



RULES & REGULATIONS

Adopted: 11/17/2022

Welcome to Zest!

The Zest Owners Association (“**Association**”) is a residential homeowners association consisting of one-hundred and fifty-one (151) condominium homes. Living within a homeowners association offers many benefits, and in order to protect and preserve these benefits, certain limitations and restrictions are placed on homeowners, residents and their guests. These limitations and restrictions are not meant to hinder anyone, but help foster harmony within cooperative living where the interests of the entire Association must be taken into account, as well as the interests of the individual. It is important to remember that while living within the Association, it is very much like governing a small government; the Association can serve you well, but you will have to work for its success.

The Association’s responsibilities are established in their Governing Documents, which are the Declaration of Covenants, Conditions, Restrictions and Reservations of Easements (“CC&Rs”), the Association Bylaws and Articles of Incorporation, these Rules and Regulations and the Architectural Guidelines.

All homes in the Association are subject to the Association’s Governing Documents, and if there is a conflict between any of the documents, the more restrictive controls.

There are many nuances of the Neighborhood Association, but the main priorities are protecting property values by managing and maintaining aesthetics and cultivating harmony amongst the community through governance compliance. Your automatic membership in, and obligation for payment of assessments to the Association provides a revenue base to share the costs of maintaining the Association, and through equal and consistent enforcement of governing documents enjoyment of all Owners and residents is achieved.

Additionally, the Association is a maintenance corporation responsible for maintaining the Association’s real property. The Association is in no way responsible for providing any form of safety, security or protection of Owners personal property. No representation or warranty is made that any systems or measures, such as limiting access devices, cannot be compromised or circumvented, nor that any such system or service undertaken will in all cases prevent loss or provide the detection, deterrent, or protection for which intended or designed. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of residence that the Neighborhood Association are not insurers or guarantors of safety, security or protection, and that each person within the Neighborhood Association assumes all risks of personal injury, loss or damage to property, including the residence and contents, resulting from acts of third parties.

The following Rules and Regulations have been developed with consideration given to providing each Owner with the greatest enjoyment of their home without infringing on other Owners and their rights to quiet enjoyment of their homes and the Neighborhood.

These Rules and Regulations supplement but do not replace the Declaration. Please be sure to read the Declaration carefully. Capitalized terms used in these Rules and Regulations are defined in the Declaration.

SEABREEZE MANAGEMENT COMPANY

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GENERAL RULES AND REGULATIONS

Each Owner, resident and visitor to a home or other area of the Association shall comply with all Governing Documents. Each Owner shall be liable to the Association and the other Owners for any damages to any of the Association that may be sustained by reason of the negligence or intentional act of that Owner, the Owner's family members, tenants, guests, and invitees.

Owners are not permitted to physically or legally subdivide the Owner's Condominium Unit ("**Unit**") in any manner, including dividing the Unit into time-share estates or time-share uses.

Owners and residents must not allow their Unit or Exclusive Use Association Property to deteriorate or fall into disrepair or conduct any activities which could have adversely affect to the appearance or value of homes or the Association in general. For the purpose of determining whether a Unit has deteriorated or is in disrepair, the Board may rely upon the advice of licensed consultants, contractors, appraisers, and other third parties qualified to make such determinations. Owners or residents performing any activity that may have an adverse affect on the value or quite enjoyment of property will be addressed through the Association enforcement policy.

No unsightly articles shall be permitted to remain on any portion of the Residential Condominium building, or Association property that may be visible from any other portion of the Association. Unsightly articles include items such as, but not limited to, sports flags, sports memorabilia, shoes, clothes, towels, cleaning supplies, toys, exercise equipment, play equipment, storage containers, storage furniture, items generally considered for use inside of a home, dead plants, statues and/or figurines.

No smoking of any kind (e.g. cigarettes, pipes, cigars or E-cigarettes) is allowed in any Association Property.

CONDOMINIUMS AND COST CENTER ASSESSMENT

While all Owners living within Zest are Owners of Condominium Units, Owners who purchased a 'Flats & Towns' model will be subject to a separate secondary Cost Center Assessment. The Cost Center Assessment is levied against the Condominium Owners within the Flats & Towns' in order to fund the costs of additional components not offered to the Owners who purchased 'Rows' model Condominiums. A complete breakdown of the additional components and the costs may be found in your annual budget, but a brief overview of these components are fire alarm monitoring and fire sprinkler services.

While living within a Condominium offers maintenance and service benefits, there are additional restrictions, such as guest parking restrictions, restrictions on exterior Condominium building modifications or installations, and restrictions for alterations to the Condominium itself. Condominium Owners will also need to be respectful of the levels of noise created within the home and activities performed within their exclusive use deck or patio, so as not to impact the quite enjoyment of neighbor(s) living within the Condominium building.

ASSOCIATION PROPERTY

Owners and residents do not have any right whatsoever to make any changes or improvements to the Association Property, which consists of the Condominium building structures, any exterior portion of the Condominium, Exclusive Use Area, Association amenities, Association maintained walls and the streets, as well as any landscape maintained by the Association. Owners and residents do not have any right whatsoever to make any changes or improvements to any portion of the Association landscape. **All streets within the Association are zoned fire lanes, and no parking is permitted along any portion of the street that is not directly designated for parking.** Condominium Owners are strictly prohibited from parking parallel to any Condominium building or Condominium garage. All parking spaces within the Association are designated for guest parking. Vehicles found to be in non-

compliance with any parking restrictions will be subject to vehicle towing, at vehicle Owners' expense.

CONDOMINIUM UNITS RESIDENTIAL USE.

The Units and Exclusive Use Association Property are to be used for residential purposes. No tent, shack, trailer, garage, or structure of a temporary character shall be used at any time as a residence. No part of the Association shall be used or caused to be used directly, or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purpose, excluding professional and administrative occupations which have no external evidence, so long as they are in conformance with all applicable governmental ordinances and are merely incidental to the use of the Unit as a residential home.

CONDOMINIUM EXCLUSIVE USE ASSOCIATION PROPERTY (E.G. PORCHES, PATIOS & DECKS)

The Exclusive Use Association Property is an area of Association property which an exclusive easement is reserved for the benefit of the Owner. Furniture designed by a manufacturer for outdoor use (e.g., patio chairs, tables, umbrella, conversation pieces, etc.) may be used and kept in Exclusive Use Association Porches, Patio & Decks, provided that such furniture of appropriate size for the outdoor space, must be in colors that are cohesive to the exterior of the Unit, is maintained in good condition, is equipped with protective leg caps or other devices to prevent damage to the floor or base of the Association Property, and does not detract from the attractiveness of the Association. Umbrella canopies cannot extend beyond the Exclusive Use Porches, Patio & Decks walls or railing.

- a) No cooking appliances other than electrically powered equipment are allowed on Porches, Patios, or Decks, and no wood, charcoal or gas fueled burners or equipment may be operated within ten (10) feet of any structure.
- b) No portion of an Exclusive Use area may be used for storage. No screens, linens, blankets, rugs, swimsuits, or other personal objects or items may be hung within, placed, or stored on Exclusive Use Association Property. Items such as, but not limited to, sports flags, sports memorabilia, trash / waste cans, shoes, bicycles, skateboards, toys, and play equipment or exercise equipment may not be stored in any Exclusive Use Deck or Patio.
- c) Owners shall use due care when cleaning their Exclusive Use areas; sweeping, mopping, and/or cleaned in such a manner as to not cause any water to go beyond the boundaries of the Exclusive Use areas.
- d) No improvements shall be nailed, bolted, installed or otherwise attached to the surface, walls, railing or any portion of an Exclusive Use Association Property. This includes, but is not limited to, security cameras, decorations, signs, and/or lighting (holiday lights or decorative stringer lights). Owner seeking to perform any installation within their applicable Exclusive Use area must seek written approval from the Association prior to commencement of any work.
- e) No Owner is permitted to maintain or operate any solid fuel burning devices on any deck, or patio, which includes, BBQ, Smoker, fire pit or any other similar device.
- f) No vegetation shall extend beyond the railings, walls and/or boundaries of an Exclusive Use area. No plants can be placed on or hung from any portion of Association Property, which includes the walls or railing. All vegetation placed within Exclusive Use areas shall have saucers underneath the potted vegetation to prevent water damage and/or water staining that may occur to the building stucco due to over-watering. Owners who perform excess watering that results in water damage / staining to the exterior condominium building will be held responsible for the costs of repair, repainting and / or maintenance.

