

# Professional HOA Consultants, Inc.

MANAGEMENT SERVICING HOMEOWNERS ASSOCIATIONS

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## THE KNOLLS CONDOMINIUM HOMEOWNERS ASSOCIATION

### RENTAL RESTRICTIONS DISCLOSURE

**In 2011, the California Senate passed SB 150 which amends Civil Code §1360.2. Rent Restrictions.**

(a) An owner of a separate interest in a common interest development shall not be subject to a provision in a governing document or an amendment to a governing document that prohibits the rental or leasing of any of the separate interests in that common interest development to a renter, lessee, or tenant unless that governing document, or amendment thereto, was effective prior to the date the owner acquired title to his or her separate interest.

(b) Notwithstanding the provisions of this section, an owner of a separate interest in a common interest development may expressly consent to be subject to a governing document or an amendment to a governing document that prohibits the rental or leasing of any of the separate interests in the common interest development to a renter, lessee, or tenant.

(c) For purposes of this section, the right to rent or lease the separate interest of an owner shall not be deemed to have terminated if the transfer by the owner of all or part of the separate interest meets at least one of the following conditions:

- (1) Pursuant to Section 62 or 480.3 of the Revenue and Taxation Code, the transfer is exempt, for purposes of reassessment by the county tax assessor.
- (2) Pursuant to subdivision (b) of, solely with respect to probate transfers, or subdivision (e), (f), or (g) of, Section 1102.2, the transfer is exempt from the requirements to prepare and deliver a Real Estate Transfer Disclosure Statement, as set forth in Section 1102.6.

(d) Prior to renting or leasing his or her separate interest as provided by this section, an owner shall provide the association verification of the date the owner acquired title to the separate interest and the name and contact information of the prospective tenant or the prospective tenant's representative.

(e) Nothing in this section shall be deemed to revise, alter, or otherwise affect the voting process by which a common interest development adopts or amends its governing documents.

(f) This section shall apply only to a provision in a governing document or a provision in an amendment to a governing document that becomes effective on or after January 1, 2012.

The following rental restrictions are contained in the governing documents for the above referenced association:

#### **CC&R's, Article 5, 5.4. LEASE OF CONDOMINIUMS.**

Each Owner shall have the right to lease his Condominium, provided that such lease is in writing and provides that the tenant shall be bound by and obligated to the provisions of this Declaration and all other Project Documents; and that the failure to comply with the provisions of these Project Documents shall be a default of the lease. No Owner shall lease his Condominium for "*transient or hotel purposes*". Any lease which is either for a period of less than thirty (30) days, or pursuant to which the Lessor provides any services normally associated with a hotel, shall be deemed to be for transient or hotel purposes. Any lease agreement shall be for the Unit, the Dwelling and its garage area, and no such agreement shall allow the lessee to forfeit the use of such garage area. Upon the lease of any Condominium, the Owner thereof shall, within ten (10) days thereafter, provide a copy of the lease agreement to the Association.

**THE KNOLLS CONDOMINIUM HOMEOWNERS  
ASSOCIATION, INC,**

**RULES & REGULATIONS**

Revised & Amended September 2007



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## **RULES & REGULATIONS**

These Rules & Regulations establish regulatory requirements for members of The Knolls Condominium Homeowners Association. While these Rules and Regulations are intended to be as comprehensive as possible, it is not possible to anticipate every situation. We expect that members of the Association will use good judgment, cooperation and common sense in all situations,

These Rules & Regulations have been approved by the Board of Directors of The Knolls Condominium Homeowners Association, Inc.

### **1. OWNER INFORMATION**

- A. Change of address or ownership must be reported in writing to Management within ten (10) days of close of escrow,
- B. Absentee owners must provide the name and telephone number of their tenants to Management within ten (10) days of move-in. All owners must provide each new tenant(s) with a copy of the Association Rules & Regulations.
- C. Knowledge and compliance of the Rules & Regulations by tenants is the sole responsibility of their unit owner. Ignorance of Rules & Regulations shall not be acceptable as just cause for non-compliance. Owners are ultimately responsible for any monetary penalties or damages caused by residents, tenants or guests.

Residents are responsible for notifying their guests of the Rules & Regulations. Owners are jointly and severally responsible for any infraction of the Rules & Regulations and damages caused by visiting guests.

### **2. MAINTENANCE/REPAIR OBLIGATIONS**

Each owner is responsible for the maintenance and repair of interior surfaces of their unit's perimeter walls, finished floor, finished ceiling, windows and doors. The owner is responsible for maintaining the interior of their patio and/or balcony and maintenance and repair of the interior surfaces of the finished floor and fence enclosure. The owner is responsible to maintain their windows, window assemblies, screens and screen doors. The owner is responsible for all plumbing located within the air space of the unit including shower, lavatory and kitchen sink fixtures.

The Association is only liable for damage to an owner's unit or personal property caused by the Association's negligence in its maintenance of a common area component. For instance, if a roof leak damages personal items such as carpet, wallpaper, paint (including water marks) etc. the Association is not responsible for these repairs unless the Association was negligent in its maintenance of the roof. The Association will still be responsible to repair any common area components which are damaged; for example, dry wall.

The Association's Master Insurance Policy is not a substitute for homeowner's insurance. All owners should carry appropriate homeowner's insurance even if the condominium is rented to a tenant. It is strongly recommended that each owner review his or her personal homeowner's insurance policy with a qualified agent to ensure that they have adequate coverage.

### **3. USE OF FACILITIES**

Residents only are entitled to use the facilities at The Knolls. Absentee owners relinquish all privileges for using the facilities at The Knolls.

Each unit shall be issued one common area key. If a key is lost or stolen, a replacement key shall be assigned to that unit. Keys are sequentially numbered and a record is maintained of all keys issued to each unit. The purpose of the key identification system is to prevent vandalism and use of our property by non-residents. Your active participation in asking persons to leave the premises, if they do not have a numbered key when using our facilities, will ensure the success of this system.

1. If more than one person residing in the unit needs access to the key, it is suggested you leave it in a common place within your unit.
2. Residents and their guests are required to have their key with them at all times when using the pool area, tennis court, and laundry rooms. Those not in compliance will be asked to leave the facilities and are subject to a \$50.00 penalty.
3. There is a \$100.00 charge to replace a missing/ lost/stolen key. Replacement keys are issued by Management. In order to provide you a key, you are required to come into the office and sign for it. If you are unable to come into the office, you may assign someone else to represent you; however, that person must provide Management with written authorization signed by you that he/she is picking up the key on your behalf, and that person shall be required to sign for the key. Owners are responsible for providing a common area key to their tenants.

### **4. ENFORCEMENT POLICY**

Disciplinary proceedings will be initiated upon the receipt of a written Complaint from any owner or resident to the Board in care of Management, setting forth, in ordinary and concise language, the acts or omissions with which the alleged offender is charged. The Complaint must contain as many specific and supporting facts as are available including the violation, unit number committing the violation, name of person(s) committing the violation (if known), as well as date, time and location of the violation, Complaints must be signed.

