

ENCANTAMAR HOMEOWNERS ASSOCIATION

RULES AND REGULATIONS

The Rules and Regulations have been adopted to protect our property values, maintain a safe and peaceful community for us, and preserve our right to enjoy our homes and community.

The power to establish and enforce these rules is vested in the CC&R's and By-Laws, which provide legal restrictions on the use of our property. It is the duty of the Board of Directors to take the necessary action to protect residents' rights and Association property. The Board intends to enforce these Rules and Regulations. Violations will result in fines and/or specific action by the Board.

As stated in the CC&R's of Tract 12292, the Board of Directors of the Encantamar Community Association, for and on behalf of the Association, shall have the right to and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Thus the Board has formulated, adopted and will enforce the following Rules and Regulations for the Encantamar Homeowners Association.

The Rules and Regulations supplement and/or clarify, but in no case replace, our Declaration of Covenants, Conditions and Restrictions (CC&R's). Each Owner and resident has a duty to become familiar with the CC&Rs and the Rules and Regulations. To the extent there is a conflict between these Rules and Regulations and the CC&Rs, the CC&Rs shall prevail.

If you should be renting your unit, you are responsible for the actions of your tenants. A copy of these Rules and Regulations should be given to all tenants so they are aware of the community guidelines. Should tenants or guests be in violation of the Encantamar governing documents, disciplinary action, including levy of a fine, will be made against the Owner, even though the Owner did not violate the rule.

The waiver of any violation of these Rules and Regulations by the Association shall not constitute a continuing waiver or a waiver of any subsequent violation either of the same or another provision of these Rules and Regulations.

Should any term or provision of these Rules and Regulations be held invalid or unenforceable, the remaining terms and provisions of these Rules and Regulations shall not be affected thereby, but shall remain valid and enforceable.

SECTION I. PARKING, GARAGE AND VEHICLE OPERATION

A. DEFINITIONS:

1. "Association" - The term Association, as used herein, shall mean the Encantamar Homeowners Association, a California non-profit corporation.

2. "CC&R's" - The term CC&R's, as used herein, shall mean those certain Covenants, Conditions and Restrictions recorded with the Orange County Recorder's Office on September 6, 1988 as tract No. 12292, and which affect the subject Property, as well as supplements or amendments thereto.
3. "Commercial Vehicle" - The term Commercial Vehicle, as used herein, shall mean those certain vehicles used for general business purposes with or without signage.
4. "Resident" - The term Resident, as used herein, shall mean any person or persons who reside within the Encantamar Community and, rent, lease or otherwise hire a condominium within the Encantamar Community, or any person or persons who otherwise have a lawful right to reside within an individual condominium within the Encantamar Community with the express permission of its lessee or Owner. The term Resident shall also include any Homeowner who resides within his or her condominium within the Encantamar Community.
5. "Resident Vehicle" – The term Resident Vehicle, as used herein, shall mean any vehicle registered to a resident of the Encantamar Community.
6. "Guest" - The term Guest, as used herein, shall mean any person or persons who are not residents and do not own, rent, lease or otherwise hire a condominium within the Encantamar Community, or any person or persons who otherwise do not have a lawful right to reside within an individual condominium located within the Encantamar Community.
7. "Guest Parking" - The term Guest Parking, as used herein, identifies those certain parking spaces located within the common area of the Community which are marked for guest vehicles.
8. "Homeowner" or "Owner" - The term Homeowner or Owner, as used herein, shall mean any person or persons who hold a titled or other recorded interest in a condominium located within the Community.
9. "Open Parking" - The term Open Parking, as used herein, shall mean those certain parking spaces located within the common area of the Community which are NOT marked as Guest Parking, handicapped parking, or at all.
10. "Overnight" - The term overnight, as used herein, shall mean, at a minimum, that certain period of time between the hours of 12:00 a.m. to 6:00 a.m.
11. "Property" or "Community" - The terms Property or Community, as either term is used herein, shall mean the entire Encantamar condominium community located in the City of Dana Point, County of Orange, State of California.
12. "Abandoned and/or Stored Vehicles" - The term Abandoned and/or Stored Vehicles shall mean any vehicle, which has not been moved for a period of seventy two (72) hours

(determined by reading the odometer, leaving pilings at the tires, marking the tires, or any other acceptable way to determine that the vehicle has not been moved).

13. "Inoperable Vehicles" - The term inoperable vehicle shall mean any vehicle, which cannot or does not move under its own power, or which does not display current registration tags.

14. "Commercial and Recreational Vehicles"-.The term commercial and recreational vehicles includes trucks, vans, motor homes, buses, trailers, trailer coaches, aircraft, trucks/pickup with camper shells, boats, boat trailers, dual-wheeled vehicles, or other oversized vehicles.

15. "Safelist" - The Safelist refers to the procedure, required of Encantamar residents, to register guest vehicles that will be parked overnight within the Encantamar community. The procedure details are in paragraph E 1. of this document.

16. "Parking Permit" – Parking Permit refers to the specially authorized permit for a resident to use an open parking space (a space that is not designated "GUEST") at any time of day. Parking Permits are only granted when conditions described in Section "D" below are met and after payment of the annual fee.