MAINTENANCE AND INSPECTION OBLIGATIONS

Owners and the Association have maintenance and inspection obligations. Owners should consult their Homeowner Reference Guide and Homeowner Warranty received from their homebuilder, and/or other manufacturers' maintenance schedules and recommendations for specific maintenance requirements. As set forth in the Association Declaration, a portion of the Owners' maintenance and inspection obligations require Owners to implement commonly accepted maintenance practices to prolong the life of the materials and construction of the residence. The Association is also required to implement commonly accepted maintenance practices to prolong the life of the materials and construction of the Association Property.

PARKING RULES

ALL PAVED STREETS WITHIN THE ASSOCIATION ARE ZONED FIRE LANES, AND GOVERNED AND ENFORCED BY THE ASSOCIATION. PARKING OF VEHICLES IS NOT PERMITTED ON ANY PORTION OF THE PAVED STREET THAT IS NOT SPECIFICALLY DESIGNATED AS A PARKING STALL. VEHICLES ARE PROHIBITED FROM PARKING IN FRONT OF A CONDOMINIUM BUILDING, CONDOMINIUM GARAGE OR WITHIN ANY COURTYARD OR ALLEYWAY. OWNER AND RESIDENT VEHICLES SHALL BE PARKED WITHIN EACH GARAGE OR A DESIGNATED PARKING SPACE IF PERMITTED. VEHICLES PARKED IN ANY AREA THAT IS NOT A SPECIFICALLY DESIGNATED PARKING SPACE WITH APPLICABLE PAINT, OR SIGN DESIGNATION WILL BE TOWED AT THE OWNER'S EXPENSE. ANY VEHICLE PARKED WITHIN ANY PORTION OF A FIRE LANE WILL BE SUBJECT TO VEHICLE TOWING AT THE OWNER'S EXPENSE.

SEE EXHIBIT 'C' OF ASSOCIATION CC&RS.

All open street parking spaces are designated guest parking spaces, but as applicable, and enforced by the Association, the Association may permit Owners and Residents to purchase a parking permit after confirmation that the garage is being used for the number of vehicles originally constructed for, or if resident has an oversized vehicle that cannot fit in the garage.

No Owner or Resident shall leave his or her vehicle parked within the Association other than within such Owner's or Resident's garage. Each Owner shall keep their garage readily available for parking of operable permitted vehicles at all times and shall neither store any goods or materials therein, nor use any portion of the garage for a workshop, gym or other use which said garage was not originally designed and constructed for. The Association shall have the right to inspect an Owner's garage to verify compliance with vehicle parking. The Association shall undertake specific enforcement action of the foregoing garage restriction if requested by the City or other Public Agency.

The Association, at the discretion of the Board of Directors, may implement overnight parking permits for Owner vehicles or guests not parked within the garage or driveway of the home. At the Board of Directors discretion, parking permits shall only be obtained for a third vehicle, or an oversized vehicle that will not fit within the garage. Owner or Resident seeking to obtain a parking permit for a vehicle shall provide proof of more than two (2) vehicles, or confirmation that the requested vehicle does not fit within the garage. Owner is required to have all vehicles registered to their Zest property address, in accordance with California Vehicle Code, and provide all vehicle registrations with parking permit submission. At the Board of Directors discretion, each parking permit shall be charged at a rate of \$300.00 annually, to offset the annual costs of parking patrol and enforcement. All parking permits will be required to be renewed by April 1, and the total number of parking permits will be on a **first come, first serve basis**. A prior year's permit does not guarantee the continuation of any future parking permit.

TRASH

All trash, recyclables, debris and rejected objects must be stored within a closed sanitary container and stored within the individual's garage.

No trash, trash containers, recycling materials, or recycling containers may be stored on or within an Exclusive Use Association Property Patio, Porch, Balcony or any other area outside the garage. Trash containers must be stored in the garages, as applicable, of the Units when not placed out for pick-up on trash collection days.

On collection days, closed containers may be set out in the designated trash collection areas shown on the Trash Collection Plan, and can be set out for a reasonable period from 5 p.m. the night before the scheduled trash collection, and shall be promptly returned to the interior of the Owner's garage by 10 p.m. the day of trash collection. See Exhibit "TCP" attached to the Neighborhood Governing Documents.

No trash, trash containers or recyclable materials may be stored in view of other homes or the Association Property.

SECURITY CAMERAS / SECURITY DOORBELLS / DIGITAL LOCKS

Condominium Owners or occupants are not permitted to perform any modifications or improvements to the exterior of a Condominium building without the written approval of the Association, and / or the Architectural Review Committee, including the installation of security cameras. Security cameras that are placed (not installed or attached to the exterior condominium building in any manner) within an Exclusive Use Area may not have a line of sight into any area of implied privacy. Owners and residents who make any exterior installation without the written approval of the Association or the Architectural Review Committee will be subject to penalty assessments.

Condominium will be permitted to install digital locks in place of the original door lock location installed by the builder. Additionally, Condominium will be permitted to change out the original doorbell for installation of a security camera doorbell, so long as the color of the security camera doorbell is a neutral color; white, silver, or consistent with the building stucco color. The installation of a security camera doorbell shall be installed in the exact location of the original doorbell. Should the doorbell not be a neutral color, or the location of installation is in an alternative location, Owner may be subject to removing the installation and responsible for any additional repairs necessary.

FIREPLACES, PORTABLE HEATERS, FIRE PITS & BARBECUES

Condominium Owners will not be permitted to maintain any of the following devices within ten (10) feet of a Condominium Building; gas fueled open flame devices, such as fire pits, BBQ's, portable heaters, or any other similar devices.

NOISE

Each Owner or resident shall be sensitive and considerate of the rights of other Owners and residents to the quiet use and enjoyment of their respective Units. Activities of Owners and residents shall be restricted to reasonable and quiet activities that do not disturb neighbors, and within reasonable hours. (i.e., Sunday – Thursday 9:00 A.M. to 9:00 P.M., Friday – Saturday 9:00 A.M. to 10:00 P.M.). No Owner or resident shall create or cause sounds, vibrations or noise or unreasonable annoyances to the Owners or residents of the other Units. Owners who submit a noise complaint may not submit their complaint anonymously.

NUISANCES

Noxious or offensive activities shall not be carried on in the Association. The Board is entitled to determine if any device, noise, odor, or activity constitutes a nuisance. Nuisance devices may not be kept or operated in the Association. Nuisance devices include, but are not limited to, the following:

- a) Loud outdoor speakers, all horns, whistles, bells or other sound devices (except security devices used exclusively to protect the security of a Condominium or a vehicle and its contents).
- b) Smoking of any kind, including use of wood / pallet burning cooking devices that give off excess smoke,
- c) Noisy or smoky vehicles, power equipment (excluding lawn mowers and other equipment used in connection with ordinary landscape maintenance), and prohibited vehicles are defined in the Association Declaration, Section 9.13.
- d) Devices that create or emit loud noises or noxious odors.
- e) Any lighting that impacts a neighbor, such as string lights, or decorative landscape lighting.
- f) Construction or demolition waste containers (except as permitted in writing by the Architectural committee).
- g) Devices that unreasonably interfere with television or radio reception to a Condominium.
- h) Plants or seeds infected with noxious insects or plant disease.
- i) Any other activity in the Association which may:
 - I. Increase the rate of insurance in the Association;
 - II. Result in cancellation of the insurance;
 - III. Obstruct or interfere with the rights of other Owners or the Association;
 - IV. Violate any law or provisions of the Governing Documents; or
 - V. Constitute a nuisance or other threat to health or safety under applicable law or ordinance.

