

EVERGREEN RIDGE HOMEOWNERS ASSOCIATION

RULES AND REGULATIONS

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AUTHORITY AND ENFORCEMENT PROCEDURE

Article I, Section 1.46, of the Association CC&R's grant the following powers to the Board of Directors.

“Rules and Regulations” shall mean the rules and regulations adopted by the Board pursuant to the By-Laws as such rules and regulations may be amended from time to time.

And in section 2.01B the right of the Association to establish uniform rules and regulations pertaining to the use of the common area.

PREAMBLE

To encourage and promote harmony and good will among the residents and to encourage such residents to conserve and maintain the property and beauty of Evergreen Ridge, the Board of Directors thereof, does hereby determine that reasonable rules and regulations are in order to accomplish such ends.

To a great extent, the acceptance by and the good will of those affected, will determine how well these rules, as adopted accomplish the purpose for which they are intended. By following these rules a good example is thus set, and others are encouraged to respect and to follow them: Disregard them and you invite others to do so. If any rule or Regulation herein adopted should prove to be, for any reason, harsh or unreasonable, contact you board and present your case. These rules are designed to improve, not to detract from the quality of living in Evergreen ridge. Your board, just as you do, lives in evergreen ridge and is also subject to these rules and regulations.

The overriding philosophy of the Board is to establish guidelines which will permit maintenance of the current lifestyle and architectural standards. The Board considers it essential that all members of the Association and tenants familiarize themselves with these rules, as well as the information contained in the Evergreen Ridge and Lake Mission Viejo association Covenants, Conditions and Restrictions (CC&R's) and By-Laws.

The terms and conditions set forth in these rules and regulations are binding upon all owners and tenants and their invited guests. Your cooperation in supporting not only the letter but the spirit of these rules and regulations will contribute significantly to the protection of the rights and privileges of all.

These regulations have been adopted pursuant to authority set forth in the Covenants, Conditions and Restrictions (CC&R's) of the association and have the same binding effect as if they were contained in the body of the recorded restrictions.

All residents have the right and responsibility to bring to the attention of the association, through its board of Directors, any infractions or violations of the Declaration of Covenants, Conditions and Restriction (CC&R's).

When a violation of the CC&R's or the rules and regulations has been observed, a rules violation report should be submitted to the management company. A warning letter will then be sent to the alleged violator asking that the specified violation be corrected. If the violation is not corrected within the amount of time set forth in the letter or continues to be repeated, the Board of Directors will instruct management to send a letter notifying the homeowner (tenant if applicable) to attend a hearing to discuss the alleged violation. If it is determined by the Board of Directors that the violation did in fact occur, a penalty assessment may be implemented. Repeated violations after the hearing may result in legal action on behalf of the association to enforce the CC&R's and Rules and Regulations.

PARKING RULE #1

Vehicle regulations are among the most important to the preservation of values and beautification of our project. Residents are reminded that penalties can be imposed for violation of the CC&R's and/or the Rules & Regulations.

In accordance with Vehicle Code 22658, Removal From Private Property, a vehicle will be towed if it has been issued a notice of parking violation, and 96 hours have elapsed since the issuance of that notice.

The authorized speed limit within the Evergreen Ridge Community is 20 mph. All posted traffic control signs and traffic markings are to be strictly observed. Repeated or flagrant violations will result in special assessments.

In accordance with the CC&R's, Article X, Section 10.05 "Parking and Vehicular Restrictions", Residents are reminded:

1. There must be space available in every garage for the parking of at least one (1) full size automobile.
2. No vehicles shall be parked, stored or kept except within the designated parking areas.
3. No inoperable vehicle, or any large commercial-type vehicle, recreational vehicle, camper unit, boat or aircraft or any other similar vehicle shall be parked or stored anywhere on the property except wholly within the owner's garage and only with the garage door closed.
4. The above excludes camper trucks, pick-up trucks, vans, and similar vehicles up to and including three-quarter (3/4) ton when used for daily transportation.

5. No person shall conduct repairs or restorations of any vehicle upon any portion of the Properties.
6. No parking shall be permitted which may obstruct free traffic flow, constitute a nuisance, or otherwise create a safety hazard.
7. Garages shall be used for parking purposes only and shall not be converted for living, recreational or business purposes.
8. Parking rules will be strongly and promptly enforced.
9. Garage doors are to be kept closed except when vehicles are entering, exiting, or when there is an activity that requires the door to remain open.