The Encantamar Homeowner's Association Board and its security contractor are responsible for enforcement of the parking, garage and vehicle rules and regulations.

It is the HOMEOWNER'S RESPONSIBILITY to inform guests and/or non-Homeowner residents regarding the "ENCANTAMAR HOMEOWNERS ASSOCIATION PARKING, GARAGE AND VEHICLE OPERATION RULES AND REGULATIONS". Should guests and/or residents violate any of the following rules and regulations, and the violation results in a fine or other penalty as determined by the association board. The penalty will be assessed against the Homeowner, even though the Homeowner may not have violated the rule.

B - PARKING AND VEHICLE OPERATION

1. Guests may park in GUEST-marked spaces as well as in unmarked spaces. Residents may not park in GUEST-marked spaces at any time.

1(a) Guests may not park a vehicle in the common area between the hours of 12:00 a.m. and 6:00 a.m. unless the vehicle has been safelisted with the Patrol Service. See Paragraph E.1 for safelisting procedure

1(b) Residents may not park a vehicle which is registered to the resident in the common area between the hours of 12:00 a.m. and 6:00 a.m. unless the vehicle has been issued a parking permit. See Paragraph F of this Section for details on how to acquire a parking permit.

2. Unless otherwise indicated, two warnings for parking and vehicle operation violations will normally be issued. Citations, towing, fines and arrests can and will all be utilized to enforce these rules and regulations and to ensure safety on our streets.
3. All California Vehicle Codes will be enforced within the Community. Posted stop signs are to be observed with a full stop required. Entering and exiting through the property gates needs to be done slowly to avoid pedestrians and other vehicles.
4. All Vehicles must be currently registered with the Department of Motor Vehicles (DMV) in the state of record.
5. The speed limit within the Encantamar complex is 15 MILES PER HOUR. Under no circumstance should a vehicle exceed 15 MILES PER HOUR.
6. Resident vehicles may be parked on the resident's concrete drive-apron for their unit providing that no tires touch the asphalt and no part of the vehicle extends over the asphalt.
7. Commercial and recreational vehicles are not permitted to park overnight within the Encantamar Community at any time, unless wholly enclosed within a garage. This includes parking on driveways and drive-aprons.
8. No painting, repairing or mechanical work shall be done to any vehicle anywhere in the common area or roadways of the Community, except emergency repairs to enable the vehicle to be moved to a proper repair facility. Homeowners are responsible for oil or stains on driveways, aprons, streets and open space parking caused by their vehicle and the vehicles of their guest or invitees. At the sole discretion of the Association, and after proper notice to the Homeowner that is responsible for the stains, the association shall hire an outside company to remove the stains and bill the Homeowner for the cost of removal.
9. Inoperable vehicles are prohibited from being parked in the common area of the Community. Any vehicle, parked in a common area of the community and determined to be inoperable is subject to an immediate tow, without notice.
10. Abandoned or stored vehicles are prohibited in any common area of the Community. Any vehicle parked in the common area of the community and determined to be abandoned or stored is subject to an immediate tow, without notice.
11. There shall be no unauthorized parking in any handicapped spaces within Encantamar. Any vehicle not displaying a Department of Motor Vehicles' issued handicap placard or handicap designated license plate, which is found to be parked in any handicap parking space, is subject to immediate tow, without notice.
12. Any parked vehicle which hinders access to a resident's unit or garage is subject to an immediate tow, without notice.
13. Vehicles parked in the following areas are subject to an immediate tow, without notice:

- In front of mailboxes
- In roadways
- In front of any fire hydrant
- On any sidewalk or grass area
- At any red-painted curb or fire lane
- On any street, except for the purpose of loading/unloading of passengers or packages or while washing the vehicle
- In any open parking space where the vehicle extends out into the roadway over the asphalt

14. Should a vehicle, determined by the Association or its security company, be in violation of these rules and regulations and that violation results in a towing of the vehicle, all expenses and fines for towing will be at the Resident's or vehicle Owner's expense and each shall hold the Association harmless there from.

C – GARAGE USAGE

1. Garages are to be primarily used to accommodate either one or two standard vehicles dependent on the original garage capacity design. Garages are not to be used for any storage that will impede or prevent the parking of the number of standard vehicles for which the garage was designed. Garages are not to be used for business purposes. Inspections will and can be made by the Board or its agencies at any time to assure compliance with these provisions, and to assure safety from health, fire, or associated hazards.
2. Garage doors shall remain closed except for the purposes of loading, unloading, washing of vehicles, and for home services or repairs.
3. Individual garage sales or moving sales are prohibited within the Community.

D – PARKING PERMIT

1. To apply for and be granted a Parking Permit a residence must have more drivers (each with a registered vehicle) than parking space available in the unit's garage, driveway or drive-apron.
2. A Parking Permit will authorize a resident to park a resident vehicle, overnight, in open parking of the common area for a specified period of time. Open parking spaces shall be on a first-come, first-serve basis. The Association does not guarantee that if a resident is issued a Parking Permit that the resident will receive an open parking space due to the limited number of spaces available.