EXTERIOR IMPROVEMENTS

Condominium Owners will not be permitted to perform modifications or improvements to the exterior of a Unit without the approval of the Association. The following are not allowed on or within the Condominium Buildings or Exclusive Use areas:

- Bird feeders,
- Windchimes,
- Clothes lines,
- Additional exterior building lights,
- Attached shade / trellis structures,
- New doors,
- Awnings,
- Wrought iron,
- Roof modifications,
- Skylights,
- Exterior color changes,
- Satellite dish attached to any wall, deck, railing, fascia or roof

INTERIOR IMPROVEMENTS

The Condominium Units are prohibited from installing any hard surface material on the stairs:

19, 23, 25, 28, 32, 37, 41, 42, 46, 67, 72, 74, 79, 81, 85, 90, 92, 96, 101, 103, 108, 111, 115, 117, 120, and 124

No alteration, repair, replacement or improvement may be made to any Condominium Unit which may diminish the effectiveness of the sound control engineering.

RENTAL OR LEASING OF CONDOMINIUMS – ZERO TOLERANCE FOR SHORT TERM RENTALS
NO SHORT-TERM RENTAL OF SEPARATE INTERESTS FOR LESS THAN THIRTY (30) DAYS

Any rental, lease, or other occupancy of a Separate Interest for less than a period of thirty (30) consecutive days constitutes an impermissible nonresidential use of the Separate Interest for transient or hotel purposes, such as, but not limited to, ‘Air B n B’ or any other similar short-term rental site, is in violation of the Association governing documents.

Therefore, each Owner is prohibited from entering into any oral or written agreement to rent, lease, or use a Separate Interest for time-share, hotel, or transient purposes for occupancy of a term of less than thirty (30) consecutive days. Such prohibited conduct includes, without limitation, entering into an oral or written agreement to rent, lease, or use the Separate Interest, which on its face or by its terms may provide for an occupancy term of at least thirty (30) consecutive days, but which the Owner knows, or reasonably should know, the renter, lessee, occupant, or user of the Separate Interest actually intends to occupy the Separate Interest for a term of less than thirty (30) consecutive days.

Also, the Board may determine that any other occupancy of a Separate Interest that is less than a term of thirty (30) consecutive days (irrespective of the terms of any oral or written agreement) is a violation of the CC&Rs (excluding instances where an Owner owns a Separate Interest as second home and the Owner periodically occupies the Separate Interest for a term of less than thirty (30) consecutive days).

NO RENTAL OF SEPARATE INTEREST FOR TRANSIENT OR HOTEL PURPOSES OR PROVIDING OF TRANSIENT SERVICES

Any rental, lease, or other occupancy of a Separate Interest pursuant to which services normally associated with a hotel, such as meal service, maid/housekeeping service or excursions, are provided constitutes an impermissible nonresidential use of the Separate Interest for transient or hotel purposes. Therefore, each Owner is prohibited from entering into any oral or written agreement to rent, lease or use a Separate Interest for hotel or transient purposes. Such prohibited conduct includes, without limitation, entering into an oral or written agreement to rent, lease or use the Separate Interest in connection with so-called “birth tourism” (i.e., travel to the United States for the purpose of giving birth in the United States), if rental, lease or use of the Separate Interest is associated with services normally associated with a hotel, as described above.

MINIMUM REQUIREMENTS FOR LEASE/RENTAL AGREEMENTS

Each Owner who leases his/her Separate Interest shall do so by way of a written lease agreement. As noted above, each Owner is ultimately responsible for the conduct of the Owner’s tenants; thus, it behooves each Owner who leases his/her Separate Interest to comply with this Residential Use Enforcement Policy and include provisions in the Owner’s lease agreement to minimize the Owner’s exposure to liability arising from the conduct of tenants and to include in the lease agreement all available remedies for action against tenants who violate any of the Association’s Governing Documents.

NOTICE TO ASSOCIATION OF LEASE/RENTAL AGREEMENTS

Within seven (7) days after executing, or otherwise entering into, a lease, rental, or other agreement for the lease, rental, occupancy, or use of a Separate Interest, the Owner shall provide the Association’s managing agent the name of the lessee, renter, occupant, or user of the Separate Interest and all other persons occupying the Separate Interest, and a copy of the lease, rental, or other agreement evidencing the Owner’s permission for such lessee, renter, occupant, family member, guest, or other person, to occupy or use the Separate Interest.

ENFORCEMENT AND FINE SCHEDULE FOR VIOLATIONS OF THIS POLICY

Any violation of the foregoing restrictions is considered an egregious breach of the CC&Rs and violation of the residential use limitations contemplated under the CC&Rs. The fine schedule set forth herein shall control for any violations of this Residential Use Enforcement Policy, notwithstanding any other provision of the Association's Violation Enforcement Policy. In developing the fine schedule for violations of this Residential Use Enforcement Policy, the Board considered that an Owner may receive a significant sum of money for short-term leasing of a Separate Interest for less than a period of thirty (30) days in violation of the CC&Rs. The Board further considered that an Owner or his or her resident may generate a significant sum of money by conducting commercial activity in a Unit or anywhere within the Community. Thus, in recognition of these facts, together with the strong policy of wishing to preserve the residential use of the Separate Interest, and as a disincentive against violations, and to prevent an Owner from profiting from violating the CC&Rs, the Board, in its discretion, may levy a fine (as a monetary penalty) against an Owner for violations of (a) the short-term rental restriction, hotel/transient use restriction, or commercial activity restriction in the CC&Rs in the amount of \$1,000.00 for the first offense, with the fine for each subsequent offense doubling thereafter (i.e., \$2,000.00 for second offense, \$4,000.00 for the third offense, \$8,000.00 for fourth offense, etc.).

In addition, a fine in the amount of \$1,000.00 may be imposed for failure to timely notice the Association of entering into a lease agreement as required above.

The foregoing fines shall be in addition to any other disciplinary action or remedies available to the Association (after providing the Owner notice and an opportunity for a hearing). The foregoing shall not be construed to limit or restrict the Association from immediately proceeding with filing legal action or pursuing other available enforcement action to remedy a violation. Failure to comply with any of the other provisions of this Policy (e.g., the lease agreement requirements) shall subject the responsible Owner(s) to monetary fines in accordance with the Association's regular Fine Schedule contained in the Rules and Regulations and/or all other the remedies provided under the Governing Documents or otherwise authorized in law or in equity.

BUSINESS AND COMMERCIAL ACTIVITIES

No Unit shall be used in any way, directly or indirectly, for any business, commercial, mercantile, manufacturing, storage or other nonresidential purposes. Notwithstanding the foregoing, the provisions of this Section shall not preclude any Owner of a Unit in the Association from maintaining any business permitted by law or from using their Unit as a home-office and conducting business activities therefrom provided such business activities are in compliance with the following: (i) there is no external evidence of such activities, including delivery of unusual amount of packages, or pick-ups of packages, products, or equipment; (ii) such activities are conducted in conformance with all applicable government ordinances; (iii) the patrons or clientele of such activities do not visit the Association or park vehicles within the Association; (iv) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the Unit; (v) no such activity increases the liability or casualty insurance obligation or premium of the Declarant, the Association; and (vi) such activities are consistent with the residential character of the Association and conform with the provisions of the Association.

ATHLETIC EQUIPMENT

No exterior mounted equipment, poles or masts shall be constructed on or attached to any Condominium Building or erected or maintained on any Unit, or Exclusive Use Area. No temporary or permanent basketball standard or backboard, or other sports apparatus shall be constructed, erected, installed or maintained on any Residence, Unit, Exclusive Use Area, or on any Association Property, private street in the Association per the Association Governing Documents.

