

Crown Colony Homeowner Association

Violation and Fining Policy

(Including Schedule of Fines)

This document sets forth Crown Colony Homeowner Association's policy for imposing disciplinary actions (including a Schedule of Fines) for violations of the Association's governing documents, pursuant to Civil Code section 1363 and the Association's Amended Bylaws ("Bylaws") and Amended & Restated Declaration of Covenants, Conditions & Restrictions (CC&Rs).

1. Authority of the Association's Board of Directors. The Board of Directors (Board), pursuant to Bylaws section 9.4 and CC&Rs section 6.4, has the authority to adopt and establish rules, regulations and policies (collectively, "Rules") governing the use of Common Area and facilities within Crown Colony, the personal conduct of Members, tenants and guests, and to take steps as it deems necessary for the enforcement of such Rules and the Association's Governing Documents (which in addition to the Rules, includes the Bylaws and CC&Rs).
2. Member Responsibility. Each Unit Owner is a Member of the Association and is responsible for complying with the Governing Documents. Owners are required to give their tenants, if any, copies of the Governing Documents and of amendments and new Rules as they are adopted. Owners are also responsible for ensuring that their tenants, invitees, guests, and Unit occupants comply with the Governing Documents. In the case of violations by tenants, invitees, guests and Unit occupants who are not Members of the Association, the Association will notify the Unit Owner. Any fines for non-compliance or Reimbursement Assessments will be imposed against the Owner.
3. Notice. At least ten (10) days before the meeting at which the Board will determine whether to impose a fine or other sanction, such as suspending any rights or privileges or levying a Reimbursement Assessment, the Board will notify the Member in writing. The notification shall:
 - a. Identify the governing document provision that has been violated;
 - b. Describe the nature of the violation;
 - c. Identify the date, time and place of the meeting;
 - d. Describe the corrective action to be taken by the Member and the time within which it must be done (if applicable);
 - e. Describe intended or possible sanction(s); and
 - f. Give the Member the opportunity to attend the meeting and to address the Board regarding the alleged violation.

If the Member's failure to correct a violation results in the expenditure of funds by the Association to correct the violation, the notice shall also state that the Board may vote to levy a Reimbursement Assessment if the Board finds that a violation has occurred.

The notice shall either be given personally to such Member or sent by first-class or certified mail to the last address for the Member shown on the Association's records.

4. Hearing. The hearing shall be conducted by the Board. The Member is entitled to attend the hearing and to address the Board. The President shall read the charges against the Member. The Member is allowed to present evidence and testimony on his or her behalf and shall have the right to question the witnesses against him or her and examine all evidence presented. The Board is entitled to question all witnesses. The Board shall have the exclusive power and authority to impose disciplinary action.
5. Imposing Disciplinary Action. The Board may impose one or more sanctions if it determines at the meeting that a Member or his or her tenant, invitee, guest or Unit occupant has committed a violation of a particular governing document provision. This action may be imposed even if the Member does not appear at the hearing when scheduled or does not submit a written explanation to the Board at or before the time

scheduled for the hearing. As provided in CC&Rs Section 14.8, disciplinary action may include loss of good standing, suspension of other rights, and/or monetary penalties (i.e., fines) as follows:

- a. Loss of Good Standing. Suspension of the Member's Good Standing status for so long as the Member remains in default of any payment or until the violation is remedied. The impact of suspension of the Member's Good Standing status is that his or her Association voting rights are suspended and he or she is disqualified from serving on the Board.
- b. Suspension of Other Rights. Suspension of the Member's or Resident's right to use Common Area recreational facilities for so long as the Member remains in default of any payment or for such period as may be specified by the Board if the violation involves misbehavior related to Common Area recreational facilities.
- c. Monetary Penalties i.e. Fines. Imposition of fines in accordance with the Association's current Schedule of Fines.

In the case of continuing violations, such as architectural violations, the Board may impose additional disciplinary action once every thirty (30) days until the violation is remedied, provided that procedural requirements are followed. Repeated or habitual violations within a 30-day period, such as parking violations, shall not constitute a continuing violation but shall be a separate violation for each occurrence, and disciplinary action may be imposed for each and every separate violation.