Upon the filing of the Complaint, to the extent the Board deems appropriate, the Board shall reasonably investigate the Complaint to verify that, if true, the allegation(s) constitute violation(s) of the governing documents, and if so, the Board, in its sole discretion, determines that enforcement is appropriate, a Notice of Violation shall be sent to the owner summarizing the Complaint and requesting compliance. Said Notice shall be sent by first class mail. If compliance is forthcoming as stipulated in the Notice of Violation, no further action will be taken.

If the violation is not corrected within the stipulated time, or if the violation is repeated, a Hearing Notice shall be sent to the owner providing a general summary of the allegations in the Complaint as well as the disciplinary action that may be imposed by the Board as a result of the noncompliance; date, time, and location of the Hearing; and a statement that the owner may attend the Hearing and address the Board with the option of being heard in either open or Executive Session. The Hearing Notice is sent by Certified, Return Receipt Requested, and first class mail at least fifteen (15) days, but not more than forty-five (45) days, prior to the date of the Hearing.

At the Hearing the Board will consider any written or oral statements of the parties and witnesses as provided by the owner and/or complainant together with such other information and/or evidence presented which the Board believes to be material and relevant. Whether or not the owner wishes to attend the Hearing, the owner may respond in writing to the allegations in the Complaint. If the owner submits a written response it must be received at least seventy two (72) hours prior to the Hearing. This will ensure that the Board has the opportunity to consider the response prior to a decision on the Complaint being made. Should the owner fail to appear at the Hearing and fail to submit a written statement in defense of the allegations, the Board may consider such failures to be an admission of the allegations,

A decision regarding the Complaint may be made at the conclusion of the Hearing, or may be postponed to no later than seven (7) days thereafter. A written decision will be mailed to the owner as soon as practicable thereafter, but in no event more than fifteen (15) days after the Hearing. Disciplinary action, if any is imposed, and unless otherwise ordered by the Board, shall become effective no fewer than five (5) days after the Board's decision is mailed to the owner. All decisions of the Board shall be final unless the Board, in its sole discretion, agrees to rehear the matter due to the availability of new evidence or information of an overriding nature. All requests for rehearing must be made by the owner and received by the Board within thirty (30) days of the date of the notice of the Board's decision, and must include a summary of the new evidence to be presented or the reasons why the Board's previous decision should be overturned.

The following monetary penalty schedule shall apply where the Board, in its sole discretion, finds a violation has occurred and determines to assess said penalty. A \$50.00 penalty will be assessed for each violation. Failure to correct the violation or for a repeated offense of the same violation, the monetary penalty shall double; and thereafter, \$100.00 shall be assessed for each continued non-compliance of the same violation. Monetary penalties imposed are in addition to any actual costs, damages, or expenses, including attorney fees, incurred by the Association in obtaining compliance with the governing documents. If circumstances warrant the Board, in its sole discretion, may suspend imposition of all or any portion of a monetary penalty for up to one (1) year from the date of the Hearing.

The Board of Directors will try to keep the name of anyone reporting a violation strictly confidential unless the matter goes to Mediation, Arbitration or Court.

## **5. PARKING**

- A. No parking is permitted in any area other than a numbered or lettered parking space. Violating vehicles will be towed without warning at the vehicle owner's expense.
- B. Guest parking is available only in visitor parking, on the street or in your assigned space.
- C. Under no circumstances are gasoline, or gas-powered, vehicles to be parked/stored in the unit or on balconies or patios, as these can constitute a fire hazard.
- D. Fire lanes **MUST** be clear at all times. These areas are marked with red lines/red hash marks. Any car parked in a fire lane or in an unassigned parking space is subject to tow. Residents may call the police department to ticket/tow cars parked in the fire lanes.
- E. Inoperative or unregistered vehicle storage is not allowed.
- F. The speed limit within the project is 10 MPH maximum.
- G. Garage doors to be open only one (1) hour in a 24-hour period.
- H. Garage must be cleared to park a vehicle in. No more than two (2) vehicles per condo are to be parked within the complex. The vehicle in the garage counts as one (1).
- I. No vehicle maintenance, servicing, repairing, assembling, modifying or restoring other than emergency work is permitted.
- J. Parking in front of garages is strictly prohibited.

### **Temporary Assignment for One-Car Garage Units**

1. Residents of one-car garage Units will be granted permission to use one numbered outside parking space on a temporary basis, which the Board at its discretion may revoke at any time, upon fifteen (15) days notice to the resident. These residents will be required to sign an agreement acknowledging the assignment of a space. Unless revoked at an earlier date, agreements shall expire on January 1 of each year, and will be automatically renewed, unless the Board at its discretion determines not to renew such Agreement.
2. Residents are responsible to notify guests and visitors that unauthorized parking in numbered spaces is not permitted.
3. The remaining lettered spaces shall remain open for parking by guests, visitors and residents who are using their garage to its fullest capacity for the parking of vehicles. Storage or other use of the garage which prevents the garage from being used to its fullest capacity for parking is prohibited.
4. Each resident having an assigned space is responsible to monitor such space, and report any unauthorized vehicle to Clancy Towing at (619) 579-8697 and wait to sign/or tow or company will not tow vehicle.

## 6. PETS

- A. Each unit may house not more than two (2) domesticated pets, such as cats, dogs, or other usual and ordinary household pets in accordance with the Declaration of Restrictions. Birds shall not exceed four (4) in number.  
Owners are responsible for any and all damage caused by pets to the common area, including patio and balcony area.
- B. All owners must comply with county laws and regulations with respect to control and health of pets.
- C. Dogs loose in the common area are strictly prohibited! Dogs must be controlled by a leash at all times when outside individual patios or living quarters.
- D. Animals must not be allowed to litter on the grounds, of The Knolls complex. Any "droppings" must be immediately cleaned up by the owner.
- E. Pets are not allowed inside the pool or spa enclosures nor inside the fence of the tennis court.
- F. Due to an over-population of stray animals in the area, all unattended animals in the common area are subject to removal by Animal Control.
- G. Litter boxes may not be kept on the balcony, patio or in the common area.
- H. No dog whose barking disturbs other owners or residents will be permitted to remain on property.

## **7. COMMON AREA**

- A. The common areas are for all residents' enjoyment, and it is everyone's responsibility to keep them free of trash and clear of personal belongings.
- B. No barbecuing is allowed in the common area other than designated barbecue areas, i.e., no sidewalks, grassy areas or parking lots. No barbecuing is allowed on balcony railings for obvious safety reasons.
- C. No one is allowed on roofs or in solar areas.
- D. Mopeds and motorcycles, etc., are not allowed on walkways, hallways or landscaped areas within the common area of The Knolls.
- E. No vehicle washing or major vehicle repair is permitted on the premises, including but not limited to, oil changes, engine work, etc.
- F. It is the responsibility of all residents to be aware of the potential damage that may occur to the common area, as well as the risks of conducting or permitting recreational activities in the common areas, especially in areas used by motor vehicles. By participating in activities in such areas, the participants, or their parents or legal guardians, assume the risks inherent in doing so. The Association assumes no responsibility for property damage or bodily injury arising out of the actions of owners, tenants, family members, and/or guests of owners/residents who choose to assume the risk of participating in activities in which the participants may cause such damage or injury. All participants who engage in any recreational activities in areas used by motor vehicles are to cease their activities immediately and yield to any motor vehicle whose path is blocked by such activities. Persons who fail to act responsibly or engage in recreational activities, which are unreasonably dangerous to property or persons may be subject to discipline for such conduct. Owners are responsible for all damages incurred to the Association or other residents directly or indirectly due to the activities of their tenants, guests, occupants of their unit, or by the owners themselves.