FENCES, AWNINGS AND SCREEN DOORS

No fences, awnings, front door ornamental screens, temporary shade structures, such as 'E-Z Ups' or Canopy like structures shall be erected or maintained on or around any portion of any structure, within the Exclusive Use area, or maintained elsewhere within the Association except those that are installed in accordance with the original construction by Declarant. Screen doors will be permitted on balcony doors of Condominium Units.

HOLIDAY DECORATIONS AND LIGHTING – SEASONAL

Outdoor holiday decorations, if permitted, or indoor holiday decorations that are visible from outside, shall be limited to be displayed no more than fourteen (14) days prior to the holiday, and must be removed within fourteen (14) days after. Owners are not permitted to install holiday lighting in areas that are not under the owner's exclusive use or control, and no Owner is permitted to install permanent decorative or holiday lighting. Lighting and decorations cannot be installed penetrating exterior surfaces of the Building (such as the roof, fascia, door or window trim, chimneys and exterior wall surfaces).

WINDOW COVERINGS AND WINDOW TINTING

Temporary window coverings in a design and color that do not conflict with the surrounding improvements (but excluding aluminum foil, blankets, towels, bed sheets, newspapers, paint, reflective tint or any other contrasting material deemed unattractive by the Association) are permitted for a period of three (3) months after the close of escrow, and pending the installation of drapes, curtains, shutters or other appropriate interior window coverings that are a neutral color consistent with the exterior color of the home. Window tinting is not permitted and can void the manufacturer warranty.

ANTENNA AND SATELLITE DISH RESTRICTIONS

Owners are prohibited from installing any radio antenna, C.B. antenna, ham radio or other similar radio receiving and broadcasting devices, on the exterior of a Condominium Building for any purpose. No satellite dish or antenna can be mounted to a wall, railing, deck or balcony surface. No satellite dish can be installed on the surface of any Exclusive Use Area. Owners are also prohibited from installing any satellite dish or other antenna on the roof or exterior of a Condominium Building. Installation of a satellite dish must be reviewed and approved by the Architectural Committee prior to its installation in order to ensure that the visibility of the Authorized Antenna is minimized with respect to other Owners.

The Board may prohibit the installation of an Authorized Antenna if the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of managers, agents or employees of the Association and other Owners, or for any other safety related reason established by the Board. An Owner or Resident looking to install a satellite dish shall submit the Satellite Dish Installation Form for review and approval prior to installation.

ANIMALS

Only two (2) common domesticated animals, such as dogs, cats, birds, that are kept as household pets and are not bred, kept, or raised for commercial purposes are permitted in any Unit or in the Association.

- a) No animals may be left unattended within the Exclusive Use Area, or on Association Property.
- b) All dogs four (4) months of age or older must be licensed in the City of Oceanside and have up to date vaccination against rabies.
- c) All dogs must be leashed while walking, and under the control of a person capable to exercise care, custody, over such dog. Leashes must not be longer than six (6) feet in length. The person/owner shall, at all times, have readily available means to immediately clean up any excrement or other unclean or unsanitary conditions caused by the dog.

- d) Residents are solely responsible for ensuring that there is no external evidence of the presence of any animals kept in the Association (including unreasonable noise or noticeable odor).
- e) Any owner who claims that an animal constitutes a nuisance shall first direct the complaint to the City and/or County animal control department.
- f) Every person keeping an animal within or bringing an animal into the Association shall be liable pursuant to the laws of the State of California to any and all persons for any injury to persons or damage to property caused by such animal.
- g) Any dog of any kind (including, without limitation, pit bulls, rottweilers, mastiffs, canaria presas, etc.) which has exhibited aggressive behavior (e.g., has attacked or attempted to attack any person or a common domesticated household animal) is subject to removal from the Association in accordance with City animal control regulations.

FIRE SAFETY DEVICES

- a) Smoke and Carbon Monoxide Detectors. Each Owner must maintain the smoke and carbon monoxide detectors installed in their Unit. As part of such maintenance, the Owner must replace all smoke and/or carbon monoxide detector batteries regularly.
- b) Condominium Fire Sprinklers. Owner and residents must take care not to harm, damage or unnecessarily activate any fire sprinklers or fire alarm installed in their Unit. The fire sprinklers are heat activated and permitting high heat, steam or burning in the vicinity of a fire sprinkler may cause it to activate, potentially causing extensive damage to the Unit, personal property, the Association Property, and other Units. Except for periodic dusting, you should never touch or allow anything else to touch the fire sprinklers.

SIGNS AND FLAGS

All sign requirements are pursuant to CC&R provisions, no sign or billboard of any kind shall be displayed by any Owner on any portion of the Association or Condominium Property except one (1) sign of reasonable size, advertising that the particular Condominium is for sale or rent.

Each Unit may have one (1) nameplate or address identification sign. Address sign shall be cohesive with exterior of home design. Each Unit may have one (1) sign advising of the existence of security services protecting the property displayed in a window or within the Exclusive Use Association Property. Each Unit may have one (1) sign advertising the Unit for sale or lease that complies with the following requirements:

- a) The sign has reasonable design and dimensions (which shall not exceed eighteen (18) inches by thirty (30) inches in size), provided the sign is promptly removed at the close of the resale escrow or the lease, or upon the Owner's withdrawal of the Unit from the resale or lease market.
- b) The sign is placed in a window of the Unit or within their Exclusive Use Association Property. The sign may not be affixed to the building or placed in the Exclusive Use Association Property or in the Association Property outside of the Unit. Owner will be directly responsible for any damage irrigation line as a result of the sign installation in Association Common Area.

Open house signage must comply with the following requirements:

- a) Owners (or their agents) wishing to advertise "OPEN HOUSE" at the property address for the purpose of selling their Unit, must use a standard sign to conform as follows: (1) no larger than 10" x 30", and (2) the words "OPEN HOUSE".
- b) Only one (1) OPEN HOUSE directional sign, pointing in any one direction, per street corner will be allowed. (i.e., if there is more than one open house heading in the same direction, there will still be only one OPEN HOUSE sign used as a directional to the open house.)
- c) An Owner may display an OPEN HOUSE sign as described above on real property owned by others only

with their consent. No riders or flags are permitted.

- d) The Association will summarily remove signs not complying with these rules and will not be responsible for their return to the Owner or the Owner's agent.

Each Unit may have a noncommercial sign, poster, flag or banner that complies with the following requirements:

- a) A noncommercial sign or poster must not be more than nine (9) square feet in size.
- b) A noncommercial flag or banner must not be more than fifteen (15) square feet in size.
- c) A noncommercial sign, poster, flag or banner may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces.

NON-COMPLIANCE

In the event of non-compliance with these rules, the Association, acting through its Board, shall have the right to take disciplinary action per the Violation and Fining Policy, legal action or after providing the Owner with reasonable notice and an opportunity to be heard before the Board, to enter upon such Owner's Unit to maintain such Improvement in a clean and attractive condition consistent with the standards as provided for herein, and charge full costs of such maintenance to such Owner as a Special Assessment.

NUISANCE POLICY

There must be at least one (1) Owner representing their Unit of the Association to pursue violations that cannot be viewed during an inspection of the Association (i.e. barking dog, noise nuisance, garage storage, etc.). If the matter cannot be resolved between the parties, all alleged violations will be evaluated to ensure they are considered an infraction as defined by the Association's legal documents. A completed Nuisance Form must be submitted to management for action and follow-up. The board will then review the completed Nuisance Form and determine if the board will consider the matter.

ZEST OWNERS ASSOCIATION
NUISANCE POLICY & REPORT FORM

There must be at least one (1) Owner representing their Unit of the Association to pursue violations that cannot be viewed during an inspection of the Association (i.e. barking dog, noise nuisance, garage storage, etc.). If the matter cannot be resolved between the parties, all alleged violations will be evaluated to ensure they are considered an infraction as defined by the Association's legal documents. A completed Nuisance Form must be submitted to management for action and follow-up.