6. Notice of Board's Decision; Effective Date of Sanction. The Board shall notify the Member of its decision, in writing, within fifteen (15) days after the hearing. Failure to notify the Member within such 15-day period shall invalidate the Board's action. A fine or Reimbursement Assessment shall become effective no sooner than five (5) days after the date of the hearing.
7. Grievance Committee. The Board-appointed "Grievance Committee," as authorized and directed by the Board, has the authority to investigate alleged violations and meet with the alleged violator and complaining parties (if any). The Grievance Committee also makes findings (as to whether a violation has occurred) and provides recommendations to the Board concerning sanctions. However, the final determination on whether a violation has occurred and the decision to impose sanctions (including the type of sanction(s) that will be imposed, if any) shall be ultimately made by the Board.
8. Payment of Fines. Fines (also known as "monetary penalties" or "Enforcement Assessments") are due when imposed and are deemed delinquent if not paid within fifteen (15) days after they are due. All sums payable hereunder by a Member shall bear interest at the maximum rate permitted by law commencing on the date the said sums become delinquent. The Association may commence a lawsuit to compel payment of delinquent fines and to recover attorney's fees and costs of enforcement.
9. Schedule of Fines. The Schedule of Fines adopted by the Board is attached to this Policy.
10. Additional Corrective Measures; Reimbursement Assessment. The imposition of fines and suspension of voting and use rights are in addition to the requirement that Members comply with the governing documents. Compliance may include, but is not limited to, correcting, repairing or replacing non-complying conditions, all at the Member's expense by, for example, levy of a Reimbursement Assessment against such Member and his or her Unit (see CC&Rs, section 7.8).
11. Other Remedies. The Association reserves the right to avail itself of any other remedy permitted by law and the governing documents to enforce the provisions of the Association's Governing Documents (including Rules). These remedies include, but are not limited to, requesting internal dispute resolution, requesting that the matter be submitted to some form of alternative dispute resolution such as mediation or arbitration, right of entry to correct a violation, or bringing an action in court. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.
12. CC&R Provisions Also Apply. The CC&Rs, in particular, Article 14, also addresses and applies to the holding of hearings and imposition of fines and other sanctions against Members.
13. Liens. The Association may secure recovery of any fines imposed and the costs of enforcement by recordation of a lien or liens to the extent not prohibited by law. As of the date of adoption of this Policy, liens that are recorded to secure fines may not be enforced by non-judicial foreclosure.

14. Association's Duty of Enforcement. Failure by the Association to enforce any provision of the governing documents shall in no event be deemed a waiver of the right to do so thereafter.
15. Amendment of Policy. As provided in Civil Code section 1357.120 (b)(4), the Board may amend this Policy without providing advance notice to the Owners if an amendment is required by law or needed to conform a particular provision or provisions of this Policy to changes in applicable California statutory law that are nondiscretionary in nature.

Crown Colony Homeowners Association Schedule of Fines

To ensure compliance with the Governing Documents of Crown Colony Homeowners Association, Members may be fined for violations. The Association's Board of Directors has adopted this Schedule of Fines, which will be in effect until changed by action of the Board of Directors. Any violation of the Governing Documents either by a Member or a Member's tenant, invitee, guest or Unit occupant shall be subject to the following fines:

Violation	1 st Violation	2 nd Violation ¹	3rd + Subsequent ²
Architectural	\$50	\$100	\$200
Automobile(including Parking Sticker Violations)	\$50	\$100	\$200
Decks, Patios, Parking Spaces	\$50	\$100	\$200
Excessive Noise	\$50	\$100	\$200
Misuse of Common Area or Facilities	\$50	\$100	\$200
Pets	\$50	\$100	\$200
Vandalism	\$100	\$200	\$300
Serious Personal Endangerment or Serious Health Hazard ³	\$100	\$200	\$300

The following policy was adopted by the Crown Colony Board of Directors at its August 20, 2008 meeting. The Policy became effective September 1, 2008. It was revised to bring it into conformity with the Association's Amended Bylaws and Amended Declaration of Covenants, Conditions and Restrictions ("CC&Rs").

¹ Applies to a second violation of the same type.

² Applies to a third or subsequent violation of the same type.

³ Actions that may result in, or do result in serious personal endangerment or a health hazard are subject to higher fines. An example of a rule violation that can result in serious personal endangerment is wrong-way driving in the community. An example of a rule violation that can result in a serious health hazard is maintenance of too many pets without regard to the unit's cleanliness.