## 8. SWIMMING POOL AND SPA

- A. Pool and Spa Hours are:
  - Sunday thru Thursday 8:00 A.M. to 10:00 P.M.
  - Friday and Saturday 8:00 A.M. to 11:00 P.M.
- B. Quiet hours shall be observed in the pool and spa areas after 9:00 P.M. Noise is to be kept at a minimum at all times. No loud radios, music, yelling, excessive noise, foul language, etc., is allowed at any time.
- C. The pool enclosure gates must be kept locked at all times. Leaving or propping the gates open is strictly prohibited.
- D. All persons who use the pool and spa do so at their own risk.
- E. Towels must be used on chairs or chaise lounges if suntan oil/lotion is applied. Oil or lotion must be showered off before entering the pool/spa.
- F. Only bathing suites are permitted in pool or spa (no cut offs, etc.) All infants must be diapered with rubber pants and bathing suits.
- G. Unsupervised use by children under the age of fourteen (14) is prohibited. Children under the age of 14 must be accompanied by an adult over the age of 18.
- H. Persons using the spa must be a minimum height of 4'6.
- I. Food and beverages are not allowed in the spa or in the pool. Food and beverages may only be consumed while using the pool deck.
- J. Use of pool and spa is restricted to residents and their guests, Guests are limited to four (4) per unit, unless prior arrangements are made with the Board of Directors or the Management Company. Neither the pool nor the spa may be reserved or used for private parties.
- K. Life saving equipment is to be used only in an emergency requiring or justifying its use.
- L. Persons with open cuts, wounds, infectious or communicable diseases, etc., are strictly prohibited from using the pool or spa.
- M. Pets, or other animals, are not permitted in the pool or spa enclosure.
- N. Bicycles, motorbikes, skateboards, roller skates, roller blades, etc. are strictly prohibited in the pool and spa enclosure.
- O. Running, diving, jumping, pushing, shoving, rough play, or other dangerous, destructive, or boisterous activity is strictly prohibited at all times.
- P. Glass bottles, glasses, dishes, or other breakable containers are strictly prohibited within the pool or spa enclosure.
- Q. Only small flotation devices are allowed in the pool. No flotation devices are allowed in the spa. Non-floating items, i.e., rocks, dirt, fishing weights, keys, coins, etc., may not be thrown into the pool or spa. Non-floating pool accessories expressly made for use as diving objects may be used.
- R. All persons using poolside facilities shall clean up their litter and debris after use.
- S. No smoking is allowed in spa or pool.
- T. Spa cover must be replaced after each use.
- U. Showers and restrooms shall not be used as a supplement to living accommodations.
- V. Use of pool and spa is prohibited during cleaning and servicing. Pool maintenance may restrict or request persons to vacate the area so that repair, maintenance or

servicing may be accomplished. Adjustments to the pool and spa equipment are to be made by authorized personnel only.

- W. Owners are responsible for the conduct of their guests, tenants, tenant guests, invitees, etc. Persons not complying with the rules shall be required to leave the pool area, and future use of the pool facilities may be restricted.

Common sense and courtesy shall prevail. Please do not use large floating devices in the pool. If it is crowded, please refrain from playing games, etc. Music should be kept low so as to not disturb others. Remember the pool is for owners first, please limit your guests to a reasonable number. Guests will be expected to adhere to all rules. Be aware that the pool can be observed by units close by and romantic activities are strongly discouraged.

## 9. TRASH

The following items are strictly prohibited from being deposited in the waste containers at The Knolls:

- ✓ Computer monitors
- ✓ Furniture of any kind
- ✓ Appliances of any kind
- ✓ Televisions
- ✓ Herbicides or pesticides
- ✓ Oil filters
- ✓ Florescent tubes
- ✓ Tires
- ✓ Paint, thinner, remover or other related products (both empty and full cans are prohibited)
- ✓ Chemical products
- ✓ Industrial waste
- ✓ Liquid waste
- ✓ Hazardous waste
- ✓ Christmas trees

Anyone seen depositing any of those items into the dumpster or leaving any of those items near the dumpsters will immediately be fined \$100.00 for the first offense, with fines doubling for each successive offense.

Whenever the trash dumpsters are full, residents *must* use the alternate dumpsters. Additionally, residents must ensure that all trash is securely bagged, and deposited directly into the dumpsters. Trash must not be left outside or on top of the dumpsters. All boxes must be broken down completely before being deposited into dumpsters.

## 10. ARCHITECTURE

All alterations to the exterior architecture or the interior structure requires the prior written architectural approval by the Board of Directors. All architectural applications must be made in writing. No outside shutter, screen, blind, drape or appurtenance shall be constructed, permitted or maintained without the express written consent of the Board of Directors.

### A. Screen/Security Doors

1. Screen/security doors must be black or brown in color.
2. Screen/security doors must be constructed of high quality aluminum or steel.
3. Screen/security doors must be maintained by the homeowner and kept in 100% condition.
4. The Board reserves the right to require removal or repair of a screen/security door.

### B. Windows & Screens

1. No outside blinds are allowed on The Knolls units. If protection from the sun is required or desired, solar reflecting material only in smoke or copper color may be installed on the windows subsequent to prior written architectural approval. No silver solar reflecting material is allowed.
2. Window coverings must be of a neutral color only, i.e., white, beige, or light tan.
3. Owners are responsible to keep windows and window assemblies in good working condition.  
All broken/cracked glass must be repaired immediately.
4. All window screens missing, needing repair, or loose must be repaired and/or replaced by the owner.

### C. Fences, Balconies, Patios

1. Potted plants may continue to set directly on patio slabs and balcony floors providing they are in pots with saucers under them to catch the drainage water. In addition, saucers must have adequate space underneath to allow for sufficient air circulation of the decking material, placed on plant stands, or hung from the ceiling inside the patio or balcony enclosures. Failure to comply will result in owners being financially responsible for repair of all damages caused directly or indirectly by the plants plus monetary penalties being assessed for each non-compliance in accordance with the Enforcement policy.
3. No towels, clothing, blankets, etc., shall be permitted to hang over fences or balconies.
4. No unsightly items are allowed on balconies or patios that can be seen from ground/street level or from another unit, i.e., refrigerators, mattresses, unused lumber, etc.

#### D. Satellite Receivers

1. In accordance with FCC regulations, qualified satellite receivers, i.e., satellite dishes of one (1) meter or less in diameter are permitted inside the owner's unit or exclusive use common areas appurtenant to the owner's separate interest, however, prior to or simultaneously with said installation, the owner of the unit shall execute a copy of the Architectural Standard for Satellite Dishes, which is available by request through Management, and provide a signed copy of same to the Board of Directors. Installation of satellite receivers is strictly prohibited on any part of the Association common

### **11. LANDSCAPE**

- A. The landscape areas are for our visual enjoyment as well as for enhancing the value of our investment at The Knolls. Any damage to the common area landscaping (i. e. running over plants, breaking of tree branches, light fixtures, etc.) should be reported immediately in writing with complete details to Management, A notice of violation will be issued to the party responsible for the damage. We all want our complex to look its best and will not tolerate damage and destruction of plants and facilities. Repairs or replacements will be made at the expense of the responsible owner,
- B. Maintenance of the common area will be performed by the Association, Modifications, additions or changes to the common area landscaping are strictly prohibited.

