

CONDOMINIUM RESIDENCES I OF FALLSGROVE

RULES AND REGULATIONS

1. Unit Owners and other occupants shall be subject to all Rules and Regulations adopted by the Board as well as all other Rules and Regulations set forth in the Declaration and Bylaws, including, without limitation, Section 6.5 of the Bylaws. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 16 and Rule 25 -[duplication of rule in error] to Rule 1)*
2. No common sidewalks, entrances, passages, courts, halls, vestibules, corridors or stairways of the Condominium shall be obstructed or used for any purpose other than ingress to and egress from Units. Notwithstanding the foregoing, exterior flower pots shall be permitted in locations approved by the Board. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 1 to Rule 2)*
3. No article shall be placed in any of the halls (except a doormat placed directly in front of a Unit's doorway which does not obstruct passage through the hall) or on any of the staircases and/or landings, nor shall any fire exit be obstructed in any manner. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 2 to Rule 3)*
4. Children shall not play in the elevators, halls, vestibules lobbies, stairways, or any of the exterior landscaped areas except such areas as may be designated by the Board. At this time, there is no such designated area. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners extending rule to any children not just children of unit owner) (Rule Modification Adopted at Board Meeting on January 18, 2006 moving Rule 3 to Rule 4)*
5. No hall or vestibule shall be decorated or furnished by any Unit Owner or other occupant in any manner without the written consent of the Board of Directors or their designee. Seasonal/holiday decorations are permitted on or immediately adjacent to Unit entry doors providing that no nail, screw or tape marks are left on Common Element doors, walls, etc. and that they do not obstruct hallways, stairways or fire exits in any manner. Seasonal/holiday decorations may be installed up to 15 days prior to the applicable holiday and must be removed within 10 days of the holiday. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners allowing seasonable/holiday decorations) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 4 to Rule 5)*
6. Each Unit Owner shall keep his Unit and any other space to which he has sole access in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom or from the doors or windows thereof, any dirt or other substance. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 5 to Rule 6)*
7. No awnings or other projections (other than those installed by the original developer) shall be attached to the Common Elements or Units on the exterior of any building in the

Condominium and no Owner shall erect a fence or gate of any kind. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 6 to Rule 7)*

8. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the local Board of Fire Underwriters and the public authorities having jurisdiction, and each Unit Owner shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit Owner's Unit. All utility services furnished to or used in the Unit shall be for residential purposes only. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 7 to Rule 8)*

9. No Unit Owner or other occupant shall make or permit any disturbing noises in any part of the Condominium, or do or permit to be done therein anything which will interfere with the rights, comforts or conveniences of others. No owner or other occupant shall play or cause to be played any musical instrument, or operate or permit to be operated a phonograph, stereo, radio, television, VCR or any loud speaker in his Unit between the hours of 11:00 p.m. and 9:00 a.m., if the same shall disturb or annoy other Unit Owners or occupants of the Condominium, and the same shall apply to the practice of either vocal or instrumental music in the Unit. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 8 to Rule 9)*

10. Toilets and other water apparatus in any Unit shall not be used for any purposes other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other articles be thrown into same. *(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 9 to Rule 10)*

11. The agents of the Condominium, and any contractor or workman authorized by the Condominium, may enter any room or Unit after reasonable notice to the Unit Owner thereof at any reasonable hour of the day for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as the Owner shall not have taken as may be necessary to control or exterminate any such vermin, insects or other pests. Reasonable notice means written notice within seven days prior to the entry of the Unit via first-class or certified mail to Unit Owner's last known address and/or a notice posted on the front door of the unit, and mailed to the Resident Agent if the Unit Owner is an entity. The notice shall state the purpose of the inspection or access, approximate time of entry and approximate duration of the inspection or access. A member of the Board must accompany the agent, contractor or workman.