REPORT FILED BY:

Owner Name: _____ Date: _____

Owner Address: _____ Phone: _____

Owner Signature: _____ E-Mail: _____

VIOLATION INFORMATION:

Address where violation is occurring: _____

Describe violation: _____

Date(s)/Time(s) violation occurs: _____

Frequency of violation: _____

Did you attempt to resolve this matter, if so, please describe: _____

Please send your completed form to the address below or via email:

Zest Owners Association
c/o Seabreeze Management, Inc.
customercare@seabreezemgmt.com
Corporate Office:
26840 Aliso Viejo Pkwy., Suite 100
Aliso Viejo, CA 92656

ZEST OWNERS ASSOCIATION POLICIES AND PROCEDURES

ENFORCEMENT POLICY

The Association and/or Owner has the right to enforce the Association's Governing Documents. This right includes requesting the violator to cease the offending action, taking legal action against the violating Owner, and/or making a complaint to the Board of Directors. Once the Board receives a written complaint alleging the violation of Governing Documents, the Board will investigate the allegation and may take action against the offending Owner, including, but not limited to, suspension of privileges, fining, special assessing or assigning Reimbursement Assessment to reimburse the Association for all costs incurred in compelling compliance, or instituting legal action. However, nothing herein obligates or requires the Board or authorized committee to take any action against an individual Owner. The Board of Directors, in making this decision, will determine the costs and benefits of taking such action. In the event a complaint is received from a member of the Association, the following steps shall be taken:

Notice of Violation. A notice will be sent via first-class U.S. mail. The notice will include the following information: a) the alleged violation and the provision of the Association's governing document that was allegedly violated, (c) a date set for no sooner than 10-days upon which the alleged violation must be cured to avoid further action.

Notice of Hearing: If the violation is not cured within the timeframe set forth in the Notice of Violation, a subsequent letter will be sent via first-class U.S. mail to the owner of the residence. The letter will include the following information: (a) the alleged violation and the provision of the Association's governing documents that was allegedly violated, (c) a date set for no less than 15-days upon which the alleged violation must be cured to avoid further action, (d) the time, date and place of the next Board meeting whereat the violation will be addressed in a hearing during executive session, and (e) possible disciplinary action (e.g. fine, Reimbursement Assessment, etc.). Should the violation be cured prior to the meeting, the Owner may submit proof of correction and request dismissal of hearing.

Hearing. On the date and at the time set forth in the Notice of Hearing (which shall be at least ten (10) days after the Notice of Hearing is provided via first-class mail delivery to the alleged violating member), the Board will meet in executive session, regardless of whether the alleged violating member is in attendance, to discuss and evaluate the evidence that has been presented by the complaining party, the alleged violating member (either by written statement or evidence, or personal testimony) and any witnesses. The alleged violating member shall have an opportunity to address the Board in his or her defense.

Disciplinary Action. If the Board, after evaluating all the evidence presented, finds that a violation has occurred, then the Board may impose disciplinary action against the violating homeowner by levying a fine, in accordance with the Fining Schedule attached hereto and incorporated herein, and/or assessing a Reimbursement Assessment for cost incurred for compelling compliance.

Written Findings. Within fifteen (15) days following the hearing, the Board shall provide the member a written notice of its findings and any disciplinary action imposed against the member, by first-class mail or personal delivery.

FINE POLICY

After Notice and a Hearing, as set forth in the Enforcement Policy, the following disciplinary action may be imposed against a member for a violation or violations of the Association's governing documents:

LEVELS OF FINE PROGRESSION

	1st Fine	2 nd Fine	3 rd Fine
Level 1 *	\$200	\$300	\$400
Level 2 *	\$300	\$400	\$500
Level 3 *	\$400	\$500	\$600

*The Board also reserves the right, in addition to penalty fines, to apply a Reimbursement Assessment to reimburse the Association for costs incurred in compelling compliance (Attorney Fees).

VIOLATION FINE & CONTINUING ENFORCEMENT GUIDELINE

The following items in each level are examples, and are not limited to

Level 1

- Holiday Lighting and Décor
- Signs
- Nuisance (varies with impact)
- Unsightly Items
- Satellite dish (installation location)

Level 2

- Animal Nuisances
- Home Maintenance (varies with impact)
- Vehicle Repairs
- Window Coverings
- Parking Violation / Garage Usage
- Pool / Facilities Non-Compliance / Incident or Damages

Level 3

- Trash Chute, Trash / Large Bulk Items
- Business conducted from Residence
- Prohibited Vehicles, Trailers, Boats (etc.)
- Delinquent Water Sub-Meter Bills
- Move In / Move Out & Large Bulk Delivery Non-Compliance

After the initial Notice of a Hearing, the Board may choose to impose daily fines upon the Owner(s) for a continual violation. The Board may choose to waive penalty fine(s) upon Owner(s) request once correction of violation(s) occurs on or before the date of the Boards request.

A continuing violation is a violation that has never been cured and continues to exist or a violation that is repeated after being cured as a result of receipt of a Notice of Hearing. If a violation is cleared and it re-occurs within six months, the offending homeowner will be invited to the next hearing rather than restarting the process.

The Board reserves the right, at any time during the enforcement process, to turn the violation matter over to the Association's legal counsel for enforcement via alternative dispute resolution and/or litigation.

*Fine may be modified based on specific circumstances and facts, e.g. history of violation, cooperation by homeowner and multiple violations

****SHORT TERM RENTALS HAVE A SEPARATE FINE POLICY PROVIDED ON THE FOLLOWING PAGE****

ENFORCEMENT AND FINE SCHEDULE FOR SHORT TERM RENTALS (S.T.R.)

All Owners will be strictly prohibited from the rental of their Residential Unit that is deemed transient or less than thirty (30) days. The use of Air B N' B or any similar rental sites is strictly prohibited if the rental is less than thirty (30) days. The Board understands Owners benefiting from the use of short term rentals may receive a significant sum of money for rentals less than thirty (30) days, and so in recognition of such, together with strong policy of wishing to preserve the residential use of Separate Interest, and as a disincentive against violations, and to prevent an Owner from profiting from violation the CC&R's, the Board, in its discretion, may levy a fine against an Owner for utilizing their Unit for transient purposes with the following:

VIOLATION	RANGE OF FINE AMOUNT
First Violation	\$1,000.00, per night rented
Second Violation	\$2,000.00, per night rented
Third Violation	\$4,000.00, per night rented
Fourth Violation	\$8,000.00, per night rented
Continuous Violation	Fine amount can double at each hearing

The foregoing fines shall be in addition to any other disciplinary action or remedies available to the Association (after providing the Owner notice and opportunity for a hearing). The foregoing shall not be construed to limit or restrict the Association from immediately proceeding with filing legal action or pursuing other available enforcement action to remedy a violation. Failure to comply with any of the other provisions of this Policy (e.g., the lease agreement requirements) shall subject the responsible Owner(s) to monetary fines in accordance with the Association's regular Fine Schedule and/or all other remedies provided under the Governing Documents or otherwise authorized in law or in equity.

ELECTION RULES

These rules apply only to the following elections:

- a) *Approval of an assessment increase above the levels allowed to be made by the Board pursuant to Civil Code § 5605;*
- b) Elections of Directors;
- c) Amendments to the governing documents (as defined in *Civil Code § 4075*); and
- d) Grant of exclusive use of a portion of the Association Property pursuant to *Civil Code § 4600*.

Qualifications for Membership Voting

Only Owners, as defined in the Declaration, are Members of the Association. A Member shall be entitled to one (1) vote for each Condominium owned. When more than one person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as the Owners collectively determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

If title to a Unit is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to exercise its member rights. The designation must be in writing and delivered to the Association before ballots are distributed. Any designation shall remain in effect until it is modified or revoke.

