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Dear University Square Association Owner(s),

Enclosed is the proposed Resolution Regarding Imposition of Fines, Reimbursement Assessment and other Discipline. The Board will be voting to adopt this policy at their Open Board meeting on August 31, 2016.

Also, enclosed is some information on Living in a California Common Interest Development and how the CC&R's are enforced. If you have any questions, feel free to call our office.

Yours truly,

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Univerity Square Owners' Association

**Resolution Regarding Imposition of
Fines, Reimbursement Assessments and Other Discipline**

Authority and Statement of Purpose

A. Section 3.2 of the Bylaws of University Square Owners' Association (the "Bylaws") provides that the governing body of University Square Owners' Association (the "Association") shall be the Board; and

B. Section 7.4 of the Declaration of Covenants, Conditions and Restrictions of University Square (the "Declaration") empowers the Board to adopt rules concerning the use of the Common Area; and

C. Section 10.2.1 of the Declaration authorizes the Board to impose monetary penalties and suspend the voting rights of members subject to the due process requirements imposed by Section 2.21 of the Declaration and Section 3.7 of the Bylaws; and

D. The Declaration provides in Section 6.4 that the Board has the authority to levy reimbursement assessments against Lot Owners for costs incurred by the Association to bring an Owner into compliance or to collect a fine or penalty; and

F. Section 10.2.1 of the Declaration provides that the Association may bring an action at law or in equity to compel compliance; and

G. For the benefit and welfare of all Association residents, the Board wishes to establish this policy regarding the imposition of fines and other penalties for violation of said Declaration, Bylaws and the Association Rules, that it may equitably and consistently enforce the governing documents.

Now, Therefore, it is resolved that the following Resolution is adopted by the Board as the policies and procedures of the Association concerning enforcement of the governing instruments and the levying of reimbursement assessments, and constitutes the notice and hearing procedure referred to in Section 2.21 of the Declaration and 3.7 of the Bylaws.

Policies and Procedures

1. The Secretary of the Association or the Association's management representative shall maintain in the Association's records evidence that the governing instruments including Bylaws, Declaration and Rules and Regulations promulgated by the Board have been distributed to all homeowners.

2. New rules and any amendments to the rules shall be adopted in accordance with Civil Code Section 4340 and following.

3. The Association shall mail to the homeowner violating the governing documents, (hereinafter "Respondent") by first class or return receipt mail, an initial warning letter specifically advising the homeowner of the violation(s), and the manner in which the rule was broken, including specification of dates, times and places of occurrence. The identification of witnesses shall be at the discretion of the Association. The letter also shall warn the Owner that unless the violation ceases, or if further violations occur, a hearing will be held regarding the imposition of a fine. The Association shall maintain in its files any reply correspondence from the Respondent and the signed return receipt, if any. This initial notice need not be given in the case of a reimbursement assessment or in the case of violations that are not continuing.

4. If the violation does not cease, or if further violations continue after the initial warning letter, or if the warning letter is not applicable, the Association shall serve on the Respondent a fifteen (15) day Notice of Hearing according to Form 1, which is attached to this Resolution. The Notice shall be completed to designate the date, time and place of the hearing regarding the violation and the imposition of a fine or other discipline including the amount of the fine and/or the nature or other discipline (such as suspension of voting rights) which will be imposed if no appearance is made at the hearing. The Notice shall state as specifically as possible the provision(s) violated and the dates, times and places of violation(s). If correction is required, the date for compliance shall be included. The designation of witnesses in the notice shall be at the discretion of the Association. The Notice shall be served by personal delivery or by first class mail. Proof of the service of the Notice shall be maintained in the Association's records. Service by mail shall be made to the last known address of the Owner as shown on the Association's records. Such proof shall either consist of a completed proof of personal service or else a return receipt signed by the party who is to attend the hearing. The Respondent shall be given at least fifteen (15) days advance notice of the hearing. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited in the United States Mail with first class postage prepaid, addressed to the Owner's address of record.

5. If the Respondent can show reasonable cause as to why he, she or it cannot attend the hearing, and notifies the Board at least forty-eight (48) hours prior to the originally scheduled hearing, and if cause is found by the Board, the Board will reschedule the hearing and deliver notice of the new date ten (10) days prior to the rescheduled hearing.

6. Service of the Notice of Hearing shall be accompanied by a Notice of Respondent's Rights and Options which states that the Respondent may:

a. Object to the Notice upon the ground that it does not state the acts or omissions upon which the Board may proceed;

b. Object to the form of the Notice on the ground that it is so indefinite or uncertain that the Respondent cannot identify the violating behavior or prepare his defense; or

c. Admit to the Notice in whole or in part. In such event, the Board will make

a determination as to whether it will waive hearing and simply impose penalty, if any, or if it will conduct a hearing to determine appropriate penalty.