(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners requiring and defining reasonable notice and requiring Board member to accompany the agent, contractor or workman)

(Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 10 to Rule 11)

12. Clothes or other articles shall not be dried or aired on or from any terrace, balcony, porch, deck or patio or other portion of the exterior Common Elements. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners adding balconies, porches, decks or patios)*

restriction of clothes or other articles drying or be aired) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 11 to Rule 12)

13. No terrace, balcony, porch, deck, or patio shall be enclosed, decorated, landscaped, or covered by any awning or otherwise without the written consent of the Board, and no balcony or patio floor shall be covered with any material not approved by the Board. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners adding requirement of approval of Board concerning to decorations of balconies, porches, decks or patios as well as covering of balcony or patio doors) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 12 to Rule 13)*

14. American flags may be hung from a balcony/porch/terrace/deck/patio railing. The flag may not exceed 3' x 5' and must be draped horizontally from the top of the railing with the union (or stars) uppermost and to the flag's left, that is, as viewed from a point outside the building or otherwise provided by federal law. Plants in appropriate and drip-free containers and outdoor furniture may be placed on balconies/porches/decks/patios terraces provided that any item placed thereon must be substantial enough to withstand heavy winds and remain on the terrace. All other items are prohibited from balconies/porches/terraces/decks/patios unless approved in writing by the Board of Directors. At no time, may trash or other waste items be stored on terraces, balconies, porches, decks or patios. *(New Rule Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 13 to Rule 14)*

15. Patio Sliding Screen Doors must be plain white aluminum or vinyl screen or storm doors consisting of fiberglass or aluminum insert with tempered safety glass. The doors must be without ornamentation and contain a full view with a single horizontal bar, no horizontal bar or retractable with single horizontal skirt (bottom) as approved by the Board before installation between the unit and deck/patio. *(New Rule Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 after moving Rule 14 to Rule 15)*

16. No Unit Owner or other occupant shall at any time bring into or keep in his Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except for normal household use. Charcoal grills or other fuel burning apparatus, are not to be used in or on any part of the Condominium. Electric grills are not to be used on any balcony or patio or other common element of the condominium. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners moving Rule 13 to Rule 15 and adding ban of electric grills) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 15 to Rule 16)*

17. Automobiles shall not be washed except in areas designated by the Board. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners Moving Rule 14 to Rule 16) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 16 to Rule 17)*

18. No window treatments shall be installed in any Unit which do not have a white

backing visible from the outside. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners Moving Rule 15 to Rule 17) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 17 to Rule 18)*

19. Unit Owners and other occupants shall be subject to all Rules and Regulations adopted by the Board as well as all other Rules and Regulations set forth in the Declaration and Bylaws, including, without limitation, Section 6.5 of the Bylaws. *(Rule Modification Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners Moving Rule 16 to Rule 18) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 18 to Rule 19)*

20. Bylaw Section 6.2.4 Limitation of Rental Units will be implemented with the understanding that regardless of whether or not, at any time, ten percent (10%) of the condominium units have been rented, the following original unit owners who purchased as investors will be allowed to rent their units subject to approval of their leases and as long as they are in compliance with all Rules and Regulations including, but not limited to, being current on all condominium fees and assessments: (a) Unit 104 - Rockville Housing Enterprises; (b) Unit 105 - Rockville Housing Enterprise; and (c) Unit 401 - Bonnie S. Kline; and if and when these exempted unit owner(s) sell or otherwise transfer their units, the new Unit Owners will not be subject to this exception. *(Adopted at Board Meeting on April 20, 2005 after due notice to Unit Owners and Modified at Board Meeting on October 19, 2005 after due notice to Unit Owners moving Rule 17 to Rule 19) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 19 to Rule 20)*

21. Move-In and Move-Out Policies and Procedures.

A. Policy - Moves (in or out) must be scheduled with the property management company at least seven days in advance of the move date. Moves must take place between the hours of 9 a.m. – 5 p.m., Monday through Friday. No moves will be permitted on Saturdays, Sundays or any major holiday. Only one move per day will be permitted, and will be scheduled on a first come, first served basis. The scheduling of the move in advance will ensure that elevator pads are placed in the elevator and then taken down after the move is over. The elevator pad installation and removal must be handled by the moving company. Please note that if you are an existing resident who wishes to move large items of furniture into or out of your unit, elevator pads may be necessary and if you wish for them to be put up, please contact the management company and necessary arrangements will be made. At no time during the move may any of the building doors be propped in the open position for any length of time.

B. Fees - A non-refundable \$250 move-in/out fee will be charged to any new tenant or owner moving into/out of the building. The move-in/out fee will be charged to the condo fee account at the time the move is scheduled with the management company. No move fee will be charged to any owner who is simply moving a few items into or out of the unit. Move-in/out fees are charged only for entire moves into/out of the building.

C. Damage - Any damage to the building caused in the process of the move will be the responsibility of the owner. The cost of restoration of the damage caused will be in addition to the \$250 move in fee. Please refer to the Rule 24 on Collection Policy for Damage to the Condominium.