Verification of Voter List

For each election of Directors, the Association shall compile a candidate registration list and a voter list. The voter list shall include name, voting power, and either the physical address of the voter's separate interest, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's separate interest or if only the parcel number is used. Members are allowed to verify the accuracy of their individual information on both lists up to 30 days before the ballots are distributed. Unless required by law, Members are not allowed to review and comment on individual information of other members. Instructions for making corrections will be provided with the list information. Corrections will be made within two business days.

Qualifications for Candidacy and Continued Service on the Board: Pursuant to the Governing Documents, any Candidate for a position on the Association's Board and any Director must be in good standing with the Association.

For purposes of these rules, a Member is not in good standing if the Member at the time of the determination:

- a) **Owes the Association an undisputed debt for assessments which is more than 90 days old. For purposes of this rule, assessments do not include fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party. Also, a debt is "undisputed" if the Member has: (A) not challenged the debt with credible written evidence, or (B) the Member has requested and attended a hearing before the Board, or other appropriate Association committee, which resulted in an overall determination favorable to the Association. Persons who are paying assessments under protest pursuant to Civil Code Section 5658 or pursuant to a payment plan authorized by Civil Code Section 5665 are in good standing.**

- b) Has current violation(s) of the Governing Documents (as defined in *Civil Code* § 4075) which is/are unremedied for more than 90 days following notice of the violation from the Association or which are unsuccessfully challenged by the Member at a hearing. For purposes of this rule a violation is successfully challenged by the Member when the Member has: (A) opposed the violation with credible evidence, and (B) requested and attended a hearing before the Board or other appropriate Association committee, where the hearing resulted in a determination generally favorable to the Member. Any other action by the Member or result following a hearing is an unsuccessful challenge.**
- c) Is currently, or within the 36 months prior to the election has been, a party in litigation against the Association in which the Association was the prevailing party.**
- d) At the time of the nomination, is burdened by a judgment in favor of the Association.**

In addition, Candidates and Directors must satisfy the following requirements:

- a) If elected, must not be serving on the Board at the same time as another person who holds an ownership interest in the same Unit as another Candidate or Director.
- b) The Candidate and/or Director cannot be bonded by the company providing the Association fidelity bond coverage because of a past criminal conviction.
- c) The Candidate and/or Director cannot be bonded by the company providing the Association fidelity bond coverage for any other reason.

In any event, any qualified Candidate may nominate himself/herself to run for a director position, in accordance with the Governing Documents, the *Civil Code*, and *Corporations Code*. **However, nominations from the floor are not permitted. Write-in candidates are not permitted and will not be counted.**

Only Candidates who are in good standing are qualified to be Candidates for election to the Board.

If the Association determines that a potential Candidate or Director is not in good standing, the Association shall give the potential Candidate an opportunity to participate in its internal dispute resolution procedure to determine if the person can resolve the outstanding issue and become a qualified Candidate.

If the matter is not resolved through the Association's internal dispute resolution process, a Member may request that the Board consider the issue through its Notice and Hearing procedure.

Votes will not be counted for any Candidate who is not qualified. Candidates will be notified in writing upon submittal for nomination if they are not in good standing. In the event of a tie, the winner will be determined by a coin flip or drawing of straws.

The Association will publish a request for candidates in the Association's newsletter and/or other direct mailing (as the Board shall determine) at least 90 days prior to the date of the annual meeting. Prospective candidates desiring to run for a position on the Board must complete a Candidate's Qualification Form and return the completed form to the designated person(s) on or before the nomination deadline noted on the form or accompanying materials in order to be placed on the ballot by the Association.

Solicitation Materials

If access is provided to any Candidate, all Candidates for election to the Board shall have one (1) no cost opportunity for access to Association media selected by the Board (e.g. the Association's newsletter, or the Association's web site) during a campaign, following reasonable notice to all Candidates of the availability, for a purpose(s) reasonably related to that election, provided the deadline for delivering the Candidate's statement to the Association established by the Board, as set forth in the reasonable notice to the Candidates, shall have been met by a Candidate for such publication prior to that election. No Candidate's statement shall exceed 250 words for publication in Association media. For purposes of this rule, notice to the Candidates shall be sent to the Member's address on file with the Association.

Any Candidate wishing to present any other campaign materials to the Members other than as provided in (a) above, and in other than Association media, may do so by any reasonable means, and at the Candidate's sole expense.

If access is provided to any Member, all Association Members shall have one no cost opportunity to have access to Association media selected by the Board (e.g. the Association's newsletter or the Association's web site) during a campaign, following reasonable notice to all Association Members of the availability, for a purpose(s) reasonably related to that election, provided the deadline for delivering the Member's statement to the Association established by the Board, as set forth in the reasonable notice to the Members, shall have been met by the Member for such publication prior to that election. No Member's statement shall exceed 250 words for publication in the Association media. For purposes of this rule, notice to the Members shall be sent to the Member's address on file with the Association.

Any Member wishing to present any other campaign materials to the Members other than as provided above, and in other than Association media, may do so by any reasonable means, and at the Member's sole expense.

Content

The Association shall not edit or redact any content from Candidate or Member messages, but may include a statement specifying that the Candidate or Member, and not the Association, is responsible for the content of any published statement.

Limitation on Publication Space Made Available

So long as each Candidate and/or Member is provided the same opportunities for publication, the Association may restrict the availability of any Association no cost publication by limiting the number of opportunities for print space made available and/or the number of words that will be included from each Candidate or Member in the Association's no cost publication. In the absence of more restrictive limitations adopted by the Board for any particular matter, each Candidate and/or Member shall be limited to no more than 250 words for any one Association publication. The Board may, in its sole discretion, present a candidacy questionnaire with questions for all interested Candidates and/or Members to complete. If such a questionnaire is provided, then the Association will only print the answers to such questions and may impose a limitation upon the number of words for the response to any question presented.

Availability of Meeting Space

One time access to an Association Property space determined by the Board, on a date and at a time reasonably established by the Board, shall be provided at no cost, following reasonable notice, to all Candidates and all Association Members, for the purpose of hearing any such Candidate or Member wishing to advocate a position, support or opposition to any Candidate or election matter, prior to the election by hosting a "Meet the Candidates Night", or other special gathering, so long as every Candidate and/or Member is provided with an equal

opportunity to participate in the event. The Association shall not charge for the use of the Association Property space on the date and at the time so designated for this purpose.

Selection of Inspector(s) of Election

Prior to the presentation of any issue to the Members for a vote, the Association shall appoint one (1) or three (3) Inspector(s) of Election. The Inspector(s) of Election appointed by the Board may be any person or entity considered to be an independent third party under Civil Code Section 5110, which means that the person must not be: (1) a Director; (2) a Candidate; (3) any of the Director's relatives; (4) any of a Candidate's relatives; or (5) a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services other than serving as an inspector of elections.

The Inspector(s) of Election shall use the Governing Documents, including these rules, the Civil Code and the Corporations Code, shall consider the advice of the Association's corporate counsel, and shall attempt, in so far as possible, with fairness to all, to allow the vote of each Member, and be consistent, in the discharge of his/her responsibilities.

Distribution of Information and Ballots

1) The Association shall provide general notice of the procedure and deadline for submitting a nomination at least 30 days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to Civil Code Section 4040 if individual notice is requested by a Member.

2) The Association shall provide general notice of all of the following at least 30 days before the ballots are distributed:

- (a) The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the inspector or inspectors of elections.
- (b) The date, time, and location of the meeting at which ballots will be counted.
- (c) The list of all candidates' names that will appear on the ballot.

Individual notice of the above paragraphs shall be delivered pursuant to Section 4040 if individual notice is requested by a member.

