

## FINE POLICY AND CC&R ENFORCEMENT PROCEDURES

### I. PREAMBLE

The Lake Forest II Master Homeowners Association may levy fines for violations of the Lake Forest II restrictions in accordance with Article IV, Section 5.05 of the Master Declaration of the CC&Rs and this Fine Policy adopted by the Lake Forest II Master Board of Directors on November 3, 1993.

### II. SCOPE

This Policy and Procedure is applicable to all homeowners in Lake Forest II and subject to the provisions of the Master Declaration. It is enforced by the Lake Forest II Master Board of Directors who retain ultimate responsibility, and by all other persons or entities specifically granted the authority to do so by the Board of Directors.

### III. PURPOSE

The purpose of this Policy and Procedure is to set standards for the assessment of fines and to assign authority for its implementation and application.

### IV. GENERAL

The Lake Forest II Fine Policy and Enforcement Procedures provides a list of violations for which fines may be levied and specifies the amounts of the fine and the allotted time for correction.

Any violation which is of a continuing or chronic (as determined the Board of Directors) nature or continues beyond the required correction date, shall be a separate violation. The time allotted for the correction of these violations shall in no case be less than that specified in the attached schedule.

The Board of Directors is the only authority which may grant longer periods for correction, where it believes a longer period is warranted by the circumstances.

## V. AUTHORITY

By resolution of the Board of Directors of Lake Forest II, the General Manager with assistance of full-time staff members assigned specifically for the enforcement of the provisions of this policy, are hereby directed to implement and enforce this policy as specified herein.

The Board of Directors has the right pursuant to the Policy / Rules Infractions Chart of the Master Declaration of Covenants, Conditions and Restrictions to suspend usage to the Lake Forest II Clubhouse and grounds for any period during which violation fines have been assessed against a homeowner's lot and remain unpaid. You have the right to attend a hearing before your Board of Directors, in which, they will review and may take action to suspend your rights.

By resolution of the Board of Directors of Lake Forest II, the Hearing Board with members present as constituted by the Board of Directors, is hereby directed to implement this policy as specified herein.

## VI. GENERAL MANAGER AND STAFF

### A. CC&R Violations

1. Inspect each tract and lot for violations of the Master Declaration a minimum of once each week.
2. When a violation is observed the violation will be documented thoroughly.
3. A letter will be sent by regular U. S. Mail notifying the homeowner of the observed violation and the time allotted for the corrections, in accordance with the attached schedule.
4. The violation will continue to be observed and documented each week until correction or until the allotted time for correction has expired.
5. At the discretion of the General Manager/Community Services Department, an extension in accordance with the attached schedule, not to exceed 30 days, may be granted.
6. If not corrected in the allotted time, a second letter will be sent to the homeowner requesting that the homeowner appear before the Hearing Board to show cause as to why a fine should not be levied. The potential fine, the time and place for appearance, and the observed violation will be indicated in accordance with the attached schedule.

7. In all cases, an Order to Show Cause (OSC) will require a minimum of 10 days prior notice. All letters requesting homeowners to appear will be sent by "Registered" U. S. Mail, as well as by regular U. S. Mail.
8. A Hearing Board review file will be prepared reflecting all actions of the staff and any homeowner responses for consideration by the Hearing Board.
9. The General Manager and the Community Services Department will comply with all decisions of the Hearing Board and/or the Board of Directors relative to any violation of the Master Declarations.

B. Vehicular Violations

The General Manager is hereby authorized to levy fines directly to homeowners immediately and without referral to the Board of Directors. A "Notice to Appeal" will be prepared in accordance with the schedule attached for the enforcement of the vehicle section of the Master Declaration herein described as Section 3.02, Paragraph F, and the Vehicle Rules revised by the Board of Directors on 9.1.93. This notice will be attached to the violating vehicle in such a way as to reasonably expect the vehicle owner to observe it. The violation, the time, and the date of next Master Board of Directors meeting (in order to allow the homeowner to "show cause", and the amount of the fine) will be shown. The signature of the issuing staff member will also be required. A letter will be sent to the homeowner by "Registered" U.S. Mail and by regular U.S. Mail, notifying them of the fine, date, time, and place to appeal the action before the Master Board of Directors at least 10 days prior to the meeting. The fine will be applied to the homeowner's account without referral to the Master Board of Directors after the time for the "Notice to Appeal" has expired.

VII. HEARING BOARD

- A. The Hearing Board will review homeowner files prepared by the staff for homeowners who have been notified of an "Order to Show Cause" hearing.
- B. The Hearing Board will review the facts of the case and will verify the validity of the violation by the review of evidence provided by staff, and any evidence presented by the homeowners in a personal appearance in accordance with the "Order to Show Cause".
- C. The homeowner will be given a reasonable amount of time to present their case.

- D. The Hearing Board may ask questions relative to "matters of fact" relating to the violation and/or violations before the Board, and may levy fines and "time for compliance" in accordance with the schedule attached.
- E. An extension may be granted on the authority of the Hearing Board as indicated in the attached schedule for each violation.
- F. If a fine is levied by the Hearing Board, a letter must be sent notifying the homeowner of the Hearing Board's decision, the homeowner's "Right to Appeal" to the Board of Directors, and the date of the next Board of Directors meeting. In no case will be notification of "Right to Appeal" and the date of appeal be less than 10 days prior to the meeting.
- G. If the "Right to Appeal" is not exercised by the homeowner properly notified as required in Paragraph F, above, the fine becomes immediate and can only be waived by resolution of the Board of Directors.
- H. A letter notifying the homeowner of the Board of Directors decision on the appeal must be sent no later than 10 days after such decision has been reached. In the event that the homeowner did not exercise the "Right to Appeal", this fact will be noted in the correspondence. The correspondence will also indicate the allotted time for compliance as indicated in the attached schedule. If, after this time, compliance has not been obtained, the case will again be referred to the Board of Directors for disposition.
- I. IDR Letter will be sent to members 90 days after their fine appeals process has expired or 90 days after the end of their Board approved extension period. A letter notifying the homeowner that the Board of Directors requests an IDR meeting ( Internal Dispute Resolution) between the homeowner, two Board Members, the General Manager and the Community Services Manager will be sent to the homeowner if not in compliance.
- J. If no response from the IDR letter, the General Manager will attempt to contact the homeowner via telephone.
- K. If no response from the letter or phone calls, the case will again be referred to the Board of Directors for referral to the Association's legal counsel for ADR (Alternate Dispute Resolution) request.