D. Penalties - Any owner or tenant moving without scheduling in advance will be stopped immediately. Any owner or tenant who violates any provision of the move policy (including scheduling) will be fined \$500. All fines will be added to the condo fee billing and will be deducted first from any subsequent payment on the account of the unit. *(Adopted at Board Meeting on April 20, 2005 after due notice to Unit Owners and Modified at Board Meeting on October 19, 2005 after due notice to Unit Owners Moving Rule 18 to Rule 20) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 Moving Rule 20 to Rule 21) (Replaced by Rule Adopted at Board Meeting on September 28, 2006 after due notice to Unit Owners)*

22. Smoking is prohibited in the interior Common Elements of the building (including but not limited to corridors, elevators, stairways, and the lobby of the building). Smoking is also prohibited in all exterior areas within twenty feet of the building. *(New Rule Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 Moving Rule 21 to Rule 22)*

23. Parking and Enforcement

A. Registration

1. All residents must register each vehicle with the Board of Directors' Secretary to include vehicle make, model, color, year, and license plate number.

2. The maximum number of vehicles that can be registered in order to park on the premises per each individual Resident Unit is two without prior approval of the Board of Directors.

3. Any request to register more than two vehicles must be made in writing to the Board of Directors' Secretary. Approval to register an additional vehicle must be in writing from the Board of Directors.

B. Restrictions on Parking of Vehicles on Premises

Only vehicles that are registered may be parked in the General Common parking areas, with the exception of service/delivery/trade vehicles and vehicles belonging to guests of a Unit Owner/Resident that comply with the provisions of this resolution, except registration.

C. Prohibited Vehicles

The following vehicles, whether registered or not, cannot be kept upon the General Common Elements to include the roadways, parking lots, and carports:

1. Inoperable vehicle that either cannot mechanically be operated on public streets or does not comply with state motor vehicle laws and regulations and therefore cannot legally be operated on public streets.
2. Inoperable or Abandoned vehicle that does not bear a current and valid state license plate or that has the license plates removed.
3. Junk vehicle that has been damaged or deteriorated so extensively that it has value only for junk or salvage.
4. Recreational vehicle to include boats, camping trailers, fifth-wheel trailers, motor homes, travel trailers, and truck campers.
5. Commercial vehicle carrying a sign advertising a business or any vehicle obviously intended for use as a work vehicle. Exception is a passenger car sized taxi-cab used by a Unit Owner in conjunction with his or her occupation in a Garage Unit owned by such Unit Owner.
6. Oversized vehicle that is too high to clear the entrance to a carport or is too long or wide to fit within a parking space.
7. Nuisance vehicle to include a vehicle displaying a "for sale" sign, vehicles using parking areas as a commuter lot or staging area for carpools, or vehicle with gasoline, oil, or emission leaks.

Exceptions to these restrictions must be approved in writing by the Board of Directors.

D. Motorcycles

Motorcycles or any two-wheeled vehicle shall only be parked in the front of a parking space parallel to the curb face such that the owner's car may simultaneously use the space.

E. No Parking Zones

All paved areas within the premises not expressly marked for parking are considered fire lanes and no parking zones.

F. Parking Positioning

1. All vehicles shall be positioned as close to the center of the parking space between the painted lines as possible. Overlapping the painted lines that separate parking spaces or parking at an angle to the curb is expressly prohibited.

2. Head-in parking against all curb areas is recommended for protection of the grounds' landscaping, walls, and fences.

3. No double parking is permitted.

G. Guest Parking

1. Guests may park in the General Common Area parking spaces and the carport of a garage owned by the Resident Unit being visited, and are subject to the provisions of this resolution, other than the registration requirements.

2. All residents are responsible for notifying their guests of the Association's parking restrictions.

H. Vehicle Maintenance

Activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicle, trailer or boat, is not permitted on the General Common Elements. The Board has not designated any location for automobile washing and therefore that activity is prohibited.

I. Compliance and Enforcement

1. Prohibited vehicles, including unregistered resident vehicles, will be towed at the owner's risk and expense after a forty-eight hour written notice has been placed on the vehicle and mailed to the owner or placed on the bulletin boards in each of the four buildings if unregistered with the Boards of Directors and/or the property manager. Subsequent violations by the same vehicle occurring within 180 days of the date of the first notice will cause towing without further delay after the placement of subsequent notices. The relevant HOA President or Board designee must approve the issuance of the notice.