2(a) A maximum of three (3) Parking Permits can be issued per unit within the Community.

2(b) Upon receipt of a Parking Permit request, the Security Company shall contact the resident and make arrangements to inspect the resident's garage area to verify that the resident is in fact using their garage in a proper manner pursuant to Paragraph C.1 above. There will be a charge associated with this inspection.

2(c) Verify that the vehicle is in compliance, pursuant to Paragraphs B.4, B.10 & B.11 above and issue the Parking Permit.

3. Vehicles with a Parking Permit are prohibited from parking in any marked, guest parking spaces at any time.

4. Any Resident who is declined a Parking Permit for failure to pass an inspection may either correct the problem(s) and request another appointment or make an appearance before the Association's Board of Directors to explain why such problem(s) cannot be corrected.

5. No variance of any kind shall be issued to any resident who, at the time of registration, is not current in their Association dues or who is in arrears with the Association. The Association may revoke a Parking Permit if a resident subsequently becomes delinquent on Association dues.

6. Vehicles, which are issued a Parking Permit, must be used on a regular basis. Abandoned and/or stored vehicles are not authorized to be issued a Parking Permit. Violation of this rule shall subject the Parking Permit to forfeiture.

7. During vacation, it is the resident's responsibility to contact and inform the Security Company in writing that a vehicle with a Parking Permit will not be moved for a period of time (not to exceed fourteen (14) days). If a prior written approval is not requested and received, the vehicle will be subject to towing on the fourth day. If a vehicle with a Parking Permit, with prior approval for a vacation hold, is left for more than fourteen consecutive days, it will be subject to towing on the fifteenth day.

8. A Parking Permit is issued to a particular resident and vehicle. Any change of vehicle requires the resident to request a new parking permit unless it replaces a vehicle previously permitted. Replacement vehicles registration can be verified by the Security Company to assure compliance.

9. A fee will be charged for each Parking Permit.

10. A Parking Permit is subject to an annual fee and expires on December 31st. A fee will be charged for each Parking Permit prorated based upon the months available for permitted parking until December 31st of the year of the permit.

11. When a Parking Permit is approved, a badge that will be attached to the applicable vehicle will be provided by the Security Company.

E - GUEST VEHICLES

1. Guest vehicles that will be parked overnight within the Encantamar community are required to be placed on a safelist by a resident. Guest vehicles not placed on the safelist are subject to towing.

1(a) Residents can call the Security Company (phone number for the security company can be found at www.encantamar.com) to have the guest vehicle(s) placed on a safe list or a resident may access the Security Company's web site at the company's web address (found on www.encantamar.com) to place a guest vehicle on the safelist.

1(b) When safelisting a guest vehicle, the number of days, not to exceed 10 days, must be specified.

1(c) More than one guest vehicle can be safelisted. However, any one, unique guest vehicle cannot be safelisted for more than 10 days in a rolling 6 month period.

1(d) Exceptions to these rules will be considered by the Board of Directors.

2. Guest parking spaces shall be on a first-come, first-serve basis. The Association does not guarantee that a space will be available due to the limited number of common area parking spaces in the community.

3. Vehicles which are registered to a resident and/or with a registration address within the Encantamar community shall not be placed on the safelist as a guest vehicle. Only guest vehicles can be placed on the safelist.

F - VIOLATIONS

1. Providing false information to the Security Company when placing a vehicle on the safelist or applying for a parking permit constitutes a violation of these Rules and Regulations and shall invalidate the safelist entry or the parking permit. Should no remedial action be taken, the vehicle, which has been invalidated, shall be subject to an immediate tow, without notice.

SECTION II. COMMON AREA RULES

A. At all times, consideration for your neighbor's right to peaceful enjoyment of their property is required.

B. Alteration of the Common Area, absent Board approval, is strictly prohibited. In the event the Board permits an Owner to alter the Common Area, the Owner shall be responsible for on-going maintenance and liability of the area and shall be required to

enter into a recorded agreement. Owner shall be responsible for attorney fees and other costs incurred in preparation and recording of the agreement.

- C. Littering of any kind, including cigarette butts, is prohibited.
- D. Climbing of fences, walls or trees in the common area is prohibited. Owners will be held responsible for any damages caused by themselves, their children, other family members, tenants, pets, or their guests.
- E. In the interest of personal safety and Owner liability, the common area should not be used as a thoroughfare.
- F. Riding of bicycles for the purposes of ingress and egress within the community is permitted.
- G. Riding of skateboards, roller skates, or other similar wheeled equipment on streets, sidewalks, or landscaped areas is prohibited. Leaving bicycles, skateboards, or other similar wheeled equipment on walkways, landscaped areas or streets is prohibited.
- H. Use of ramps for the purpose of jumping or doing stunts with bicycles, skateboards, or other similar wheeled equipment is prohibited on the property.
- I. No basketball hoops (permanent or portable) shall be placed or used within the common area or exteriors of any unit.
- J. Smoking of any kind, including, but not limited to, cigarettes, cigars, pipes, e-cigarettes, vapor pens, vapor pipes, marijuana and hookahs, is prohibited in the Association Common Areas and Exclusive Use Common Areas. The Common Area include, but are not limited to, the clubhouse, pool, greenbelts, parking areas, and other recreational facilities. The Exclusive Use Common Areas include decks, entry, garage, patio, yard, and storage area, as referenced in the CC&Rs and Condominium Plans.