TRASH RULE #2

Trash shall be placed in containers with tight fitting lids or in sealed bags to prevent blowing away of loose papers, etc. Trash containers shall be stored in an appropriate area concealed from view, and no odor shall be permitted to arise from them.

Trash containers shall not sit on the curb for more than 12 hours, before or after, scheduled trash collection day.

PET RULE #3

Members who maintain pets in their household should give special attention to the Association's requirements, Article X, Section 10.06 CC&R's and Orange County and City codes as follows:

1. Unleashed dogs, or other animals are not permitted on green belts, streets, or common areas.
2. It is required for pet owners to carry a bag and trowel when walking their animal. It is unfair to force others to bear the burden of cleaning up after your pet. For your convenience, pet shops carry an item appropriately called a "*pooper scooper*". It is inexpensive, easy to carry, and would show others your consideration rather than expecting them to assume this responsibility.
3. Excessive barking, howling, or whining dogs cannot be permitted under any conditions.
4. Pets are to be licensed and inoculated as required by County and City codes.

SIGN RULES #4

Article X, Section 10.04 of the CC&R's sets forth the following regulations regarding signs:

1. One sign 18 inches by 30 inches consistent with the standards set up by the Architectural Committee is allowed for advertising the property for sale or rent.
2. No other sign, poster, display, billboard or other advertising device of any kind shall be displayed without prior written consent of the Architectural Committee.

OUTSIDE INSTALLATIONS RULE #5

Article X, Section 10.11 of the CC&R's sets forth the following regulations.

1. No exterior radio antenna, "CB" antenna, television antenna, or other antenna of any type shall be erected or maintained on any property unless approved by the Architectural Committee.
2. No radio station or short wave operators of any kind shall operate from any dwelling unless approved by the Architectural Committee.
3. No projections of any type shall be placed or permitted to remain above the roof of any property except chimneys and vent stacks.
4. No basketball backboard or other fixed sports apparatus shall be constructed without prior approval of the Architectural Committee.
5. No fences or walls shall be installed without prior Architectural Committee approval.
6. No patio covers, wiring, air conditioning fixture, and water softeners, shall be installed without prior Architectural Committee Approval.
7. There shall be no interference with or alteration of the established drainage pattern over any lot, unless an adequate alternative provision is made for proper drainage.
8. No improvement or obstruction shall be constructed, planted, or maintained, on any lot, in such location or of such height, as to unreasonably block the view from any other lot.
9. No garage, carport, trailer, camper, motor home or recreation vehicles shall be used as a residence either temporarily or permanently.
10. No outbuilding, basement, tent, shack, shed or temporary building of any kind shall be placed on any property temporarily or permanently.

11. There shall be no exterior fires except in barbecues or fire pits. Fire pits must be designed so that they do not create a fire hazard.
12. No clothing or household fabrics shall be hung, dried or aired in any way so that they are visible from any other property.
13. No lumber, metal or bulk material shall be stored except in an enclosed structure or screened from view. No grass clippings or plant waste or trash shall be allowed to accumulate on any property.

USE RESTRICTIONS RULE #6

Each home shall be used as a single family residence and for no other purpose. No part of the properties shall ever be used for any business, commercial, manufacturing, mercantile, storage, vending, or other nonresidential purposes. The provisions of this section does not include professional and administrative occupations without external evidence as long as conduct is incidental to the use of the dwelling unit as a residential home.

ASSESSMENTS

Assessments for the maintenance of common areas are due on the first of each month and late on the 25th of the month. A late charge of \$10.00 per month will be charged for all late assessments.

DELINQUENT DUES POLICY

The Board of Directors has adopted the following delinquent dues policy for the Evergreen Ridge Homeowners Association.

1. Assessments not paid within thirty (30) days from the date due shall be subject to a late charge, if applicable; and an automatic reminder shall be sent out.
2. When any assessment is more than sixty (60) days past due, a “Notice of Intent to Lien” shall be sent to the delinquent homeowner requesting payment in full within ten (10) days or the account will be liened.
3. If the account is still delinquent after the ten (10) day grace period, the account shall be turned over to the Attorney, and such account will be liened. A notice of claim of lien shall be recorded in the office of the County Recorder in accordance with the laws of the State of California. Said lien shall be for all assessments then due, any assessments thereafter accruing, and for attorney and/or other lien fees and costs as are permitted by law.