2. Any vehicle parked in a fire lane, no parking zone, double parked, or illegally parked in a space designated for handicap parking, shall be subject to immediate towing without prior notice at the vehicle owner's risk and expense. Owners/residents may report any violation identified in this paragraph directly to the Rockville City Police Department.

3. Alleged prohibited violations of these parking regulations, as observed by any owner/resident (except those identified in paragraph two above), are to be reported to a member

of the Board of Directors who will then determine through a review of the Vehicle Registration Lists of the three Homeowner Associations, or through the Master List maintained by our property manager, whether the vehicle is registered with one of the three Condominium Residences of Falls Grove Homeowners Associations before a notice is mailed/placed in accordance with paragraph one above. The relevant HOA President or Board designee must approve the issuance of the notice.

4. Continuing violations of the non-prohibited parking restrictions will be enforced in accordance with the Board of Director's Resolution on Adoption of Rules, Regulations, and Covenants Enforcement Procedures.

Residents and guests shall park their vehicles in authorized parking spaces only. Vehicles parked in unauthorized parking areas are subject to being towed at the owner's expense and risk. Towed vehicles will be returned to the owner after payment of towing fees plus any fines imposed by the Board of Directors. *(New Rule Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 Moving Rule 22 to Rule 28) (Rule Replaced at Board Meeting on September 28, 2006 after due notice to Unit Owners)*

24. Enforcement Procedure - Adoption of Rules, Regulations and covenants enforcement procedure concerning violation of Condominium By-laws, Rules and Regulations:

I. Notification of Violation

1. Whenever the Board of Directors or the duly appointed Architectural Control Committee determines that probable cause exists as to a violation of the Association's Governing Documents or any adopted Rules and Regulations, it will send written notice to the person alleged to be in violation, and to the Owner(s) of the Unit, if such person is not the owner. Any initial complaint of an alleged violation that is asserted by a Unit Owner or a resident shall be in writing and signed by the complaining person and submitted to the Board of Directors or the duly appointed Architectural Committee for review and probable cause. The written notice will be sent to the Unit owner(s) by both first-class mail and certified mail, return receipt requested, to such address that is reflected in the Association's records pursuant to Article IX, Section 9.1.1 (d) of the Bylaws. The written notice shall state:

- a. The Rule, Regulation, or Covenant that has been violated.
- b. The conduct or action that violates the Rule, Regulation, or Covenant.
- c. The action required to correct the violation.
- d. The type of violation, continuing or non-continuing.

2.) A continuing violation consists of action or inaction taken by a Unit Owner(s) or

occupants or family members, guests, invitees, contractors, and tenants which presents an ongoing uninterrupted violation of the Association's Governing Documents or Rules and Regulations. An example of a continuing violation is making a structural modification or alteration to the Unit that is not in conformance with the Governing Documents or Rules and Regulations or was installed without prior written consent from the Board of Directors. For a continuing violation the following procedures shall apply:

a.) The written notice of Cease and Desist will request that the violation be corrected within fifteen (15) days from the date of the letter or such other time period that the Board of Directors determines is reasonable but not less than ten (10) days, and a statement advising that failure to correct the violation within the time allotted will result in a hearing scheduled by the Board of Directors to consider the matter. The written notice will advise the Unit owner(s) that the Board of Directors may impose penalties for the violation, including fines, suspension of voting rights, action to correct the violation at the expense of the Unit Owner(s) if it is necessary to prevent injury or damage to any other unit or to the Common Elements, and legal action to compel compliance.

b.) If the violation continues after the time period allotted in the Cease and Desist written notice, the Association shall send a second notice to the Unit Owners advising that a hearing will be held before the Board of Directors at a specified date, time, and place. The hearing shall be scheduled at least ten (10) days from the date of the second written notice. The notice shall advise that Unit owner(s) may produce any statement, evidence and witnesses at the hearing in his or her defense of the alleged violation. The written notice will advise the Unit Owner(s) that the Board of Directors may impose sanctions for the violation. The sanctions imposed may include, but are not limited to the imposition of fines, the suspension of voting rights, the decision to take action to correct the violation at the expense of the Unit Owner(s) if it is necessary to prevent injury or damage to any other Unit or to the Common Elements, and the initiation of legal action to compel compliance with the Association's Governing Documents and established Rules and Regulations.