When smoking inside the Unit (Unit includes associated garage), doors and windows must be closed.

Owner shall be responsible for any and all property damage and personal injury which arises from smoke of any kind emanating from Owner's Unit or in violation of

these rules. Further, Owner shall defend and indemnify Association for claims which arise from smoke emanating from Owner's Unit or in violation of these rules.

SECTION III. POOL AND SPA RULES

- A. All Health and Safety Laws apply to the use of the recreation facilities. There is no lifeguard or attendant on duty, therefore, any use of the pool or spa is done so at one's own risk. Encantamar Homeowners Association will not be held responsible.

- B. Parents or guardians, whether present or not, are responsible for children under the age of 18.
 - 1. Children under the age of 13 shall be accompanied by an adult at all times in the pool area.
 - 2. Children under the age of 13 shall be accompanied by a parent or guardian when using the spa. For health and safety purposes, the Encantamar Homeowners Association recommends that children under the age of 13 should not use the spa at any time without adult supervision.
 - 3. For health and safety purposes, children in diapers must wear waterproof/elasticized pants when using the swim or spa facilities.

- C. No horseplay, disorderly or unsocial conduct is allowed in the pool area.
 - 1. No bicycles, skateboards, roller-skates or any wheeled toys are allowed in the pool area.
 - 2. No diving in the pool is allowed.
 - 3. Appropriate swimming attire is required for use of the pool or spa.
 - 4. Playing with the safety equipment is prohibited.

- D. No dangerous, hazardous or unsafe articles are to be brought inside the pool area.
 - 1. No animals, other than service dogs, are allowed in the pool area.
 - 2. No glass is allowed in the pool area.
 - 3. NO Styrofoam or inflatable objects, other than child safety equipment, are permitted within the pool area.

4. Smoking in the pool area is prohibited.

- E. ALL POOL GATES MUST REMAIN CLOSED AND LOCKED AT ALL TIMES FOR SAFETY AND SECURITY.

- F. Any Owner, resident or guest who violates the rules may be asked to leave the pool area.

- G. Guests may make use of the pool and spa only when accompanied by the resident host. Guests not accompanied by a resident host may be requested to leave the premises.

- H. POOL HOURS: SUNDAY-THURSDAY: DAWN UNTIL 11:00 PM
FRIDAY-SATURDAY: DAWN UNTIL 12:00 AM
Or as otherwise posted.

**SECTION IV.
EXERCISE ROOM RULES & OPERATION PROCEDURES**

- A. Use of the exercise room is by Owners, residents and their guests only. Prior to use, a refundable deposit of \$100.00 is required for the key. If a key is lost or stolen, a replacement key will be \$50.00. Any damages resulting from the improper use of the exercise equipment or the facilities will be deducted from the deposit. If damages should exceed the deposit amount, the Homeowner will be responsible for any and all damages attributed to their negligence.

- B. Use of the exercise equipment is done at your own risk and with full knowledge and acceptance that use of the exercise equipment has inherent risks and hazards, including personal injury or death. There is no attendant on duty to monitor the use of the equipment. Encantamar Community Association is not responsible for any bodily injury due to improper use of the equipment. Owner and Owner's family members, tenants and guests who use exercise equipment each waive, release and discharge Encantamar Community Association, its directors, officers, employees and agents for any damage to or loss of any property or injury to or death of any person or persons, resulting from or arising in connection with the use of the Association's exercise facilities.

- C. Owners shall be responsible for the conduct of his/her family members, tenants and guests. Owner shall pay Association in full and promptly upon demand for any and all

loss of and damage to Association's property caused by, or arising out of the use of Association's recreation facilities by Owner and Owner's family, tenants and guests.

- D. Use of the equipment must not exceed the limitations posted on the individual piece of equipment as noted by the manufacturer. No piece of exercise equipment is to be used in a manner that is unsafe to you or to others using the facilities. Equipment that is not functioning properly is to be tagged with sign: "NOT IN OPERATION". Signs are available in the room for your use. Please report inoperable equipment to the community's management company immediately. The management company is not responsible for the posting of signs on non-operational equipment and assumes no liability if anyone is injured during the operation of the equipment.

- E. All exercise equipment must not be removed from the exercise room and must remain in the installed position.

- F. Use of the exercise room is limited to the following hours, or as otherwise posted:

| | |
|------------------|---------------------|
| Sunday-Thursday: | Dawn Until 11:00 PM |
| Friday-Saturday: | Dawn Until 12:00 AM |

- G. Exercise equipment use is restricted to adults 18 years or older.

- H. No food or drink is allowed in the exercise room. No glass containers.