4. Should the amounts claimed by said lien not be fully paid within thirty (30) days after recordation of said lien, a demand letter shall be sent and a Notice of Default filed.
5. Ninety (90) days after the Notice of default is filed, if settlement has not been made in full, an action for foreclosure on the lien shall be commenced. Said action for foreclosure shall seek the sale of the member's unit and out of the proceeds of said sale the payment of all delinquent assessments, late charges, court costs, attorneys fees, and costs of sale. In the event the proceeds of the sale are not sufficient to pay said sums, a deficiency judgment shall be sought against the member personally for any amounts not paid.
6. Should the Association's lien rights be destroyed or otherwise rendered unenforceable in whole or in part, then the Association shall seek a personal money judgment against the member for all assessments, costs and attorneys fees that may be due from the member, as incurred by the association.
7. Notwithstanding the foregoing, the Board of Directors may, from time to time, make exceptions or grant extensions of time to a member, when in the sole discretion of the Board, it has been determined that extenuating circumstances exist so as to warrant such exception and/or extension, and the Board receives reasonable assurances that, such moneys as may be due, the Association will be paid by virtue of said exception and/or extension.
8. The foregoing policies and practices shall remain in effect until such time as they may be changed, modified or amended by a duly adopted resolution of the Board of Directors.

Delinquency Policy

1. Assessments are due and payable in full on the first day of each month. All other charges including but not limited to late fees, interest, collection costs and fines are due as incurred. All assessments, late fees, interest and collection costs are subject to the Delinquency Policy.
2. Payments received will be applied in the following order: Unpaid principal including assessments and special assessments levied in accordance with the Declaration and Civil Code, late fees, collection fees, interest and CC&R's violation fees.
3. Any request for special consideration must be submitted to the Board prior to the assessment becoming more than forty-five (45) days past due.
4. NOTICE OF STATUTORY RIGHT OF ALTERNATIVE DISPUTE RESOLUTION ("ADR").
California Civil Code Section 1366.3 provides for the resolution of disputes regarding non-payment of assessments through ADR as set forth in California Civil Code Section 1354, provided that the owner within thirty (30) days of the recording of a Notice of Delinquent Assessment, does all of the following:
 - a. Pays in full to the Association the amount of the assessments in dispute, late charges, interest and all fees and costs associated with the preparation and filing of a Notice of Delinquent Assessment (lien), including all mailing costs, and including attorney's fees not to exceed four hundred twenty-five dollars (\$425).
 - b. That during said thirty (30) days following the recording of the Notice of Delinquent Assessment (lien), the owner states to the Association in a written notice, mailed by certified mail, that the amount is paid under protest.

<u>ACTION TO BE COMMENCED</u>	<u># OF DAYS AFTER DUE DATE</u>	<u>CHARGE TO HOMEOWNER'S ACCOUNT</u>
5. Late fee assessed on past due assessments.	20	\$10.00
6. Management sends a past due statement for all outstanding charges on the account. (Assessments, late fees, interest, collection)	30	No Charge
7. An 'Intent to Lien' letter is sent to the owners by certified mail. Charge incurred for this letter will be levied against the delinquent account.	45	\$25.00
Documents and processing provided in accordance with Civil Code including Account detail, Delinquency Policy, and Fine Policy		
A title check fee.		\$25.00
8a. A Notice of Delinquent Assessment Lien will be filed against the delinquent property and charges for its processing and recording will be levied against the delinquent account.	75	\$150.00
b. Copy of recorded document will be sent to owners of record by certified mail in accordance with Civil Code.		
9. Upon receipt of payment in full, a Release of Lien will be recorded. Copies will be sent to all owners of record.		\$25.00
10. Upon authorization of the Board of Directors, a Notice of Intent to Foreclose will be sent to the owner. Delinquent owner will be liable for payment of fees and costs. Copies will be sent to the owners of record.	105	\$25.00
11. Account will be referred to the Association attorney or collection agent. All legal fees and costs of collection will be charged to the delinquent owner.	135	Legal fees and costs
12. Interest will be charged on assessments late fees, interest and collection fees.	30	12% per annum
13. Copies of document to multiple owners of record In accordance with Civil Code:		
a) One copy only		No Charge
b) Handling fee for additional copies and/or notary fees		\$10.00

- All fees may be subject to change without notice.

