

LOS FELIZ ESTATES OWNERS ASSOCIATION

HEARING PROCEDURE, ENFORCEMENT AND FINE POLICY

(Adopted February 2019)

1. Notice and Hearing Procedures. This Hearing Procedure, Enforcement and Fine Policy (“Policy”) will be followed whenever the Board meets to consider an alleged governing document violation, which could result in disciplinary action against a Member.

a. Notice of violation. Upon report of a violation of the Association’s governing documents to the Board, the violating Member shall be given a written Notice of Violation. The Notice of Violation shall contain, at a minimum, the following: (i) a description of the violation; (ii) notice that the violation may result in a hearing and possibly a fine or other enforcement measures; and (iii) instructions for the Member to dispute the report of violation (record of which, if and when received by the Association, shall be attached to the Notice of Violation and made a part thereof).

b. Notice of Hearing. Should the Board determine to hold a disciplinary hearing regarding the violation described in the Notice of Violation, a written Notice of Hearing will be sent to the Member at least ten (10) days prior to the hearing and will be given either personally or by prepaid first-class mail to the Member’s most recent address shown in the Association’s records. The Notice of Hearing shall contain, at a minimum, the following: (i) the date, time, and place of the hearing; (ii) the nature of the alleged violation for which the Member may be disciplined; and (iii) a statement that the Member has a right to attend and may address the Board at the hearing.

c. Opportunity to Be Heard. The Member shall have the right to send a letter, send a representative, or appear in person to present evidence as to why he/she should not be disciplined and/or did not commit the alleged violation. The Member shall also have the right to bring an attorney with him/her to advise him/her or to speak on his/her behalf. The hearing will be held during an executive session meeting of the Board, unless the Member requests in writing to the Board prior to the hearing that the hearing be held during an open session Board meeting.

d. Rescheduled Meetings. Upon timely written request and for worthy cause, the accused Member may be granted a continuance to a new hearing date, as determined by the Board in its sole discretion. In the event the Member fails to appear for a hearing, the Board will review the evidence presented to date and make its decision accordingly. The Board is under no obligation to reschedule a hearing to accommodate a Member’s schedule.

e. Correction of Violation. In the event the violation is corrected prior to the hearing date, the Board may, if appropriate and in its sole discretion, discontinue the disciplinary proceedings.

f. Notice of Decision. Within fifteen (15) days after the hearing, the Member will be given written notice by personal delivery or prepaid first-class mail of the Board's decision whether to impose disciplinary measures against the Member, and, if so, what disciplinary measures will be imposed, when, and, if applicable, for how long.

g. Conflicts of Interest. If a member of the Board has a conflict of interest in a disciplinary matter (e.g., the Board member filed the complaint, or the complaint was filed against the Board member), that Board member may not deliberate or vote on the Board's decision whether to impose disciplinary measures with respect to that matter.

2. Remedies for Enforcement. To enforce the Association's governing documents, the Board may impose one (1) or more of the remedies described below, as the Board deems appropriate in its sole discretion. The selection of one (1) of the following remedies does not preclude the Association from pursuing other remedies permitted under this Policy, the Association's governing documents, at law and/or in equity.

- a. Warning letters
- b. Monetary penalties/fines
- c. Suspension of membership privileges
- d. Suspension of voting rights
- e. Imposition of a reimbursement assessment
- f. Alternative dispute resolution
- g. Litigation

Suspension of membership privileges and/or voting rights, as applicable, may be imposed for a period of up to thirty (30) days for a single non-continuing violation. Membership privileges and/or voting rights for any continuing violation may be suspended for so long as such continuing violation exists and remains uncured.

Failure by a Member to pay any fines or reimbursement assessment imposed within thirty (30) days of the due date thereof may result in legal action against the Member by the Association to collect the fines or reimbursement assessment. If the Association is forced to retain an attorney to ensure compliance, collect fines or a reimbursement assessment, etc., the Member shall be liable for those attorney fees and costs and all related expenses in addition to the fines or reimbursement assessment.

3. Fine Schedule. Violation of the Association's governing documents may result in the imposition of one or more fines as the Board may determine to be appropriate to the situation and as provided for in the fine schedule below. Fines may be imposed for each

instance of a violation of the governing documents. In addition to or instead of imposing fines, the Board may pursue other remedies for enforcement described in this Policy.

a. *Violations of Leasing Restrictions.* For violations by a Member of the leasing restrictions in the governing documents, the Board may impose initial fines of up to \$1,000 per occurrence, plus daily fines of up to \$1,000 per day for as long as the violation continues.

b. *Safety/Health Violations.* For violations by a Member of the governing documents involving the endangerment or potential threat to the safety or health of other Members or Residents, the Board may impose initial fines of up to \$1,500, plus daily fines for those violations of a continuing nature, as described in subsection (d) below.

c. *Other Violations.* For all other governing document violations by a Member, the Board may impose a fine for each occurrence of a violation in accordance with the below schedule:

- i. 1st violation: fine up to \$100
- ii. 2nd violation, same offense: fine up to \$300
- iii. 3rd violation, same offense: fine up to \$500
- iv. Additional violations, same offense: fine up to \$1,000

d. *Continuing Violations.* For those governing document violations of a continuing or ongoing nature, in addition to the above-described per-violation fines, the Board may also impose daily fines of up to \$500 per day until the violation is cured (except for leasing restriction violations which may accrue daily fines up to \$1,000 per day).

4. Selection of Remedies. The Association may pursue one (1) or more enforcement remedies simultaneously. The selection of one (1) enforcement remedy does not preclude the Association's right to pursue any other remedies.

5. Severability. If there is a conflict between any provision of this Policy and any statute, law, ordinance, rule, order or regulation, the latter shall prevail, and in such event the provision of this Policy at issue shall be curtailed and limited only to the extent necessary to bring it within applicable legal requirements. Each provision of this Policy shall be considered as separate and divisible, and in the event any provision of this Policy is held to be invalid, void, or unenforceable by a court of competent jurisdiction, the remaining provisions of this Policy shall continue to be in full force and effect without being impaired or invalidated in any way, to the extent possible.

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