## **12. NOISE**

Noise levels should be kept to a minimum and shall not infringe on normal living or enjoyment of other residents of The Knolls. No loud stereos, musical instruments, noise, yelling, etc. will be allowed at any time. If it disturbs anyone, it is too loud. Be considerate and shut your doors and windows if you think the noise level may be disturbing to others.

## **13. SIGN REGULATIONS**

- A. One "For Sale" or "For Rent" sign, not in excess of four (4) square feet may be displayed in the window of any unit on the market for sale or rent; provided however, the display of the sign shall be limited to the period that said unit is actually held for sale or rent. The sign is to be removed upon rental or upon offer and acceptance of the buyer and seller. The removal shall not await the close of escrow.
- B. One "Open House" sign and one pennant may be placed directly in front of the unit only during the open house period.
- C. No on-site directional sign will be permitted anywhere in the complex, including at the complex entrances,
- D. No other signs are allowed that can be seen street/ground level.

## **14. MISCELLANEOUS PROVISIONS**

- A. Any and all disputes arising under these Rules & Regulations, including, but not limited to, the interpretation, enforcement and imposition of monetary penalties, shall be resolved by the Board of Directors. The Board of Directors shall have full, final and exclusive jurisdiction of any such disputes and its decisions shall be final and binding on all parties. Nothing herein, however, shall prevent the Board from taking such action as is necessary or appropriate to enforce or implement its decisions.
- B. These Rules & Regulations become effective immediately upon receipt and ignorance of same shall not be acceptable as just cause for non-compliance.

## THE KNOLLS PARKING RULES

- A. No resident parking is permitted in any area other than a numbered or lettered parking space. **Residents may not park in Guest parking spaces.** Violating vehicles will be towed without warning at the vehicle owner's expense.
- B. Guest parking is available only in Guest parking, on the street or in your assigned space.
- C. Under no circumstances are gasoline, or gas-powered, vehicles to be parked/stored in the unit or on balconies or patios, as these can constitute a fire hazard.
- D. **Fire lanes MUST be clear at all times.** These areas are marked with red lines/red hash marks. Any car parked in a fire lane or in an unassigned parking space is subject to tow. Residents may call the police department to ticket/tow cars parked in the fire lanes.
- E. Inoperative or unregistered vehicle storage is not allowed.
- F. The speed limit within the project is 10 MPH maximum.
- G. Garage doors to be open only one (1) hour in a 24-hour period.
- H. Garage must be cleared to park a vehicle in. No more than two (2) vehicles per condo are to be parked within the complex. The vehicle in the garage counts as one (1).
- I. No vehicle maintenance, servicing, repairing, assembling, modifying or restoring other than emergency work is permitted.
- J. **Parking in front of garages is strictly prohibited.**

Vehicles violating any of the above Rules may be towed **without notice**.

Homeowners may have vehicles towed that are parked in their assigned parking space or in fire lanes. Owners must provide proof of residence to have vehicles towed from their parking spaces.

Homeowners are requested to report any other violation on the above Rules to the Management Company immediately.

# THE KNOLLS CONDOMINIUM HOMEOWNERS ASSOCIATION

## RULES AND REGULATIONS REPAIR POLICY

This document is being presented to the membership for review pursuant to the California Civil Code. The Board of Directors for the Knolls Condominium Homeowners Association approved this clarification of the CC&R's on July 29, 2009

**This rule is effective immediately.**

The following clarification and addition is being made to the Rules and Regulations document dated September 2007. All owners are requested to add this page to the Rules and Regulations booklet, which was sent to all owners in September of 2007. If you do not have this booklet please contact Professional HOA Consultants, Inc. to request another.

The Repair Policy reads as follows:

### 1. REPAIR POLICY

- A. Each owner is responsible for the maintenance and repair of interior surfaces of their unit's walls, finished floor, finished ceiling, windows and doors. Owners with Exclusive Use Common Areas (rear patios) are responsible for maintaining the interior of their patios and maintenance and repair of the interior surface of any finished floor and concrete enclosure. The owner is responsible to maintain their windows, window assemblies, screens, doors and screen doors. The owner is responsible for all plumbing located within the air space of entire unit, including, but not limited to, shower, lavatory and kitchen sink fixtures. The owner is responsible for all plumbing located inside the walls, that only service their unit.
- B. The Association is responsible for the maintenance and repair of the building's structure including bearing walls, columns, floors, roofs, foundations and beams. The Association is not responsible for damages to personal property or any portion of the unit that is the homeowners' responsibility to maintain and/or repair caused by a common area component deficiency unless the Association is negligent in the repair and maintenance of said item.

### 2. WATER DAMAGE

- A. Each owner shall be solely responsible at his sole expense for effecting the repair or replacement of any damage to any and all interior items of his unit caused by water intrusion from a Common Area source, including but not limited to, windows and back-ups from drains and sewers, unless such damage is caused by the negligence of the Association or its Board, officer, agents or employees. Each owner's responsibility shall include, without limitation, any personal property, decorations, interior surfaces, floor and wall coverings, appliances, fixtures or other items within his unit.
- B. If water intrusion is caused by a source within a unit, and such water intrusion causes damage to another unit or the common area, then the owner of the unit causing the water intrusion is responsible for all damages.

### 3. SLAB LEAKS

- A. As there is a settlement account for this purpose, if there is a slab leak within a unit that requires the re-route of the water supply lines, the Association will bear all costs of plumbing work, any needed drywall repairs and the *labor* to paint the repaired area only. Each owner must color match the paint if needed and supply the paint to the Association. The Association will have the repaired area painted, but will not be responsible for any owner provided paint that does not match.
- B. Any flooring that is damaged due to a slab leak will follow the same guidelines as above. The owner will be required to supply/purchase the replacement flooring (including carpet padding) and the Association will provide the labor for installation.
- C. These guidelines will remain in effect until the funds from the settlement have been depleted. Once those funds have been depleted, the responsibility for the labor reverts to the homeowner.



# **HOMEOWNERS ASSOCIATION**

## **VIOLATION PROCEDURE**

The following procedure will apply to all violations and infractions of the governing documents and rules and regulations. Owners may report violations to the Management Company or Board of Directors by submitting a written notice describing the violation. The Board of Directors, Management Company, or committee appointed by the Board may also report any violations discovered during walk-throughs or by personal knowledge of any of its members or representatives.

At the time a violation is noted or reported, action will be taken as follows:

1. A first notice to correct the violation will be sent by the management company. The notice will contain a description of the violation and instructions regarding response to the notice and correction of the violation.
2. If the violation continues or if the response is otherwise unsatisfactory after the first notice, the owner will receive a notice of a monetary penalty and be afforded an opportunity to appear before the Board or an appointed committee either by appearing personally or submitting written testimony. The notice shall be delivered to the owner by first class or registered mail to the last address of the owner shown on the Association's records. The Board or committee shall give fair consideration to the owner's oral or written testimony in determining whether to impose a penalty.
3. If the violation continues or if the response is otherwise unsatisfactory even after the impositions of a monetary penalty, the board or its appointed committee may impose additional or continuing fines until such time as the matter is satisfactorily resolved.
4. If the violation continues, the Board may refer the matter to the Association's legal counsel. If a lawsuit is filed, the homeowner may be liable for the Association's legal costs.