3) The inspector or inspectors of elections shall deliver, or cause to be delivered, at least 30 days before an election, to each Member both of the following documents:

- a. The ballot or ballots.
- b. A copy of the election operating rules. Election rules may be delivered by either (i) posting to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: "The rules governing this election may be found here:"; or (ii) individual delivery.

Meeting Conduct

Any count or tabulation of ballots shall be done at an open meeting of the Board. Any Candidate or Member may observe the count, but shall stand at least ten (10) feet away from the Inspector(s) of Election. Candidates and/or Members may not harass, cajole, distract, molest, communicate with, or otherwise interfere with the Inspector of Elections while the count is taking place. Prior to the completion of the count or tabulation, Members or

persons not specifically authorized to do so by the Inspector of Elections may not touch any ballot or other election materials. All ballots will be made available for inspection by any Candidate or Member during regular business hours at the Manager's office once the meeting is concluded. Any person violating this Section may be asked by the Inspector of Elections to leave the meeting, the count and tabulation may be continued to a different time and/or place, or any other reasonable step(s) may be taken by the Inspector(s) to prevent further disruption.

If necessary, the inspector(s) may to appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector(s) deem appropriate, provided that the persons are independent third parties.

If allowed, the authenticity, validity and effect of proxies shall be determined by the Inspector of Election on the night of any election. The polls for any vote of the Membership shall be open from the date the Secret Ballot is mailed and shall be closed at the time that envelopes are opened, unless the Inspector determines another time for the polls to close. The polls for any vote of the Membership shall close when the Inspector of Election has determined that the ballots shall be counted.

Confirmation of Member Rights

As required by Civil Code Section 5105, the Association confirms the following:

(1) Denial of a ballot to a Member for any reason other than not being a Member at the time when ballots are distributed is prohibited.

(2) A person with general power of attorney for a Member, who provides a copy of the power of attorney to the Association, has the right to receive the Member's ballot. The ballot of a person with general power of attorney for a Member will be treated like all other ballots received and counted if returned in a timely manner.

Submission of Member Petitions / Special Meeting Request

The Board, in exercise of its prudent business judgement, possesses the obligation to act in the best interest of the Association. In that regard, the Board may invalidate a petition to hold a special meeting or schedule recall election, if it determines that the petition is harassing, burdensome, costly, unlawful, and/or constitutes a nuisance. For example, such right may be exercised if, within any one 12-month period, the Board received multiple petitions from the same Member or group of Members regarding the same or similar issue.

Impact of Changes in Law

These election rules were adopted shortly after major changes were made to the Davis-Stirling Common Interest Development Act. Because of this, if any amendment to the statute or other change in law renders any provision of the election rules invalid, the rules shall be deemed to be automatically amended to delete that provision. However, all other rules shall remain in place. If the Board subsequently determines that it wishes to amend or modify a rule, the Board may do so using the amendment procedure authorized by law and the Governing Documents.

ASSESSMENT COLLECTION POLICY

Prompt payment of assessments by all owners is critical to the financial health of the Association. Accordingly, the Board of Directors takes its obligations under the Declaration of Covenants, Conditions and Restrictions ("CC&R's") and the California Civil Code to enforce the members' obligation to pay assessments very seriously. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. All policies and practices outlined below 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 applicable sections of the California Civil Code, the following is the Association's Assessment Collection Policy:

1. Regular monthly assessments are due and payable on the **first** (1st) day of each month. It is the responsibility of the owner of record to pay each assessment in full each month regardless of 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.

Each resident will be assessed for their potable water usage in at least 30-days in arrears. The water system of the Association is run through a sub-meter program, which means the Association is responsible for the Master Potable Water Meter, and each Unit is individually sub-metered. The Association's 3rd party sub-meter reading vendor will read the actual water usage and provide a water bill. It is each resident's responsibility to ensure they are properly set up with the sub-meter reading vendor and pay their water usage bill within the time frame specified on the water usage bill. Resident's who fail to pay their water sub-meter usage bill will be subject to penalty assessment fines and any other costs of compliance, in accordance with the enforcement policy.

2. Assessments, water sub-meter usage bill, late charges, interest and reasonable fees and collection costs, including attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied.

3. Payments are posted as of the date received at the Association's business office. Assessments and water sub-meter bills are delinquent **fifteen (15) days** after they become due. Delinquent assessments shall be subject to a late charge equal to ten percent (10%) of the unpaid assessment or ten dollars (\$10.00), whichever is greater. Interest on all sums imposed in accordance with this Assessment Collection Policy including the delinquent assessments, reasonable fees and costs of collection and reasonable attorney's fees shall be at a rate of 12% per year, commencing **thirty (30) days** after the assessment becomes due.

4. Any payments made shall be first applied to the assessments owed, and only after the assessments owed are paid in full, shall the payments be applied to late charges, interest, or collection expenses.

5. If the assessment is not paid within **sixty (60) days** of the due date, the Association will send a certified letter ("Notice of Intent to Lien") to the delinquent homeowner's addresses of record, including primary and secondary addresses provided to Association by Owner, informing the owner of the following:

- (a) a general description of the Association's lien enforcement procedures and the method of calculation of the amount;
- (b) a statement that the homeowner has the right to inspect Association records pursuant to California Corporations Code Section 8333;
- (c) The following statement in 14-point boldface type: **"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."**
- (d) an itemized statement of the charges owed by the homeowner, including items on the statement indicating the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any;

- (e) a statement that the homeowner will not be liable to pay charges, interest, and collection costs, if it is determined the assessment was paid on time to the Association;
- (f) the homeowner's right to request a meeting with the board of directors to discuss a payment plan pursuant to Civil Code Section 5665;
- (g) the homeowner's right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program required pursuant to Civil Code Sections 5900 and 5915; and
- (h) The homeowner's right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 5925 through 5965 before the Association may initiate foreclosure against the homeowner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

The letter described in this Paragraph 5 will be sent to the delinquent homeowner at least **thirty (30)** days prior to recording a lien against the delinquent homeowner's separate interest. The cost of the letter will be billed to the delinquent homeowner's account. All further costs, including reasonable attorneys' fees, are also the delinquent homeowner's responsibility.

6. Within **fifteen (15) days** from the date of the postmark of the Notice of Intent to Lien, a delinquent homeowner may submit a written request to the Association to meet with the Board to discuss a payment plan for the amount set forth in the Notice of Intent to Lien. The Board shall meet with the delinquent homeowner in executive session within **forty-five (45) days** of the date of the postmark of the request. If there is no regularly scheduled Board meeting during this period, then the Board may designate a committee of one or more Board members to meet with the owner.

7. If the delinquent homeowner fails to pay the amount set forth in the Notice of Intent to Lien (a) within **thirty (30) days** of the date of the postmark of the Notice of Intent to Lien, or (b) in the event the delinquent homeowner submits a request to meet, as set forth in No. 6 above, within **sixty (60) days** of the date of the postmark of the Notice of Intent to Lien, then the Board may decide that a lien will be recorded against the homeowner's separate interest. Such decision must be made by the Board and may not be delegated to an agent of the Association. The Board's decision to record a lien must be by a majority vote of the Board members in an open meeting, and the Board's vote shall be recorded in the minutes of that meeting. The delinquent homeowner will be charged for the lien costs associated with preparation and recordation of the lien. An itemized statement of the charges owed by the Owner must be recorded together with the lien.

8. A copy of the recorded lien shall be sent via certified mail to every person who is shown as an owner of the separate interest in the Association's records no later than **ten (10) calendar days** after recordation. Notices shall also be sent to any secondary address provided by Owner.

9. After recordation of the lien, payment must be made in cash, money order or cashier's check.

10. No assessment lien may be foreclosed until (a) the amount of the delinquent assessments secured by the lien (exclusive of any accelerated assessments, late charges, fees and costs of collection, attorney's fees or interest) equals or exceeds \$1,800.00, or (b) the assessments are more than twelve (12) months delinquent. If the Association chooses to record a lien under these circumstances, it shall, prior to recording the lien, offer the homeowner an opportunity to "meet and confer" regarding the delinquency, in accordance with Civil Code Section 5900 or participate in alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925. The decision to pursue dispute resolution, or a particular type of alternative dispute resolution is the Owner's choice; however, binding arbitration shall not be available if the Association intends to initial judicial foreclosure.