3.) A non-continuing violation is an action or inaction of a Unit Owner or his or her family members, guests, invitees, contractors, and tenants which is a single occurrence and is not continuing or on-going in nature and is a violation of the Association's Governing Documents or Rules and Regulations. An example of a non-continuing violation is making or permitting any disturbing noises or permitting anything to be done that will interfere with the rights, comforts, or convenience of other owners. While such conduct may be performed again and again, the occurrences are not uninterrupted and therefore begin anew each time. For a non-continuing violation the following procedures shall apply:

a.) The written notice of Cease and Desist shall state that should further violation of the same provision of the Association's Governing Documents or Rules and Regulations occur again within twelve (12) months, the Board of Directors may take action to enforce the Governing

Documents or Rules and regulations, which have been violated and may impose sanctions after further notice and hearing.

4.) If a second violation of the same provision of the Association's Governing Documents or Rules and Regulations recurs within twelve (12) months, The Association shall send a second written notice to the Unit Owner(s) advising that a hearing will be held before the Board of Directors at a specified date, time, and place. The hearing shall be scheduled at least ten (10) days from the date of the second written notice. The notice shall advise the Unit owner(s) of the right to be present evidence and cross-examine witnesses at the hearing in defense of the alleged violation. The written notice will advise the Unit Owner(s) that the Board of Directors may impose sanctions against for the violation. The sanctions imposed may include, but are not limited to the imposition of fines, the suspension of voting rights, the decision to take action to correct the violation at the expense of the Unit Owner(s) if it is necessary to prevent injury or damage to any other Unit or to the Common Elements, and the initiation of legal action to compel compliance with the Association's Governing Documents and established Rules and Regulations.

II. Hearing

1. At any Rules, Regulations, or Covenants enforcement hearing, the Unit owner(s) or the alleged violator(s) shall have a right to present evidence and to present and cross-examine witnesses. Proof of notice of the hearing shall be made a part of the hearing record. This proof of notice shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director who delivered the notice. The notice required is deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a summary of the evidence presented and a written statement of the decision of the Board of Directors and the sanctions, if any, imposed.

2. If the Board of Directors determines that a violation of the Association's Governing Documents or Rules and Regulations has been committed, then the Association will send a letter to the Unit owner within fifteen (15) days of the hearing stating the decision of the Board of Directors, including any action required to correct the violation and any sanction imposed by the Board of Directors. If the Board of Directors determines that there has been no violation, the Unit Owner shall be so advised by a letter from the Association within fifteen (15) days of the hearing.

III. Sanctions

1. If the Board of Directors determines that a violation has occurred, it may, at its discretion, impose one or more of the following sanctions:

a. A Cease and Desist Order directing that the violation stop and that corrective action be

taken;

- b. Fines;
- c. Suspension of Association voting rights; and/or
- d. Legal action to enjoin the violation.

2. If the violation consists of the failure to secure written approval for a variance or structural change or to maintain the Owner's Unit in compliance with the Association's Governing Documents and any Rules and Regulations, the Board of Directors may authorize entry of the unit by an officer of the Board of Directors or the Association's management company and their duly authorized representatives and employees, if it is determined by the Board of Directors that such entry is necessary to prevent injury or damage to any other Unit or the Common Elements. If it is determined that a violation exists, the Board of Directors will take appropriate measures to correct the violation. Such costs incurred by the Association shall become the Unit Owner's obligation and shall be payable and will be enforced in the same manner as assessments for Common Expenses.

IV. Schedule of Fines

1. If the Board of Directors determines that a continuing violation of the Association's Governing Documents or Rules and Regulations and that the violation has not been corrected by the date specified by the Board of Directors in the initial written Cease and Desist notice, then the following fine schedule will apply unless the Board of Directors decides that lesser amounts are sufficient. Fines will continue to accumulate on the dates outlined below until the violation is corrected:

Day beyond deadline Fine

First	\$25.00
15th	\$50.00
30th	\$100.00
45th	\$200.00
46th and each day thereafter	\$20.00 per day.

These fines and subsequent occurrences of the same/similar violations shall be cumulative.

2. If the Board of Directors determines that a non-continuing violation of the Association's Governing Documents or Rules within twelve (12) months subsequent to the initial Cease and Desist written notice then the Board of Directors may impose a fine of \$25.00 to \$200.00 upon the Unit Owner(s), depending upon the violation and the number of violations of the same Rule, Regulation, or Covenant that has been committed by the Unit owner or his or her

family members, guests, invitees, contractors, and tenants.