# **HOMEOWNERS ASSOCIATION**

## **FINE SCHEDULE**

Reasonable fines for first time violations shall be levied in accordance with the following schedule:

Hazardous Activities (Risk of harm to person or property)	<u>\$100.00</u>
Use Restrictions	<u>\$50.00</u>
Vehicle and Parking Restrictions	<u>\$50.00</u> And/Or Towing
Unauthorized Improvements to Property per Discretion of Board	<u>Minimum \$50.00</u>
Any Violation of the Bylaws, CC&Rs or Rules and Regulations not specifically mentioned	<u>\$50.00</u>

Fines shall be in addition to an assessment levied to reimburse the Association for expenses and costs. Continuing or repeated violations may result in revocation of common and recreational area privileges (i.e. pool and spa use).

Fines for continuing or repeated violations may be increased in \$100.00 increments at the discretion of the Board.

Four (4) or more violations assessed to a single lot in any six (6) month period may result in an additional fine of up to \$100.00 at the discretion of the Board.

## THE KNOLLS NEW PARKING RULES

5.

- A. No parking is permitted in any area other than your assigned numbered parking space. Violating vehicles will be towed without warning at the vehicle owner's expense.
- B. Guest parking is available only in Guest Parking spots, on the street or in your assigned space. Residents may NOT park in Guest Parking spots or they are subject to tow without warning.
- C. Under no circumstances is gasoline, or gas-powered, vehicles to be parked/stored in the unit or on balconies or patios, as these can constitute a fire hazard.
- D. Fire lanes **MUST** be clear at all times. These areas are marked with red lines/red hash marks. Any car parked in a fire lane is subject to tow without notice. Residents may call the police department to ticket/tow cars parked in the fire lanes.
- E. Inoperative or unregistered vehicle storage is not allowed and subject to tow.
- F. The speed limit within the project is 10 MPH maximum.
- G. Garage doors to be open only one (1) hour in a 24-hour period.
- H. Garage must be cleared to park vehicles inside. No more than two (2) vehicles per condo are to be parked within the complex **unless you have rented an extra parking space from the Association.** The vehicles in **your** garage **count as vehicles allowed to be parked within the complex.**
- I. No vehicle maintenance, servicing, repairing, assembling, modifying or restoring other than immediate emergency work is permitted.
- J. Parking in front of garages is strictly prohibited.

Vehicles violating any of the above Rules may be towed **without notice.**

Homeowners may have vehicles towed that are parked in their assigned parking space or in fire lanes. Owners must provide proof of residence to have vehicles towed from their parking spaces. Homeowners are requested to report any other violation on the above Rules to the Management Company immediately.

### Temporary Assignment for One-Car Garage Units

1. Residents of **one-car garage Units** will be granted permission to use one numbered outside parking space on a temporary basis, which the Board at its discretion may revoke at any time, upon fifteen (15) days' notice to the resident. These residents will be required to sign an agreement acknowledging the assignment of a space. Unless revoked at an earlier date, agreements shall expire on January 1 of each year, and will be automatically renewed, unless the Board at its discretion determines not to renew such Agreement.
2. Residents are responsible to notify guests and visitors that unauthorized parking in numbered spaces is not permitted.
3. The remaining lettered spaces shall remain open for parking by guests, visitors and residents who are using their garage to its fullest capacity for the parking of vehicles. Storage or other use of the garage which prevents the garage from being used to its fullest capacity for parking is prohibited.
4. Each resident having an assigned space is responsible to monitor such space, and report any unauthorized vehicle to Western Towing at (619) 297-8697 and wait to sign or tow company will not tow vehicle.

## **PARKING SPACE RENTALS**

Owners may now have an opportunity to rent an extra parking space from the Association on a temporary basis, and depending on availability, which the Board at its discretion may revoke at any time, upon fifteen (15) days' notice to the owner. The following requirements apply.

1. Fee of \$25.00 per month rental to be due on the 1<sup>st</sup> of each month and delinquent on the 15<sup>th</sup> of each month.
2. One (1) year rental agreement signed by the owner of the unit and agree to all terms and conditions contained within the agreement. (subject to change with notice)
3. Owner must be current on Homeowner Assessments at all times or forfeit right of use.
4. Owners garage must first be used to accommodate the amount of vehicles the garage was designed to accommodate. (you may be subject to inspection with 48 hours' notice)
5. Owner/Renter of space is responsible for keeping the space clean and free of litter and spills of all fluids.
6. Parking spaces are non-transferable from the unit assigned to.
7. Parking spaces may not be used for commercial or recreational vehicles.
8. No vehicle maintenance, servicing, repairing, assembling, modifying or restoring other than immediate emergency work is permitted.
9. Inoperative or unregistered vehicle storage is not allowed and subject to tow.
10. Registration and proof of insurance of (3) vehicles registered to persons of this unit.

**THE KNOLLS CONDOMINIUM HOMEOWNERS ASSOCIATION  
ARCHITECTURAL OVERVIEW**

**ARCHITECTURE**

All alterations to the exterior architecture or the interior structure require the prior written architectural approval by the Board of Directors. All architectural applications must be made in writing. No outside shutter, screen, blind, drape or appurtenance shall be constructed, permitted or maintained without the express written consent of the Board of Directors.

**A. Screen/Security Doors**

1. Screen/security doors must be black or brown in color.
2. Screen/security doors must be constructed of high quality aluminum or steel.
3. Screen/security doors must be maintained by the homeowner and kept in 100% condition.
4. The Board reserves the right to require removal or repair of a screen/security door.

**B. Windows & Screens**

1. No outside blinds are allowed on The Knolls units. If protection from the sun is required or desired, solar reflecting material only in smoke or copper color may be installed on the windows subsequent to prior written architectural approval. No silver solar reflecting material is allowed.
2. Window coverings must be of a neutral color only, i.e., white, beige, or light tan.
3. Owners are responsible to keep windows and window assemblies in good working condition. All broken/cracked glass must be repaired immediately.
4. All window screens missing, needing repair, or loose must be repaired and/or replaced by the owner.

**C. Fences, Balconies, Patios**

1. Potted plants may continue to set directly on patio slabs and balcony floors providing they are in pots with saucers under them to catch the drainage water. In addition, saucers must have adequate space underneath to allow for sufficient air circulation of the decking material, placed on plant stands, or hung from the ceiling inside the patio or balcony enclosures. Failure to comply will result in owners being financially responsible for repair of all damages caused directly or indirectly by the plants plus monetary penalties being assessed for each non-compliance in accordance with the Enforcement policy.
3. No towels, clothing, blankets, etc., shall be permitted to hang over fences or balconies.
4. No unsightly items are allowed on balconies or patios that can be seen from ground/street level or from another unit, i.e., refrigerators, mattresses, unused lumber, etc.