Date: December 2002

INTERNAL DISPUTE RESOLUTION POLICY

Pursuant to Civil Code § 1363.820, the purpose of the Internal Dispute Resolution (IDR) Policy is to provide a fair, reasonable and expeditious procedure for resolving a dispute between the Association and a Member involving the parties' rights, duties, or liabilities under the Davis-Stirling Common Interest Development Act, Civil Code § 1350 *et seq.*, under the Nonprofit Mutual Benefit Associations Law contained in Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Associations Code, or under the governing documents of the Association.

1. The Internal Dispute Resolution (IDR) process may be begun by either the Association or the Member (the "requesting party") requesting the same in writing, and serving the other party (the "responding party") with a copy of the written request by certified mail. If the process is invoked by a Member, the Association shall participate. If the process is invoked by the Association, the Member may elect not to participate in the procedure. Should the Member elect not to participate in the procedure, however, the Member shall thereby waive any right to appeal or ask the Board of Directors to reconsider any decision it may make regarding the dispute.

2. Within fifteen (15) days following the next regularly scheduled meeting of the Board of Directors following receipt of the written request for Internal Dispute Resolution by the responding party, the Board shall inform the Member in writing, by certified mail, of the representative or representatives it has designated to represent the Association in the process, and of a proposed date, time and place for the Association's designated representative(s) and the Member to meet and confer in an attempt to resolve the dispute. The parties shall schedule and conduct the meet and confer within thirty (30) days following the responding party's receipt of the written request for Internal Dispute Resolution. At the Member's request, as an alternative to a meet and confer, the parties may mediate their dispute through the Mediation Committee of the Orange County chapter of the Community Associations Institute (CAI), if such mediation may be scheduled to occur within thirty (30) days following the responding party's receipt of the written request for Internal Dispute Resolution, or if both parties agree to extend the time to complete mediation beyond thirty (30) days in the event that the Mediation Committee is unable to schedule a mediation within thirty (30) days. The Member shall not be charged a fee to participate in such a mediation; any fees shall be paid by the Association.

3. The parties are encouraged not to involve their attorneys in the IDR process, so that the parties may feel free to engage in direct and informal discussion. Should the Member

decide to bring his/her/its attorney to the meet and confer or mediation, the Member shall give the Association ten (10) business days' written notice of the same by fax, overnight mail or overnight delivery, so that the Association can arrange to have its attorney attend as well.

4. Whether the parties meet and confer or mediate their dispute, they shall each have the opportunity to state and explain their positions regarding the issue or matter in dispute. If during the meet and confer or mediation the Member and the Board's representative(s) reach an agreement in principal regarding the manner in which the dispute may be resolved, they shall put the agreement in writing and the Member shall sign it. At the next regularly scheduled meeting following the meet and confer or mediation, the Board of Directors should consider the agreement and, if it is approved by a majority vote of a quorum of the Board, the President or Vice President of the Board shall sign the agreement, at which time the agreement shall become binding upon the Association and the Member. The agreement shall only become binding upon the parties if such action is taken by the Board of Directors. Should the Board of Directors decide to become bound by, and therefore sign, the agreement, a copy of the signed agreement shall be returned to the Member within fifteen (15) days following the Board's execution of the agreement, and the original of the agreement shall be maintained in the Association's business records.

5. If the parties do not reach tentative agreement at the meet and confer or mediation, the Board of Directors shall send its written decision regarding the issue or matter in dispute to the Member by certified mail, within fifteen (15) days following the next regularly scheduled meeting of the Board of Directors following the meet and confer or mediation. If the Member participates in the meet and confer or mediation but the dispute is resolved by decision of the Board of Directors rather than by agreement of the parties, the Member may appeal to the Board to reconsider its decision by submitting written request for the same to the Board of Directors, by certified mail, within fifteen (15) days of the Member's receipt of the Board's written decision. If the Association requested IDR and the Member refused to participate in the process, the Board of Director's decision shall be final and not subject to reconsideration or appeal.