- I. No smoking is allowed in the exercise room.

- J. Use of radios without headsets and televisions are not permitted in the exercise room.

- K. Equipment is to be turned off and wiped down after use.

- L. Please turn off room lights when leaving.

- M. No horseplay or disorderly conduct is permitted in the exercise room.

N. Close all windows when leaving the exercise room.

SECTION V. ANIMALS AND PETS

- A. No animals, insects, or reptiles of any kind shall be raised, bred, or kept on the property for any commercial purpose.
- B. No more than two (2) dogs, cats, or other common household pets may be kept on the property.
 - 1. Owners are responsible and liable for any damage or noise caused by their pet.
- C. Animals in the Common Area must be leashed at all times with a person capable of administering reasonable control of the animal.
 - 1. RESIDENTS ARE RESPONSIBLE FOR IMMEDIATE CLEAN UP AND PROPER DISPOSAL OF THEIR ANIMAL'S EXCREMENTS.
 - 2. Animals may not be left unattended in any common area, even if restrained by a leash or rope.
- D. EXCESSIVE BARKING, HOWLING, OR WHINNING AT ANY TIME IS PROHIBITED.
- E. The Association, acting through the Board of Directors shall have the right to prohibit the maintenance of any animal maintained in the community, which constitutes in the opinion of the Board a nuisance to the Owners of units within Encantamar.

SECTION VI. PUBLIC NUISANCE

- A. Excessive noise, including, but not limited to, loud music and power tools shall be kept to a minimum and only during daylight hours.
- B. Operation of noisy and or smoky vehicles shall not be permitted.
- C. No offensive activities shall be carried on upon the Property.

- D. The Board of Directors of the Association shall have the right to determine if any noise, odor, or activity constitutes a nuisance or is offensive.
- E. No resident shall permit or cause anything to be done or kept on the Property which may increase the rate of insurance, or result in the cancellation of such insurance, or which will obstruct or interfere with the rights of other residents quiet use and enjoyment of the Property or the Unit, nor commit or permit any nuisance thereon or violate any law.

SECTION VII. TRASH AND TRASH CONTAINMENT AREAS

- A. NO RUBBISH, TRASH, GARBAGE OR OTHER WASTE MATERIAL SHALL BE KEPT OR PERMITTED UPON ANY PORTION OF THE PROPERTY, EXCEPT IN SANITARY CONTAINERS LOCATED IN APPROPRIATE AREAS SCREENED AND CONCEALED FROM VIEW.
 - 1. No odor shall be permitted to arise there from so as to render the Property, or any portion thereof, unsanitary, unsightly, offensive, or detrimental, to any other property in the vicinity thereof or to its occupants.
- B. Trash containers may be put out for the pickup no earlier than noon the day before a scheduled pick up and must be brought back in the following evening.
 - 1. Trash left out for pick up must be in a closed or covered container.
- C. Trash dumpster areas are to be kept in a neat, clean and sanitary condition.
 - 1. Normal trash left in the dumpster areas must be placed INSIDE the dumpsters.
 - 2. Large items may be disposed of by placing in the disposal areas. To learn the date of the next scheduled large-item-pickup, call the phone number posted on the sign outside of the dumpster area.

SECTION VIII. EXTERIOR/INTERIOR MODIFICATIONS, PATIOS, DECKS AND COMMON AREA UTILITY ROOMS

- A. Window coverings shall be white in color, in accord with Article IV, Sect. 15 of the CC&Rs.

B. No installation, change, improvement, add-on, or alteration to the exterior of any unit shall be commenced without prior Architectural Review Committee approval. This includes, but is not limited to, the replacement of exterior doors or windows, addition of awnings, patio covers, or fence coverings, and installation of satellite dishes, antennas, or receivers.

C. No interior changes shall be made prior to Board approval that has implications for structural integrity and/or significant changes to interior utilities in accord with Article IV, Section 7 of the CC&Rs.

D. There shall be no storage of playhouses, large-scale toys, bicycles, surfboards, other sports equipment, tools, appliances, boxes, clothing racks, storage crates, trash cans, or trash bags, or similar items on the patios, decks.

E. No large, weighty or wet items shall be kept on the patios or decks which could result in (a) hazards to other residents, or (b) cause damage to the common area property. In such instances, the owner will be responsible for damages.

F. The common area utility rooms are not available for use by any unit owners or residents for storage of their personal items. These areas are for the exclusive use of community including gas, electric and communications utility equipment.

SECTION IX. SIGNS

A. This section of the Rules of the Association defines policies for signage and posters which are permitted within the community, in accord with Article IV, Section 5 of the CC&Rs. The Board will be the final arbiter for any conflicts regarding such signs and posters. This section is pertinent to sales/advertising, community events, and miscellaneous posters.

1. Sales/advertising:

1.1 The only advertising materials permitted within the community are for the sale or lease of residential units.

1.2 All such signs shall be placed in the front yard of the appropriate unit.

1.3 No signs shall be placed in residence windows or attached to the residence walls.

1.4 Sale/lease signs shall not be more than 3 square feet in size with a maximum height of 4 feet, and be consistent with the color scheme of the community as defined by the Architectural Committee and/or the Board.