**D. Satellite Receivers**

1. In accordance with FCC regulations, qualified satellite receivers, i.e., satellite dishes of one (1) meter or less in diameter are permitted inside the owner's unit or exclusive use common areas appurtenant to the owner's separate interest, however, prior to or simultaneously with said installation, the owner of the unit shall execute a copy of the Architectural Standard for Satellite Dishes, which is available by request through Management, and provide a signed copy of same to the Board of Directors.

Installation of satellite receivers is strictly prohibited on any part of the Association common

**LANDSCAPE**

A. The landscape areas are for our visual enjoyment as well as for enhancing the value of our investment at The Knolls. Any damage to the common area landscaping (i. e. running over plants, breaking of tree branches, light fixtures, etc,) should be reported immediately in writing with complete details to Management, A notice of violation will be issued to the party responsible for the damage. We all want our complex to look its best and will not tolerate damage and destruction of plants and facilities. Repairs or replacements will be made at the expense of the responsible owner,

B. Maintenance of the common area will be performed by the Association, Modifications, additions or changes to the common area landscaping are strictly prohibited.

To request an architectural application please contact the management company at: The Knolls Condominium Homeowners Association, c/o Professional HOA Consultants, 8181 Mission Gorge Road, Suite E, San Diego, CA 92120-1600 or call: 619-229-0044.

## **THE KNOLLS CONDOMINIUM HOMEOWNERS ASSOCIATION COLLECTION POLICY**

The Knolls Condominium Homeowners Association (the "Association") has the right and duty under the Association's governing documents and California law to impose and collect assessments so that the Association can, among other things, manage, maintain and operate your development.

Timely payment of assessments is of critical importance to the Association. Although most property Owners consistently pay their assessments on time, the failure of any Owner to pay assessments when due creates a cash-flow problem for the Association and causes those Owners who make timely payments of their assessments to bear a disproportionate share of the Association's financial obligations. Therefore, to encourage the prompt payment of assessments and as required by law and/or the Association's governing documents, the Board of Directors has enacted the following policies and procedures (this "Collection Policy") concerning collection of delinquent assessment accounts, subject to Civil Code section 4340, et seq., if applicable.

**1. DUE DATES.** All Regular Assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special Assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a Special Assessment be due and payable earlier than thirty (30) days after it is imposed.

**2. PAYMENT / RECEIPTS / OVERNIGHT PAYMENT LOCATION.** The Association will be the collectors of the assessments (current and delinquent), late charges, interest, and collection costs (which may include attorneys' fees). Assessments may be paid by personal check, bank drafts, cashier's checks and/or money orders, as well as by electronic payment, if available. A charge of \$25.00, in addition to late fees, if applicable, will be assessed against any account whose check has been returned for Non-Sufficient Funds (NSF). When an Owner makes a payment, the Owner may request a receipt and the Association will provide such receipt, which will indicate the date of payment and person who received such payment. (Civil Code Section 5655) Any Owner is entitled to inspect the Association's accounting books and records. Any request for a receipt of payment must be submitted directly to the Association's business address (separately from any actual payment). Overnight payment of assessments may be sent/delivered to the following address:

**THE KNOLLS CONDOMINIUM HOMEOWNERS ASSOCIATION  
c/o Professional HOA Consultants, Inc.  
8181 Mission Gorge Road, Ste. E & F  
San Diego, CA 92120**

**3. APPLICATION OF PAYMENTS.** Payments received on delinquent assessments shall be applied to the Owner's account in the following order of priority: First, the principal on the assessments owed; then to accrued interest and late charges; then to attorneys' fees; then the title company and foreclosure service company charges and other reasonable costs of collection. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first.

**4. LATE CHARGE:** All assessments shall be delinquent if not paid within **fifteen (15) days** after they become due and will result in the imposition of a late charge of **ten percent (10%) of the delinquent assessment**. Furthermore, the Association shall be entitled to recover any reasonable collection costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

**5. LATE LETTER.** If a delinquent assessment payment is not paid within **fifteen (15) days** after it becomes due, a late letter or current ledger may be sent to the Owner reminding the Owner of his or her

delinquent account status. The Association, however, is in no way required to send a late letter or ledger before sending a pre-lien letter referenced below.

**6. INTEREST.** If an assessment payment is not paid within **thirty (30) days** of its original due date, interest may be imposed on all sums due, including the delinquent assessment, attorneys' fees, collection costs, and late charges, at an annual percentage rate of **twelve percent (12%)** or the rate specified within the CC&RS, whichever is less.

**7. SECONDARY ADDRESS.** Upon receipt of a written request by an Owner identifying a secondary address for the purposes of assessment collection notices, the Association shall send collection notices required by this Collection Policy to the secondary address provided. The Owner's notice of a secondary address must be in writing and mailed to the Association in a manner that shall indicate that the Association has received it. The Association shall only send notices to the indicated secondary address at the point in time the Association receives the written request.

**8. PRE-LIEN LETTER.** If an assessment payment from the Owner is not paid within **thirty (30) days** after its original due date (for example, if an Owner fails to pay an assessment which was due on June 1st and the failure to pay continues through July 1st, then the June assessment would not have been paid within 30 days after its original due date), a notice of delinquency (Pre-Lien Letter) may be sent to the Owner by regular first-class mail and certified mail, return receipt requested. The Pre-Lien Letter shall provide at least 30 days' written notice to a delinquent Owner prior to recording an Assessment Lien and further provide an itemized statement of the charges owed, including a breakdown of the following items: (a) The principal amount owed; (b) any late charges with the method of calculation used to determine such charges; (c) any attorneys' fees incurred; and (d) a description of collection practices, including the right of the association to the reasonable costs of collection. A copy of the Association's collection policy shall be attached to the Pre-Lien Letter.

**9. ALTERNATIVE DISPUTE RESOLUTION PROCESS.**

a. Assessment Lien. Prior to recording an assessment lien, the Association shall offer the Owner and, if so requested by the Owner, the option of participating in dispute resolution, consistent with Civil Code sections 5910 and 5915, et seq. The Association's offer shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the Owner. An Owner who desires to accept the offer to "meet and confer" under this section shall elect such option by submitting a written request to the Association or the Association's legal counsel, which written request must be received by the Association within twenty (20) days from the date of the offer to "meet and confer." If the offer to "meet and confer" under sections 5910 and 5915, is accepted by the Owner, the Association shall designate a prompt date and time for the meet and confer, at a location that shall either be the Association's principal office or another convenient location as designated by the Association. The Association shall designate a Board officer, along with its Property Manager to participate in the meet and confer with the Owner.

b. Foreclosure. Prior to initiating foreclosure proceedings against an Owner's separate interest, the Association shall offer the delinquent Owner, and if so requested by the Owner, to meet and confer with a delinquent Owner (Civil Code sections 5910 and 5915) OR alternative dispute resolution (Civil Code sections 5925, et seq.) to resolve any dispute related to the total amount of delinquencies owed by the delinquent Owner to the Association and/or the Association's Collection Policy ("ADR Offer"). The Association's ADR Offer shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the ADR Offer must do so by submitting his/her/it's written request to facilitate the ADR that is elected with the Association, which written request must be received by the Association within thirty (30) days from the day the ADR Offer is submitted to the delinquent Owner. The Association shall designate a prompt date and time for the elected ADR. If a "meet and confer" is elected by the delinquent Owner, the Association shall designate a Board member, along with its Property Manager to participate in the meet and confer with the delinquent Owner. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration

shall not be available if the Association intends to initiate a judicial foreclosure.

