which envelope may include voting instructions but no identifying information as to the voting Member); and
 - 3) A second envelope for returning the ballot/inner envelope. This envelope shall contain, as addressee, the mailing address for the Inspector(s), and/or instructions for deposit in a location where he/she/they may retrieve it. This return envelope shall contain, in the area of the return address, the printed, typed, or typeset name, address, and lot/unit (if needed for identification purposes) of the Member, and shall contain a signature blank below this information for the Owner's signature.

2. INSPECTORS OF ELECTION:

- a. The Board shall appoint 1 or 3 Inspector(s) of election for any of the subject elections noted above. Inspectors must be completely independent of any of the Board Members or candidates running for the Board, meaning they must be unrelated by blood or marriage, and not subject to any financial dependence or employment relationship with any of the candidates or Board Members. The Board may appoint any of the following, or a combination thereof:
 - 1) A member or members within the Association; or
 - 2) An independent Inspector or Inspectors of election that is a paid vendor of the Association, including the CPA, Manager, or Attorney or
 - 3) Any independent party (meaning a person having no relationship, dependence, or attachment to any Board Member or candidate as described above).

- b. Inspectors shall be able to appoint persons not related to the Board or candidates for election by blood, marriage or any financial relationship (such as employment) to assist with checking in ballot packages (verifying the lot, name and signatures), separating packages for counting, and tabulating votes. These appointees shall not have any decision making authority. Returned ballots shall remain in the custody of the Inspector(s) at all times. No ballot envelopes may be opened prior to the time to count the ballots (see below).
- c. The inspector or inspectors of elections shall do all of the following:
 - 1) Determine the number of memberships entitled to vote and the voting power of each.
 - 2) Determine the authenticity, validity, and effect of proxies, if any.
 - 3) Receive ballots.
 - 4) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.
 - 5) Count and tabulate all votes.
 - 6) Determine when the polls shall close, consistent with the governing documents.
 - 7) Determine the tabulated results of the election.
 - 8) Perform any acts as may be proper to conduct the election with fairness to all members in accordance with this article, the Corporations Code, and all applicable rules of the association regarding the conduct of the election that are not in conflict with this article.
- d. An inspector of elections shall perform all duties impartially, in good faith, to the best of the inspector of election's ability, and as expeditiously as is practical. If there are three inspectors of elections, the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the inspector or inspectors of elections is prima facie evidence of the facts stated in the report.
- e. Ballots cast and received by the Association shall at all times remain be in the custody of the inspector or inspectors of elections or at a location designated by the inspector or inspectors until after the tabulation of the vote, and until the time

allowed for challenging the election has expired, at which time custody shall be transferred to the Association. If there is a recount or other challenge to the election process, the inspector or inspectors of elections shall, upon written request, make the ballots available for inspection and review by an association member or the member's authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

3. **COUNTING OF BALLOTS:** After the Inspector(s) of Election have checked in all of the ballot packages, and if there is a quorum of valid ballot packages, they shall separate the envelopes from the ballots so that the counting process does not disclose how any member voted, and shall tabulate the ballots with the assistance of any appointed "counters". If there is not a quorum, the Inspector(s) of Election shall report this to the Board. At that point, a vote of members present in person or by proxy shall be conducted to determine whether the meeting shall be adjourned to a future date. If the members choose not to adjourn the meeting to a future date, the meeting shall be terminated. In no event shall counting of the ballots for any election be done other than at a membership meeting or an open Board meeting where members of the Association may observe the counting. Members may not interfere with the counters' process, rule on any ballots, or stand close enough to bother those properly authorized to participate in the counting process.
4. **ANNOUNCEMENT OF RESULTS - AVAILABILITY FOR REVIEW BY MEMBERS:** Unless there is an elections issue that requires outside assistance or information, the results of the election shall be promptly reported to the Board and shall be recorded in the minutes of the meeting at which the ballots were counted. The minutes shall be available for review by members of the Association within 30 days of the election (even if still in draft status). Within 15 days of the date the ballots are counted and the results are tabulated, the Board shall publicize the results of the election via a general notice to members using the method or methods permitted by California law.
5. **STORAGE OF BALLOTS.** After tabulation, election ballots shall be stored for not less than one year by the Inspector(s). The Inspectors may, at any time, designate a secure place (which could include the Association business records storage) for storage. In the event of a recount or other challenge to the election process, the Inspector(s) shall be notified and shall be entitled to attend. In that event, the ballots shall be made available for inspection and review by Association members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.

APPENDIX L. MONETARY PENALTIES FOR VIOLATIONS OF RULES AND REGULATIONS AND OTHER TERRACES HOMEOWNERS ASSOCIATION GOVERNING DOCUMENTS

1. For renting a unit without first obtaining the approval of the Board:
\$25.00 per day until the rental is approved or terminated.
2. For Open Garage Door Violations:
 - a. 1st violation within a 60 day period = Courtesy Call
2nd violation within a 60 day period = Written Warning
3rd violation within a 60 day period = \$25.00 per violation
4th violation within a 60 day period = \$50.00 per violation
5th and subsequent violations within 60 day period = \$100.00 per violation.
 - b. Violations by guests will be charged to the homeowner of the unit they are visiting.
 - c. If 60 days has passed since the last violation, a new 60 day period begins with the next violation.
3. For Other Violations When No Penalty Is Specified:
 - a. 1st Violation during any one year period = Written Warning
2nd Violation during any one year period = \$25.00 per violation
3rd violation during any one year period = \$50.00 per violation
For the 4th and Subsequent Violations during any one year period = \$100.00 per violation
 - b. If 1 year has passed since the last violation, a new 1 year period begins with the next violation.
 - c. Violations by guests will be charged to the homeowner of the unit they are visiting.