V. Collection of Fines

The Association shall collect all fines imposed. All fines shall be due within thirty (30) days of imposition and treated as Individual assessments pursuant to the Assessment Collection and Full Pay policy of the Association.

I. Definitions

1. **ASSESSMENTS:** Includes 1. Regular Monthly Assessments of Installment amount of the Annual Assessment due from each Unit Owner for use by The Council of Unit Owners to defray the Common Expenses,

2. **SPECIAL ASSESSMENTS:** An assessment to defray the cost of any construction, reconstruction, unexpected repair or replacement of a described capital improvement located upon the Condominium.

3. **INDIVIDUAL ASSESSMENT:** A damage assessment imposed on a Unit Owner(s) to reimburse the Association for the cost of repair or replacement of damages of the Common Elements.

4. **ENFORCEMENT ASSESSMENT:** An enforcement fine assessment levied on a Unit Owner(s) for a violation of the Rules, Regulations, and/or Covenants.

5. **EMERGENCY SPECIAL ASSESSMENT:** An assessment that results in an increase in excess of fifteen percent (15) of the Annual Assessment for any expenditure made because of conditions which, if not corrected immediately, could reasonably result in a threat to the health and safety of the Unit Owners or a significant risk of damage to the Condominium.

6. **FINES -** Payment as defined and determined in Rule 23

II. Collection Process

1. All regular monthly assessments shall be due and payable on the first day of each month. Special, Individual, Enforcement, and/or Emergency Special Assessments and fines shall be due and payable on the due date specified by the Board of Directors in the notice imposing the assessment.

2. Regular, special, individual, and emergency special assessments shall be delinquent if not paid within fifteen (15) days after they become due. Enforcement assessments shall be

delinquent if not paid within thirty (30) days after they become due.

3. A late charge of 10% shall be applied if the payment in full is not received by the delinquency date. The late charge shall be applied to all delinquent assessments – regular, special, individual, enforcement and/or emergency special.

4. If any assessment is not paid within thirty (30) days of its original due date, interest will be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at a monthly rate of one and one-half (1.5%) percent.

5. Payments received on delinquent assessments shall be applied to the Owner's account as follows: first to the fees and costs of collection, attorney's fees, late charges, and interest and then to the assessment owed until paid in full.

6. If any unit owner(s) fail(s) to pay a regular monthly installment when due the Board of Directors may declare the entire Assessment for such Assessment year to be immediately due and payable.

7. If a regular, special, individual, or emergency special assessment is not paid within fifteen (15) days of the due date, or an enforcement assessment is not paid within thirty (30) days of the due date, the Association will send a Delinquency/Late Fee Notice letter to the delinquent owner(s) by both regular first-class mail and certified mail, return receipt requested. The letter will include an itemized statement of the charges owed by the delinquent, including the amount of any delinquent assessments, the fees and reasonable costs of collection, late charges, and any interest.

8. When a delinquent assessment is not paid within ninety (90) days of the due date, the Association will send a Notice of Intent/Pay or Lien letter to the delinquent by both regular first-class mail and certified mail, return receipt requested, giving them fifteen (15) days to pay the account in full or the account will be submitted to the Association's attorney. The letter will state the Association's intent to record a lien against the unit for non-payment of assessments and other charges and suspend the Owner's voting privilege.

9. Prior to the recordation of an Assessment Lien a delinquent may request in writing a hearing before the Board of Directors after receiving the letter from the Association's attorney stating that the Association intends to record a lien on the unit. The hearing will be held at least fifteen (15) days prior to the date the Association intends to record the lien.

III. Assessment Lien and Foreclosure

1. If the delinquent does not bring the account current within the deadline set forth in the Notice of Intent/Pay or Lien letter, the Association shall refer the matter to the Association's

attorney for collection. The Attorney will send a Suit Warning Letter to the owner(s), advising that the delinquent has ten (10) days to pay or a Suit will be recorded.

2. Upon the expiration of the ten day Suit Warning Letter without payment of the assessment, the attorney shall cause to be recorded in the County recorder's office a Notice of Assessment Lien concerning all sums that are then delinquent, including delinquent assessment, interest, late charges, collection costs, and reasonable attorneys' fees. Recording this notice creates a lien, which is subject to foreclosure against the delinquent owner's property.