11. The decision to initiate foreclosure of a lien must be made by the Board and may not be delegated to an agent of the Association. The Board's decision to foreclose a lien must be by a majority vote of the Board members in executive session, and the Board's vote shall be recorded in the minutes of the next meeting of the Board that is open to all members. The Board shall maintain the confidentiality of the homeowners by identifying the matter in the minutes by the parcel number of the separate interest, rather than the name of the

homeowners. A Board vote to approve foreclosure of a lien shall take place at least **thirty (30) days** prior to any public sale.

12. The Board shall provide notice of its decision to foreclose on an assessment lien by (a) personal service to the homeowner if the homeowner occupies the separate interest, or to the homeowner's legal representative, or (b) first class mail, postage prepaid, at the most current address for the homeowner shown on the books of the Association, including primary and any secondary address provided by owner, if the homeowner does not occupy the separate interest.

13. A nonjudicial foreclosure is subject to a **ninety (90) day** right of redemption.

14. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association and the Association may turn the matter over to legal counsel at any time.

15. The mailing address for overnight payment of assessments is:
Seabreeze Management, Inc.
26840 Aliso Viejo Parkway, Suite 100
Aliso Viejo, CA 92656

16. The Association may alternatively file a civil action in Small Claims Court.

17. A copy of Civil Code Section 5730, 4740(b) is attached hereto.

CIVIL CODE SECTION 5730, 4740(b)

(a) The annual policy statement, prepared pursuant to Section 5310, shall include the following notice, in at least 12-point type:

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code) The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure. An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code).

(b) An association distributing the notice required by this section to an owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.

INTERNAL DISPUTE RESOLUTION

In accordance with Civil Code Section 5900 et seq., the Association has adopted the following internal dispute resolution process to be followed by the Association and Owners in connection with the disputes relating to the enforcement of the Association's Governing Documents, the Davis-Stirling Common Interest Development Action (Civil Code Section 4000 et seq) and Section 7110 et seq. of the Nonprofit Mutual Benefit Corporation Code (collection, the "Disputes").

Either party to a dispute may invoke the following procedure:

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 may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
3. The Board hereby designates the President or in his/her absence, the Vice-President ("Board Designee"), as well as the Association's managing agent to meet and confer with the Owner. The Board Designee shall also have the right to request the Chairperson of any applicable Committee involved in the dispute to assist the Board and attend the meet and confer session with the Owner. The Board Designee and the Association's managing agent shall both meet together with the Owner regarding the dispute. If the Association is pursuing litigation related to a delinquent assessment, the Board designates the Treasurer in lieu of the President as the Board Designee.
4. Although not precluded, attorney participation in the IDR is discouraged in order to maintain direct discussions between the principals of the dispute and to maintain the goal of resolution through an expeditious process. To the extent Owner requires that his/her/its attorney attend the IDR Process, the Owner shall be required to give at least five (5) business days notice to the Association so that the Association can ascertain if it desires to have its corporate counsel also attend. The Board shall have the right to reschedule any IDR meeting if it fails to receive timely notice that the Owner intends to have counsel or another party present at the IDR meeting, or if the Association's counsel is not available.
5. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to help resolve the dispute.
6. A resolution of the dispute agreed to by the parties shall be memorialized in writing by the parties, including the Board Designee on behalf of the Association.
7. The agreement reached 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 Association; and (b) the agreement is either consistent with the authority granted by the Board to its Board Designee or the agreement is ratified by the Board.

A member of the Association may not be charged a fee to participate in the process.

ALTERNATIVE DISPUTE RESOLUTION

Please be advised that California Civil Code Section 5930 et seq. requires that the Association and Owners endeavor to submit certain types of disputes to ADR prior to initiating a lawsuit. This notice merely provides a summary of the statute. If there is a dispute, which may require ADR pursuant to Civil Code 5930 et seq., please review all of the provisions of the statute or seek your own independent legal counsel.

PARTIES BOUND BY THE STATUTE

The parties required to comply with the statute are the Association (through the Board) and Owners of record.

DISPUTES SUBJECT TO THE STATUTE (QUALIFYING DISPUTES)

Section 5930 provides that neither the Association nor Owners may file an enforcement action in the Superior Court unless the parties have endeavored to submit their dispute to ADR. An “enforcement action” is defined as a civil action or other proceeding for any of the following purposes:

1. Enforcement of the Davis-Stirling Common Interest Development Act;
2. Enforcement of the California Nonprofit Mutual Benefit Corporation law, commencing with Corporations Code Section 7110; or
3. Enforcement of the Association’s Governing Documents

Where, however, an Owner has a private dispute with another Owner or a tenant, or the Board has a dispute with a third party, such as a landscaper, such dispute is not within the confines of the statute.

DISPUTES SPECIFICALLY EXCLUDED FROM THE STATUTE

The ADR statute applies only to an enforcement action that is solely for declaratory, injunctive or writ of relief, or for that relief in conjunction with a claim for monetary damages not in excess of \$5,000. The following types of dispute are specifically excluded from being required to resort to ADR:

1. A small claims action;
2. Assessment collection, except as provided for in Civil Code Section 5940;
3. Claims for money damages in excess of \$5,000 in conjunction with a claim for declaratory, injunctive, or writ relief;
4. Action for a preliminary or temporary injunctive relief; and
5. The filing of a cross-complaint in response to a complaint already filed.

COMPLIANCE PROCEDURES

Initiating Party

The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party a “Request for Resolution” including the following information and language:

1. A brief description of the dispute;
2. A request that the matter be submitted to ADR;
3. A notice that the party receiving the Request for Resolution (the “Responding Party”) is required to respond thereto within thirty (30) days of receipt or will be deemed rejected; and
4. If the party on whom the Request is served is an owner, a copy of Civil Code 5935 Request for Resolution

Service

A Request for Resolution may be served by personal delivery, first-class mail, express mail, email, facsimile transmission or other means reasonably calculated to provide the Responding Party actual notice of the Request.

Responding Party's Obligation

Upon receipt of the Request for Resolution, the Responding party, whether the Association or an Owner, has **thirty (30) days** to either accept or reject the Request. In the event no such response is received, the Request is deemed "rejected."

Time for Completion of ADR

Where the Request is accepted, the parties must complete the ADR within ninety (90) days of receipt of acceptance. However, the parties can stipulate in writing to extend the period.

Cost of ADR

The cost of ADR shall be borne by both parties.

Tolling of Statute of Limitations

If a Request for Resolution is served before the end of the applicable statute of limitations, the time limitation is tolled for certain periods specified in Civil Code Section 5945.

Certification

In the event the lawsuit is eventually commenced, the party filing must file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) alternative dispute resolution has been completed in compliance with 5950 et seq; (2) one of the parties to the dispute did not accept the terms offered for the alternative dispute resolution; or (3) preliminary or injunctive relief is necessary.

CONSEQUENCES FOR FAILURE TO COMPLY WITH ADR LAW

The failure to file the aforementioned certificate with the Court is grounds for a demurrer or motion to strike unless the Court finds that the dismissal of action for failure to comply would result in substantial prejudice to one of the parties. Additionally, in awarding attorneys' fees and costs, a court may consider whether a party's refusal to participate in ADR before commencement of the enforcement action was reasonable. As a result, it is important to seek independent counsel in the event that, as an Owner may have further questions.

Failure of a member of the Association to comply with the ADR requirements of Section 5930 of the Civil Code 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.

THE PRECEDING HAS BEEN PROVIDED IN ACCORDANCE WITH CIVIL CODE SECTION 5965, 5920.