2. Official Community Notices:

- 2.1 In addition to notices on the Encantamar web site and in the Newsletter, official community notices for meetings or other community events will be posted in the central bulletin structure near the main community entry adjacent to the Clubhouse.
- 2.2 Only current Board members will have keys and right of access to the Community Bulletin Board.
- 2.3 In addition to the central bulletin structure, the Board may authorize certain signs to be posted on the postal kiosks which exist on the west side of the community and on the mailbox structures in the townhome area. Such signs might be those related to a community garage sale, social event, or other community interest. Election campaign signs or posters are not permitted on the postal kiosks or stands (see 3.2 below).
- 2.4 The Association may post notices on individual residences when certain services will affect the property, such as painting, plumbing services, inspections, etc.

3. Miscellaneous Materials:

- 3.1 It is recognized that certain personal emergencies might be appropriate for sign posting. Examples are for a missing child, pets, a valuables loss, etc. These circumstances are emotional in nature, and posting of such losses are permitted. However, the Board reserves the right to remove these based on duration and location of their placement.
- 3.2 In addition to campaign statements which accompany the formal community ballots, individuals campaigning for Board positions are permitted to mail flyers or hand out such materials to residents. Such campaign materials may not be posted on mailbox kiosks in the condominium area nor on mail post stands in the townhome area.

SECTION X. TENANTS

- A. The Owner shall have the responsibility to acquaint their tenants and guests with the Rules & Regulations of the corporation.
- B. For the purpose of these Rules & Regulations, a tenant shall be defined as anyone in possession of an Owner's unit in exchange for any sort of consideration or at the sufferance of the Homeowners.

- C. Violations will be assessed against the Owner even though the infraction was committed by a tenant or guest.
- D. An Owner shall not rent or lease less than the entire Unit. An Owner shall not rent or lease the Unit for transient or hotel purposes. LEASE OR RENTAL FOR A PERIOD OF LESS THAN 30 DAYS IS PROHIBITED.
- E. All leases and rentals shall be in writing and shall be subject to the Association's governing documents.

SECTION XI. ENFORCEMENT AND PENALTY PROCEDURES

A. DISCOVERY OF VIOLATION

- 1. Any violation that is an alleged violation of the Association's governing documents (including, but not limited to, the CC&Rs or Rules and Regulations) will be processed according to the procedure outlined herein.
- 2. In the event one or more Owners reports a violation, or the Board of Directors discovers a violation, the Board would act as follows:
 - a) Send a letter to the Owner stating the alleged violation and date needed to cure said violation.
 - b) Upon expiration of the cure date, if the violation still exists, a second letter will be sent stating that the failure to abide by the Association's governing documents has imposed a hardship on the Association and the Owner will be asked to attend a hearing with the Board of Directors. The notice will contain a description of the alleged violation, reference of provisions of the governing documents alleged to have been violated and the time and place of the hearing.
 - c) The Owner will be notified as to the decision rendered by the Board as a result of the hearing. If the Owner is found to be in violation of the Association's governing documents, the Board will either (a) seek remedy by use of alternative dispute resolution such as mediation or arbitration; (b) levy a fine; (c) temporarily suspend the voting rights attributable to the Owner's Condominium; (d) temporarily suspend rights to use any common area facilities; (e) enter upon a Condominium to monitor and enforce a compliance; or (f) a combination thereof.
 - d) If the decision is to pursue a monetary fine system, the Encantamar Fine Schedule will apply.

- e) If the Board of Directors determines circumstances warrant immediate action, the first violation notice may also include a notice of hearing.
- f) If the violation continues past the hearing and first fine stage, the Owner will be asked to attend subsequent hearings with the Board of Directors. Fines may continue to be assessed at every hearing in accordance with the fine schedule.
- g) If an account is delinquent, the Owner's voting rights and/or the privileges of the Owner and the Owner's requests, tenants and family members to use the common area facilities may be suspended following notice and the opportunity for a hearing pursuant to California Corporations Code 7341 and Article VI, Section 14 and Article XX, Section I of the Association's CC&R's. Any such suspension shall continue for as long as the delinquency continues.

NOTE: A violation is defined as an act in conflict with the CC&R's, Bylaws, Rules and Regulations and Architectural Guidelines of the Encantamar Homeowners Association.

B. FINE SCHEDULE

Penalties (fines) for non-compliance with the Association's governing documents may also be assessed, after notice and a hearing, in accordance with the following Fine Schedule:

| <u>Description</u> | <u>Amount</u> |
|----------------------------|---------------|
| First Offense | \$100.00 |
| Second Offense | \$200.00 |
| Third & Continuing Offense | \$300.00 |

B (1) If the violation is not corrected after the third hearing and notice, the fine of \$300 will be applied after each subsequent notice and hearing. The fines imposed and not paid will be cumulative.