**10. SHOW CAUSE HEARING.** Additionally, the Association may elect to provide a delinquent Owner a written notice (either in the Pay or Lien Letter or in a separate written document, as determined by the Board of Directors) of a hearing before the Board of Directors, wherein the Owner shall be invited to show good cause why (a) the Owner's voting privileges; and/or (b) the Owner's privileges for use of the common area/recreational facilities (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent assessment(s) ("Show Cause Hearing"). The notice and hearing procedures shall be in accordance with the governing documents for the Association.

**11. ASSESSMENT LIEN.**

a. If the delinquent Owner does not bring his or her account current within the deadline set forth in the Pay or Lien Letter, the Board of Directors may proceed with recording an assessment lien against that Owner's separate interest.

b. The decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. Prior to causing an assessment lien to be recorded, the Board of Directors must approve the recordation of an assessment lien against the delinquent Owner's separate interest. The Board of Directors for the Association shall approve the decision to record an assessment lien by a majority vote in an open meeting; the Board shall record the vote in the minutes of that meeting. The Board's action should refer to the Unit or account number of the property that is delinquent, rather than the name of the Owner.

c. The Assessment Lien shall be recorded in the County Recorder's Office itemizing all sums that are then delinquent, including the delinquent assessment(s), the then current monthly assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorneys' fees. Recording this notice creates a lien, which may be foreclosed upon by the Association.

**12. FORECLOSURE.**

a. ADR Procedure. The Association, prior to initiating foreclosure proceedings against a delinquent Owner's separate interest, must comply with the alternative dispute resolution procedure set forth above (except that the timeline for the delinquent Owner to accept a meet and confer would be thirty (30) days from the date of the Owner's receipt of this pre-foreclosure offer) or alternative dispute resolution consistent with *Civil Code* sections 5925, 5910 and 5915. ("IDR/ADR Offer"). The Owner shall have thirty (30) days from the date of the IDR/ADR Offer to decide whether or not the Owner wishes to pursue dispute resolution or a particular type of alternative dispute resolution (except that binding arbitration is not available to any delinquent Owner if the Association intends to initiate a judicial foreclosure).

b. Board Approval. Prior to initiating foreclosure proceedings, the Board of Directors must, in executive session, approve the decision to proceed with foreclosure by a majority vote. The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall record the Board's executive session decision in the minutes of the next meeting of the Board open to the members by referencing the Unit or account number of the property that is delinquent, not the name of the delinquent Owner. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale. The Board of Directors shall provide notice by personal service to an Owner of a separate interest who occupies the separate interest or to the Owner's legal representative, if the Board votes to foreclosure upon the separate interest. If the Owner does not occupy the subject lot/unit, the Board shall provide written notice via first-class mail to the most current address shown on the books of the Association.

c. Threshold. The Board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent assessments (exclusive of any accelerated assessments, late charges, fees, costs of



collection, attorneys' fees or interest) equals or exceeds One Thousand Eight Hundred Dollars (\$1,800.00) or the assessments have been delinquent for more than twelve (12) months ("Threshold"). Once the Threshold has been met and all other requirements identified above have been completed, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and *Civil Code* sections 5700, 5705, 5710, 5715 and 5720. Unless otherwise provided herein, the procedure used shall be private foreclosure pursuant to *Civil Code* section 2924, *et seq.*, and *Civil Code* sections 5700 and 5710. The foreclosure action shall include, but is not necessarily limited to the following procedures:

- i. Notice of Default (NOD). A NOD will be recorded at the County Recorder's office. The cost of all attorneys' fees and/or trustee's fees will be added to the debt.
- ii. Notice of Trustee's Sale (NOS). If the delinquency is not paid within ninety (90) days after the NOD is recorded (and a lawsuit has not been filed), the Association will proceed with the recording and publishing of an NOS. The Owner is responsible for all publication, recording, posting and mailing costs, as well as attorneys' and/or trustee's fees.
- iii. Sale of Property by Public Auction. If the trustee's sale proceeds, it is conducted as a public auction in the county in which the separate interest is located, during normal business hours on any business day. ANY OWNER WHOSE SEPARATE INTEREST IS IN FORECLOSURE IS URGED TO CONSULT WITH COMPETENT LEGAL COUNSEL OF THE OWNER'S SELECTION IN ORDER TO BE PROPERLY ADVISED OF THE OWNER'S RIGHTS AND OPTIONS AND THE TECHNICAL REQUIREMENTS OF THE FORECLOSURE PROCESS.
- iv. Right of Redemption. The Trustee's Sale shall be subject to a statutory right of redemption, which shall terminate ninety (90) days after the trustee's sale is completed

**13. MONEY JUDGMENT OPTION.** If the Association determines that the property is over-encumbered, or otherwise makes a determination that a lawsuit is appropriate, the Association may file a personal lawsuit against the delinquent Owner to recover all delinquent assessments owing to the Association. If a lawsuit is necessary to collect the delinquent assessments from the Owner, all expenses, costs and attorneys' fees in connection with said lawsuit, including but not limited to pre- and post- judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees shall be recovered from the Owner defendant. The Association may also refer certain accounts to collection agencies.

**14. RELEASE OF LIEN.** When a delinquent Owner has paid in full all delinquent assessments and charges, the attorney shall prepare a Release of Lien, which shall be recorded in the County Recorder's Office within twenty-one (21) days of receipt of the sums necessary to satisfy the delinquent amount and mail a copy of the lien release to the Owner of the residential Lot.

**15. PAYMENT PLANS.** An Owner of a separate interest which is not a timeshare or who is not a developer may, if mailed to the Association within fifteen (15) days of the postmark date of the pay or lien notice, submit a written request to meet with the Board to discuss a payment plan for the payment of any delinquency. The Association shall provide the Owner with the Association's standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, unless there is no regularly scheduled Board meeting within that period, in which case the Board shall designate a committee of one or more members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to record a lien on the Owner's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect delinquent assessments from the time prior to entering into the payment plan.

The Association shall have the power and authority to include (without limitation) the following elements/terms in any payment plan agreement that is reached with the Owner:

- a. That Owner comply with the governing documents during the course of the payment plan agreement;
- b. That Owner waive any defenses or claims related to the Association's collection efforts;
- c. That the Association may place a lien against other real or personal property owned by Owner;
- d. That Owner agrees to waive any homestead rights he/she may have relative to the delinquent assessments;
- e. That Owner assign the Association all amounts owed under any rental/lease agreement; and,
- f. That Owner be required to provide identifying information, including social security number, driver's license number, off-site address(es), phone numbers, etc.

**16. PARTIAL PAYMENTS.** Once a delinquent account has been turned over to the Association's legal counsel, owners shall not send any assessment payments to the Association; such payments shall only be accepted by the Association's legal counsel. Any payments delivered to the collection agent shall be forwarded to the attorney's office; the attorney shall then release the lien if payment in full was made by the delinquent Owner.