3. Owner(s) should not send any assessment payments to the Association once the matter has been turned over to the attorney for collection; such payment shall only be accepted by the attorney's office. The attorney shall then release the lien if payment in full was made by the delinquent owner.

4. Thirty (30) days after the Notice of Assessment Lien has been recorded and sent to the delinquent owner, any assessment account which is still delinquent will be collected by suit or foreclosure of the condominium liens.

IV. Procedure involving individual damage to the Condominium Assessment Collection.

1. An invoice will be sent to the Unit Owner(s) for the damage individual assessment due on the first of the month. The owner(s) of each unit subject to such an assessment has fifteen (15) days from the first of the month to either:

- a. Pay the amount in full;
- b. Arrange a payment schedule acceptable to the Board; or
- c. Request a Board of Directors hearing to contest the validity of any amount billed or responsibility charged.

2. Unit Owner(s) who wish to schedule a Board of Directors hearing regarding payment may do so after receiving the invoice. The request must be in writing, stating clearly their reasons for a hearing regarding the invoice charges. Board of Directors hearings will be held at the next regularly scheduled Board meeting after a written request is received.

3. The due date for damage individual assessments is either fifteen (15) days after the date of the invoice or a scheduled Board hearing. The Assessment Collection and Full Pay Policy will be in effect for all delinquent damage individual assessments. *(New Rule Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 23 to Rule 24)*

25. Assessment Collections Procedure

I. Definitions

1. ASSESSMENTS: Includes 1. Regular Monthly Assessments of Installment amount of the Annual Assessment due from each Unit Owner for use by The Council of Unit Owners to defray the Common Expenses,

2. SPECIAL ASSESSMENTS: An assessment to defray the cost of any construction, reconstruction, unexpected repair or replacement of a described capital improvement located upon the Condominium.

3. INDIVIDUAL ASSESSMENT: A damage assessment imposed on a Unit Owner(s) to reimburse the Association for the cost of repair or replacement of damages of the Common Elements.

4. ENFORCEMENT ASSESSMENT: An enforcement fine assessment levied on a Unit Owner(s) for a violation of the Rules, Regulations, and/or Covenants.

5. EMERGENCY SPECIAL ASSESSMENT: An assessment that results in an increase in excess of fifteen percent (15) of the Annual Assessment for any expenditure made because of conditions which, if not corrected immediately, could reasonably result in a threat to the health and safety of the Unit Owners or a significant risk of damage to the Condominium.

6. FINES - Payment as defined and determined in Rule 23

II. Collection Process

1. All regular monthly assessments shall be due and payable on the first day of each month. Special, Individual, Enforcement, and/or Emergency Special Assessments and fines shall be due and payable on the due date specified by the Board of Directors in the notice imposing the assessment.

2. Regular, special, individual, and emergency special assessments shall be delinquent if not paid within fifteen (15) days after they become due. Enforcement assessments shall be delinquent if not paid within thirty (30) days after they become due.

3. A late charge of 10% shall be applied if the payment in full is not received by the delinquency date. The late charge shall be applied to all delinquent assessments – regular, special, individual, enforcement and/or emergency special.

4. If any assessment is not paid within thirty (30) days of its original due date, interest will be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at a monthly rate of one and one-half (1.5%) percent.

5. Payments received on delinquent assessments shall be applied to the Owner's

account as follows: first to the fees and costs of collection, attorney's fees, late charges, and interest and then to the assessment owed until paid in full.

6. If any unit owner(s) fail(s) to pay a regular monthly installment when due the Board of Directors may declare the entire Assessment for such Assessment year to be immediately due and payable.

7. If a regular, special, individual, or emergency special assessment is not paid within fifteen (15) days of the due date, or an enforcement assessment is not paid within thirty (30) days of the due date, the Association will send a Delinquency/Late Fee Notice letter to the delinquent owner(s) by both regular first-class mail and certified mail, return receipt requested. The letter will include an itemized statement of the charges owed by the delinquent, including the amount of any delinquent assessments, the fees and reasonable costs of collection, late charges, and any interest.

8. When a delinquent assessment is not paid within ninety (90) days of the due date, the Association will send a Notice of Intent/Pay or Lien letter to the delinquent by both regular first-class mail and certified mail, return receipt requested, giving them fifteen (15) days to pay the account in full or the account will be submitted to the Association's attorney. The letter will state the Association's intent to record a lien against the unit for non-payment of assessments and other charges and suspend the Owner's voting privilege.