B (2) In addition, if the Board determines that the violations are egregious in nature and potentially harm the general interests and value of the community, the Board has the right to levy fines up to the amount of \$1,000.00 per notice and hearing after the third hearing. Examples of such potentially egregious violations are continuous repair of vehicles in driveways, use of a garage for the conduct of an on-site business, use of a unit for short-term rentals, and other activities which are considered to threaten the general well-being of the community and its residents.

- B (3) If the egregious violation continues after actions in B.2 (above), the Board of Directors may engage in legal action to enforce the HOA interests, and to recover costs associated with such action.

NOTE: In addition to imposing a fine, should a violation impose a financial obligation on the Association, including, but not limited to, costs to repair damage to the common area, an assessment shall be levied against the responsible Owner and the responsible Owner shall immediately reimburse the Association. Further, if the Association incurs attorney fees to pursue a violation against an Owner, Owner shall reimburse the Association for such fees.

SECTION XII. DELINQUENCY POLICY

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. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&R's) and the California Civil Code to enforce the Owners' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&R's and Civil Code Section 1365 (d), the following are the Association's assessment practices and policies:

1. 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 on the Notice of Assessment which date will not be less than thirty (30) days after the date of notice of the special assessment.
2. 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 (Civil Code Section 1367(a); Civil Code Section 1367.1(a).
3. Assessments not received within fifteen (15) days of the stated due date are delinquent and shall be subject to a late charge of ten dollars (\$10.00) for each delinquent assessment per unit.
4. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorneys' fees, unless the Owner and the Association enter into an agreement providing for payments to be applied in a different manner.
5. A first notice of past due assessment will be prepared and mailed on assessments not received within thirty (30) days of the stated due date. A twenty five-dollar (\$25.00) charge for the late letter will be made against the delinquent Owner's account. Additionally, an interest charge at the rate of 12% per annum will be assessed against any outstanding balance including delinquent assessments, late charges, and cost of collection, which may include attorney fees. Such interest

charges shall continue to be assessed each month until the account is brought current.

6. If a payment is not received within forty-five (45) days of the stated due date, the Association will send a pre-lien letter to the Owner as required by Civil Code Section 1367.1(a), by certified and first class mail, to the Owner's mailing address of record advising of the delinquent status of the account and impending collection action. The Owner will be charged a one-hundred dollar (\$100.00) fee for the pre-lien letter. In addition, the Owner will also be charged a forty dollar (\$40.00) fee for each title check requested and a fifty-dollar (\$50.00) fee for the resolution.
7. If an Owner fails to pay the amounts set forth in the pre-lien letter within thirty (30) days of the date of that letter, a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection including attorneys' fees may be assessed against the Owner's property. The Owner will be charged a two-hundred dollar (\$200.00) fee for the preparation and recordation of the lien. After the expiration of 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 (Civil Code Section 1367 (e); Civil Code Section 1367.1(g)), subject to the limitations set forth below under "Additional Provisions to Conform to Law" and as otherwise provided by law.
8. If the balance due is not paid within thirty (30) days of recordation of the lien, the matter may be turned over to an attorney for legal action, including an action to foreclose the assessment lien and/or for a monetary judgment. The Owner will be charged three hundred dollars (\$300.00) for preparing the matter to be sent to counsel.
9. An Owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.
10. In the event it is determined that the Owner has paid the assessments on time, the Owner will not be liable to pay the charges, interest, and costs of collection associated with the collection of those assessments.
11. Any Owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An Owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.
12. 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.
13. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and legal fees must be paid in full to the Association.
14. The delinquent Owner will be responsible for all costs of collection, including attorneys' fees, incurred by the Association to collect any delinquent sums (Civil Code Section 1366 (e)).
15. All charges listed herein are subject to change without notice.

Additional Provisions to Conform to Law

Prior to the recording of a lien, Homeowners that are delinquent will be sent a "pre-lien" letter. The pre-lien letter will include an offer by the association to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the pre-lien letter, pursuant to the association's meet and confer program required by Civil Code Section 1363.810, et seq.

Prior to recording of a lien, the Board of Directors will approve the recording of the lien in open session at a regular or special board meeting.

The association may not foreclose unless delinquent assessments are greater than \$1,800 or greater than one year in arrears.

Prior to commencing foreclosure, the association will offer to engage in informal dispute resolution upon receipt of a written request within thirty (30) days of the offer of such informal dispute resolution, pursuant to the association's meet and confer program required by Civil Code Section 1363.810, et seq. and will also offer to engage in formal alternative dispute resolution with a neutral third party pursuant to Civil code section 1369.510, et seq.

Prior to commencement of foreclosure, the Board of Directors will approve the foreclosure in executive session and note the approval in the regular minutes of the association without identification of the name of the individual.

All foreclosures shall be subject to a ninety (90) day right of redemption.