Any objection to the form or substance of the Notice shall be considered by the Board at the hearing.

7. Unless otherwise provided in this Resolution, the hearing for the imposition of a fine, or other disciplinary action, shall be before a quorum of the Board at a regular or special meeting of the Board.

8. The hearing shall be conducted in executive session, if requested by the member. At the hearing, the presiding officer shall read the notice of hearing, and accept written and oral evidence regarding the violation by the Respondent. The Respondent shall then have the right to present evidence and arguments in opposition to the claimed violation. The hearing shall be informal. Formal rules of evidence shall not be required. However, the Board may exclude irrelevant, immaterial or unduly repetitious evidence. In addition, the Board may administer an oath or affirmation to any person upon request of either party, or upon its own initiative.

The Board may also expel any person from any hearing for improper, disorderly or contemptuous conduct. The failure of the Respondent to appear at the scheduled hearing shall not preclude the Board from receiving evidence from, and hearing arguments concerning, the violations. The Board may make a finding notwithstanding the absence of the Respondent if adequate notice has been provided to the Respondent.

9. Each party shall have the following rights:

- a. Prior to the hearing, to obtain upon written request the names and addresses of witnesses and to inspect the copies of any statements, writings and investigative reports relevant to the subject matter of the hearing;
- b. To present witnesses;
- c. To present written evidence;
- d. To examine witnesses, documents, reports and statements received by the Association;
- e. To have legal counsel present;
- f. To maintain and preserve, at the party's own expense, a record through the presence of a certified shorthand reporter or other recorder;
- g. To require the hearing to be open to attendance by any member of the Association;

- h. To receive written findings of fact by the Board regarding the violation.
- i. To make opening and closing statements.

Nothing in this Section, however, shall authorize the inspection or copying of any writings or thing which is privileged from disclosure by law, or otherwise made confidential or protected including, but not limited to, the work product of the Association's attorney and the confidential communications between the Association and its attorney. Any party claiming that a request of discovery has not been complied with shall submit a written petition to compel discovery with the Board. The Board shall make a determination and issue a written order setting forth the matters or parts thereof which the Respondent is entitled.

10. After the presentation of evidence and argument by the Association and the Respondent, the Board shall confer in executive session. Within fifteen (15) days following the hearing, the Board shall serve a written communication of its findings on the Respondent by first class or return receipt mail. The Board shall make findings by relating the evidence supporting its conclusion that a particular rule was violated. The Board shall include in the findings its determination of the fine(s) or other discipline, if any, which it imposes as a result of any violation(s) it finds occurred. The Board's decision shall be final.

11. Upon findings by the Board that a violation has occurred, the Respondent shall have five (5) days from the date of receipt of the written findings of the Board to comply with the Order, unless a later date is specified in the Order.

a. The Board shall have the power in its Order to temporarily revoke voting rights for a time period commensurate with the rule infraction by the Respondent not to exceed sixty (60) days.

b. A reasonable fine or fines may be imposed according to established schedules if a majority of a quorum of the Board finds that the Respondent violated the governing instruments of the Association and that a fine is warranted for the violation.

c. The Board shall have the power to levy a reimbursement assessment in accordance with Article VI, Section 6.5 of the Declaration. Reimbursement assessments, including monetary penalties imposed as disciplinary measures, may not become a lien against an Owner's Lot enforceable by non-judicial foreclosure proceedings under a power of sale. This restriction does not apply to late payment penalties or interest for delinquent assessments or charges imposed by the Association to reimburse it for loss of interest or collection costs, including reasonable attorney's fees in the collection of delinquent assessments.

12. If there has been no compliance by the Respondent, then a notice of intended collection activities concerning any fine, monetary penalty or reimbursement assessment levied pursuant to this Resolution, must be duly served upon the Respondent homeowner. Such collection

activities can then be commenced only after five (5) days from service of the notice of intended collection activities on the homeowner.

13. The Association may alternatively or in conjunction with the other proceedings referred to herein, enforce the Bylaws, Declaration and Association Rules through internal dispute resolution pursuant to Civil Code Section 5900 and following, and alternative dispute resolution pursuant to Civil Code Section 5925 and following, or by an action at law, or in equity, independent of any proceedings for enforcement under this Resolution. The Association reserves all rights and remedies provided by law or by the governing documents.

14. This Resolution is not applicable to the levy or collection of regular or special assessments.

15. Notwithstanding the provisions of this Resolution, the Board may make emergency repairs or take any other emergency action it deems necessary and subsequently comply with the notice and hearing procedure.