9. Prior to the recordation of an Assessment Lien a delinquent may request in writing a hearing before the Board of Directors after receiving the letter from the Association's attorney stating that the Association intends to record a lien on the unit. The hearing will be held at least fifteen (15) days prior to the date the Association intends to record the lien.

III. Assessment Lien and Foreclosure

1. If the delinquent does not bring the account current within the deadline set forth in the Notice of Intent/Pay or Lien letter, the Association shall refer the matter to the Association's attorney for collection. The Attorney will send a Suit Warning Letter to the owner(s), advising that the delinquent has ten (10) days to pay or a Suit will be recorded.

2. Upon the expiration of the ten day Suit Warning Letter without payment of the assessment, the attorney shall cause to be recorded in the County recorder's office a Notice of Assessment Lien concerning all sums that are then delinquent, including delinquent assessment, interest, late charges, collection costs, and reasonable attorneys' fees. Recording this notice creates a lien, which is subject to foreclosure against the delinquent owner's property.

3. Owner(s) should not send any assessment payments to the Association once the matter has been turned over to the attorney for collection; such payment shall only be

accepted by the attorney's office. The attorney shall then release the lien if payment in full was made by the delinquent owner.

4. Thirty (30) days after the Notice of Assessment Lien has been recorded and sent to the delinquent owner, any assessment account which is still delinquent will be collected by suit or foreclosure of the condominium liens.

IV. Procedure involving individual damage to the Condominium Assessment Collection.

1. An invoice will be sent to the Unit Owner(s) for the damage individual assessment due on the first of the month. The owner(s) of each unit subject to such an assessment has fifteen (15) days from the first of the month to either:

- a. Pay the amount in full;
- b. Arrange a payment schedule acceptable to the Board; or
- c. Request a Board of Directors hearing to contest the validity of any amount billed or responsibility charged.

2. Unit Owner(s) who wish to schedule a Board of Directors hearing regarding payment may do so after receiving the invoice. The request must be in writing, stating clearly their reasons for a hearing regarding the invoice charges. Board of Directors hearings will be held at the next regularly scheduled Board meeting after a written request is received.

3. The due date for damage individual assessments is either fifteen (15) days after the date of the invoice or a scheduled Board hearing. The Assessment Collection and Full Pay Policy will be in effect for all delinquent damage individual assessments. *(New Rule Adopted at Board Meeting on October 19, 2005 after due notice to Unit Owners) (Rule Modification Adopted by Resolution at Board Meeting on January 18, 2006 moving Rule 24 to Rule 25)*

26. Whenever the Board of Directors receives notification that a unit that is then rented will no longer be rented to the incumbent tenant and this notification brings the number of units being rented to under ten (10) percent, the Board of Directors shall give all unit owners thirty (30) days written notice of the number of units within the 10 percent restriction that may be rented and the opportunity to submit a written notification to the Secretary of the Board of Directors of their desire to rent their unit.

(a) If the number of owners notifying the Board Secretary in writing of their desire to rent their unit equals the number of rental units available, the Board Secretary shall notify each unit owner in writing that the unit owner has thirty (30) days to present to the Board Secretary a signed lease with the required Board Lease Addendum.

(b) If the number of unit owners who notify in writing the Secretary of the Board of Directors of their desire to rent the units exceeds the number of rental units available,

the Board President and Secretary shall within five (5) days rank in a random manner (such as a lottery type drawing) the unit owners who provide such notifications. The highest ranked unit owner shall be notified in writing by the Board Secretary that the unit owner has thirty (30) days to present to the Board Secretary a lease with the required Board Lease Addendum. If the highest ranked unit owner fails to present a signed lease and required Board Lease Addendum within thirty (30) days, the Board Secretary shall go down the list of unit owners in ranked order giving thirty (30) days notice to the next ranked unit owner until the Secretary receives a signed lease with the required Board Lease Addendum within thirty (30) days of notice by the Board Secretary.

(c) If no unit owner notifies the Board Secretary in writing of their desire to rent their unit, within thirty (30) days of the writing notice to all unit owners, the Board Secretary shall notify the first unit owner subsequently notifying the Board Secretary in writing of their desire to rent their unit that the unit owner has thirty (30) days to present to the Board Secretary a signed lease with the required Board Lease Addendum. *(New Rule Adopted at Board Meeting on January 18, 2006 after due notice to Unit Owners)*