Fee and Penalty Procedures

The following charges may be assessed in accordance with the Association's Assessment and Billing Collection Policy:

| | |
|---|--------------|
| Late Charge | \$10.00 |
| Late Letter Fee | \$25.00 |
| Pre-Lien Letter | \$100.00 |
| Additional Pre-Lien Letters | \$50.00 each |
| Title Check Fee | \$40.00 each |
| Resolution to Record Lien | \$50.00 |
| Lien Fee | \$200.00 |
| Additional Lien mailings | \$50.00 each |
| Lien Release | \$100.00 |
| Payment Plan Admin, Fee — monthly fee | \$25.00 |
| Attorney Package Preparation & Monthly | \$300.00 |
| Returned Check Fee | \$25.00 |

In addition to the above, if a matter is sent to counsel for legal action, or to a collection service for foreclosure or other action, the Owner will be responsible for any attorneys' fees and costs incurred by such action.

The mailing address for overnight payment of assessments is:
ENCANTAMAR HOMEOWNERS ASSOCIATION
c/o PCM
23726 Birtcher Drive
Lake Forest, California 92630

SECTION XIII. INTERNAL DISPUTE RESOLUTION POLICY

A. Purpose: Pursuant to Civil Code § 1363.820, the purpose of the Internal Dispute Resolution (IDR) Policy is to provide a fair, reasonable and expeditious procedure for resolving a dispute between the Association and an Owner involving the parties' rights, duties, or liabilities under the Davis-Stirling Common Interest Development Act, Civil Code § 1350 *et seq.*, under the Nonprofit Mutual Benefit Corporations Law contained in Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code, or under the governing documents of the Association.

B. Process:

1. The Internal Dispute Resolution (IDR) process may be begun by either the Association or the Owner (the "requesting party"). A request for IDR must be made in writing and served by certified mail. The request must clearly describe the nature of the dispute, supporting evidence for the position, and the resolution or action sought.
2. If the process is invoked by an Owner, the Association shall participate. If the process is invoked by the Association, the Owner may elect not to participate in the procedure. Should the Owner elect not to participate in the procedure, however, the Owner shall thereby waive any right to appeal or ask the Board of Directors to reconsider any decision it may make regarding the dispute.
3. Within forty-five (45) days following the receipt of the written request for Internal Dispute Resolution by the responding party, the responding party must inform the requesting party of his or her intent to participate in the IDR. The response shall be made in writing by certified mail. The parties shall agree upon a mutually convenient date, time and place to conduct the meet and confer meeting. The Association may designate one or more representatives to represent the Association in the process. The parties shall schedule and conduct the meet and confer within ninety (90) days following the responding party's receipt of the written request for Internal Dispute Resolution, unless otherwise extended by agreement between the parties.

At the Association's option, as an alternative to a meet and confer, the parties may mediate their dispute through the Mediation Committee of the Orange County chapter of the Community Associations Institute (CAI), or other low-cost mediation program, if such mediation may be scheduled to occur within sixty (60) days following the responding party's

receipt of the written request for Internal Dispute Resolution. The Owner shall not be charged a fee to participate in such a mediation; any fees shall be paid by the Association.

4. IDR presents an opportunity for the parties to freely and openly discuss the dispute and explore avenues for resolution. The presence of attorneys in the IDR process may hinder a free exchange between the parties. Should a party decide to bring his/her/its attorney to the meet and confer or mediation, the party shall provide written notice (by fax or overnight mail) to the other party at least ten (10) business days prior to the meet and confer or mediation so that the other party can arrange to have his/her/its attorney attend as well.

5. Each party shall have the opportunity to state and explain their positions regarding the matter in dispute. The requesting party shall provide a brief opening statement at the meet and confer which clearly states and presents the nature of the dispute, supporting evidence for the position, and the resolution or action sought. The responding party shall have an equal opportunity to respond and rebut. The parties shall maintain a courteous and respectful decorum during the meet and confer. Unruly, discourteous or abusive behavior shall be grounds to terminate the meet and confer and shall not entitle the party to further meet and confer on the issue.

C. Resolution:

1. If during the meet and confer or mediation the parties reach an agreement regarding the manner in which the dispute may be resolved, they shall put the agreement in writing and the Owner shall sign it. At the next regularly scheduled Board Meeting following the meet and confer or mediation, the Board of Directors should consider the agreement and, if it is approved by a majority vote of a quorum of the Board, two (2) Board Members shall sign the agreement, at which time the agreement shall become binding upon the Association and the Owner. The agreement shall only become binding upon the parties if such action is taken by the Board of Directors. Should the Board of Directors approve and sign the agreement, a copy of the signed agreement will be provided to the Owner. The original of the agreement shall be maintained in the Association's business records.

2. If the parties do not reach tentative agreement at the meet and confer or mediation, the Board of Directors may consider the issue at its next regularly scheduled meeting. If the matter is resolved through decision by the Board of Directors, the Board of Directors shall send its written decision regarding the matter in dispute to the Owner by certified mail, within fifteen (15) days following the decision.

D. Effect.

IDR shall not suspend or delay other enforcement action by the Association, including but not limited to hearings, levy of monetary penalties and other assessments, disciplinary action, and legal action. IDR shall not be a substitute for Alternative Dispute Resolution.

SECTION XIV. INTERIOR MODIFICATIONS

A. HARD FLOORING:

1. All hard flooring installations inside individual units requires architectural approval prior to any hard flooring installation.