University Square Owners' Association

Notice of Hearing

To: (owner name and address)

The following information sets forth the date, time and location of the meeting of the Board where a hearing will be held concerning the following violations and the disciplinary or other enforcement action that will be imposed by the Board. You have the right to request that this meeting be held in executive session.

- 1.
- 2.
- 3.

Your violation of the above rule(s)/restriction(s) is based upon your conduct as follows:

(Specify in detail conduct, including times, dates, places and witnesses)

Your violation of the above rule(s)/restriction(s) has resulted in the following disciplinary and/or corrective action and/or penalties:

(Specify disciplinary and/or corrective action and/or penalties, such as fines or the suspension of voting and other membership rights, which have been imposed by the Board and have become effective in the event the violation is found to have occurred.)

YOU ARE HEREBY NOTIFIED that your written request for hearing was received by the Board. The hearing concerning the above violation(s) and proposed discipline and/or corrective action will be held:

Date:
Time:
Location:

University Square Owners' Association

Dated: _____

By _____
Signature

Print Name and Title

Notice of Respondent's Rights and Options

Upon receipt of a Notice of Hearing served on the Respondent by the Board of University Square Owners' Association, the Respondent may:

- a. Object to the Notice upon the ground that it does not state the acts or omissions upon which the Board may proceed;
- b. Object to the form of the Notice on the ground that it is so indefinite or uncertain that the Respondent cannot identify the violating behavior or prepare his defense; or
- c. Admit to the violation(s) in the Notice in whole or in part. In such event, the Board will make a determination as to whether it will waive hearing and simply impose penalty, if any, or if it will conduct a hearing to determine an appropriate penalty.

Each party shall have the following rights concerning the hearing:

- a. Prior to the hearing, to obtain upon written request the names and addresses of witnesses and to inspect the copies of any statements, writings and investigative reports relevant to the subject matter of the hearing;
- b. To present witnesses;
- c. To present written evidence;
- d. To examine witnesses, documents, reports and statements received by the Association;
- e. To have legal counsel present;
- f. To maintain and preserve, at the party's own expense, a record through the presence of a certified shorthand reporter or other recorder;
- g. To require the hearing to be open to attendance by any member of the Association. The meeting shall ordinarily be held in executive session;
- h. To receive written findings of fact by the Board regarding the violation.
- i. To make an opening statement and closing argument.

Schedule of Fines and Reimbursement Assessment

The Board adopts the following schedule of fines pursuant to its authority under Sections 7.4 and 10.2.1 of the Declaration of Covenants, Conditions and Restrictions and Section 6.4 of the Bylaws:

| | |
|--|--|
| First Violation | \$100 |
| Repeated Violations | \$200 per occurrence |
| Continuing violations | \$100 per day to a maximum of \$1,000 |
| Violations with damage | Fine per this Schedule and cost of repair |
| Enhanced violations e.g. those causing or threatening personal injury or significant property damage | Reasonable enhanced fines proportionate to the violation. |
| Damage to common area or action resulting in expense to Association | A reimbursement assessment may be imposed for all costs, expenses, fees, fines incurred for enforcement, damage repair, attorney's fees and charges incurred in securing owner compliance or repairing damage. |

State of California
Department of Real Estate

Living in a California
**COMMON
INTEREST
DEVELOPMENT**



Living in a California Common Interest Development was originally developed in January 1999 by the California Association of Community Managers, Inc.SM working with the Department of Real Estate (DRE). This booklet was revised in August 2002 by the Department of Real Estate.

2. Do you have to join the association?

Membership in the association(s) is automatic. When a person buys a lot, home, townhouse, or condominium in a common interest development, he/she automatically becomes a member of the association(s).

3. What are Covenants, Conditions and Restrictions (CC&Rs)?

The Declaration of the Covenants, Conditions and Restrictions, or CC&Rs, contains the ground rules for the operation of the association. This governing document identifies the association's common area and responsibilities, explains the obligation of the association to collect assessments, as well as the obligation of the owners to pay assessments. It also states that the association may sue owners for violations of the rules or failure to pay assessments, and explains what happens if there is any destruction of property in the development as a result of fire or earthquake. Usually, the CC&Rs will also state the duties and obligations of the association to its members, insurance requirements, and architectural control issues.

4. How are the CC&Rs enforced?

California laws allow that either the association or an owner in a common interest development may file a lawsuit asking the court to enforce the CC&Rs. The law currently requires, with some exceptions, that either the owner or the association must offer to engage in some form of alternative dispute resolution process before filing a lawsuit.



You may wish to consult with an attorney who specializes in this type of law if you are faced with or contemplating an enforcement matter.