**17. PERSONAL OBLIGATION TO PAY ASSESSMENTS AND CHARGES.** Assessments, together with late charges, reasonable fees and costs of collection, reasonable attorneys' fees, and interest determined in accordance with California Civil Code Sections 5600 and 5605 and the Association's governing documents are a debt of the Owner of a separate interest (the Owner's lot) at the time that the assessment or other charges are levied. Whether or not the Association records a notice of delinquent assessment (lien) on your property, the Association has a right to look to the Owner, personally, to pay the debt and pursue collection of that debt in a court action. The Association is also entitled, upon compliance with the requirements of California law and provided certain criteria and procedures as specified by law are satisfied, to record a lien against your property and to take enforcement action to sell your property without court action by non-judicial foreclosure. The recording of a lien against your property does not limit the right of the Association to pursue any Owner personally for payment of all monies due.

**18. COURTESY STATEMENTS AND TIMELY PAYMENTS.** It is the Owner's responsibility to allow ample time to drop off or mail all monies due before the delinquency date. As a courtesy only, invoices or statements for regular assessments may be regularly sent to an Owner by first-class mail addressed to the Owner at his or her address as shown on the books and records of the Association. However, it is the Owner's responsibility to be aware of the assessment payment due dates and to pay any and all assessments when due, whether or not an invoice or statement has been sent. Owners should promptly advise the Association of any changes in the Owner's mailing address. The Association also reserves the right to send out coupon booklets in lieu of sending invoices or statements.

**19. RIGHT TO REQUEST VALIDATION OF DEBT.** An Owner has the right to request validation of the debt by notifying the Association in writing of such request within thirty (30) days of the Association's initial communication to the Owner. Upon such request being made, an account history or other document reflecting the delinquent balance will be forwarded to the Owner. Any information obtained in the collection process or obtained from an Owner will be used for the purpose of collecting any monies owed.

**20. COMPLIANCE WITH CIVIL CODE SECTIONS 5730 AND 5310.** The following notice is set forth to comply with the Civil Code.

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.

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 with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

**21. EFFECTIVE DATE OF THIS POLICY.** This policy shall be deemed effective once it is approved by the Board of Directors after compliance with Civil Code Section 4340, et seq.

**THE KNOLLS CONDOMINIUM HOMEOWNERS ASSOCIATION  
ASSOCIATION ELECTION RULES, POLICIES AND PROCEDURES**

Pursuant to California Civil Code §4340 (Previously Civil Code §1357.100) the following operating rule governing Annual Meetings and Elections is being presented to the Membership for a minimum 30-day review and comment period. Unless you are notified otherwise, the proposed operating rule shall be adopted and take effect following the minimum 30-day review and comment period.

**ANNUAL MEETING AND ELECTION PROCEDURES**

**Candidate Qualifications:**

All qualified Candidates in good standing are eligible to run for Director Positions. "Good Standing" means that the Candidate is not more than thirty (30) days delinquent in the payment of assessments and has no pending violations of the Association's governing documents.

**Nomination Procedures:**

The Board shall announce, at an open meeting of the Board of Directors, the date of the Annual Meeting at least one hundred twenty (120) days prior to the meeting. The Board shall determine the date by which ballots shall be received.

**Nominating Committee:**

The Board of Directors shall serve as the Nominating Committee. The Board may of course delegate the functions of this committee to any Members of the Association who are in good standing and who are not Candidates for the election.

**Nominations:**

The Nominating Committee shall mail out requests for Candidates approximately ninety (90) days before the meeting.

Nominations for elected positions must be received no later than forty-five (45) days prior to the meeting date.

Any qualified Member of the Association may nominate himself or herself for election to the Board of Directors.

The Nominating Committee shall finalize the roster of Candidates no later than forty-five (45) days prior to the meeting date.

**Campaign Protocols:**

All Candidates shall have equal access to the Association's Media, including, but not limited to, newsletters, websites and bulletin boards, for purposes related to the election if the Board decides to make Association Media available to the Candidates.

Any Candidate shall have access to common area meeting spaces (if available) for the purposes of campaigning or stating of one's view or opinion. All requests for the use of common area facilities must be in writing and state the purpose for the proposed use.

**Inspectors of Election/Ballots:**

The Board of Directors shall appoint Inspectors of Election.

Inspectors of Election may be a Member of the Association in good standing that is not a Director or a Candidate for Director or related to a Director or a Candidate for Director, and/or may be an independent third party. If these parties are not available, the Managing Agent or Legal Counsel may act as Inspector of Election.

The Inspector(s) of Election shall be comprised of either one (1) or three (3) persons. In no case shall the number of Inspectors be even in number.

The Inspector(s) of Election shall perform their duty impartially, in good faith, to the best of their ability and as quickly as possible.

**Voting:**

The Associations governing documents shall determine voting classes.

Members in good standing shall be entitled to vote on behalf of each separate interest owned.

The Board of Directors shall have the right to suspend the voting rights of any Member, after notice and hearing, for non-payment of assessments and or for a violation of the governing documents.

**Voting Format and Scope:**

All Member voting related to election of Directors, amendments to governing documents, regular assessment increases exceeding the authority of the Board, special assessments and the granting of exclusive use of common area property **shall be conducted by secret ballot.**

**Proxies:**

Proxies will no longer be mailed out to the Members as part of the election package. Owners may still use proxies that are compliant with the Civil Code, but the Association will not produce or provide proxies unless the Board votes to do so.

All proxies will include a separate sheet that is formatted to allow the Member to provide instructions for the proxy holder. The proxy holder shall retain this instruction sheet. Proxies that do not comply with this format as well as the Civil Code shall be deemed invalid. The Proxy holder must be present at the meeting to cast the Member's vote by secret ballot. Faxed/e-mailed proxies are not permitted.

**Ballots:**

Ballots shall contain the names of all Candidates who have been nominated and/or a description of any other matter being addressed in the voting.

Ballots shall be distributed to each Member along with two (2) pre-addressed envelopes and instructions for submission by mail or hand delivery at least thirty (30) days in advance of the meeting.

Members must identify his or her unit or lot number and print and sign his or her name on the return envelope containing the ballot. Ballots that are not received in properly identified envelopes shall not be counted. Once voted, a ballot may not be revoked. Only Association provided election materials may be used. The Inspector(s) may void any reproduced or unofficial election materials. If a ballot is lost or spoiled, the owner may request that a new one be issued by the Association. The Association may require that a "Declaration of lost or Spoiled Ballot" be completed by the owner.

Ballots shall not be opened, viewed, or otherwise reviewed prior to the date and time of ballot tabulation. The cut off date shall be the day of the Annual/Tabulation Meeting, and the cut off time shall be determined after the Annual/Tabulation Meeting registration begins. Faxed/e-mailed ballots are not permitted and will be deemed invalid.

**Election results:**

The counting and tabulation of ballots shall be performed in public.

The results of the election or other matter being addressed shall be promptly reported to the Board of Directors.

The Board of Directors shall publicize the results of the election or other matter being addressed within fifteen (15) days of the election.

Ballots shall be retained by the Association for a period of one (1) year. At the end of this period, all ballots shall be destroyed.