

Newport Hills Community Association Enforcement Policy and Schedule of Fines

Adopted: October 14, 2025

The following Enforcement Policy and Schedule of Fines for Newport Hills Community Association (the "Association") is adopted in accordance with the Davis-Stirling Common Interest Development Act ("Act") and pursuant to the authority vested in the Association by the Amended and Restated *Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Newport Hills* ("CC&Rs"). The following rules supersede and replace all prior rules regarding the within matters.

1. POLICY OF THE ASSOCIATION.

The purpose of this Enforcement Policy and Schedule of Fines ("Policy") is to encourage member compliance with the governing documents of the Association, including but not limited to the CC&Rs and operating rules, and to ensure that the Association's enforcement procedures are uniformly applied to all members throughout any disciplinary process. Accordingly, the following sets forth the procedures to be followed in addressing violations of the governing documents in compliance with California Civil Code sections 5850 and 5855, as amended effective June 30, 2025.

2. AUTHORITY TO ADOPT RULES.

The Act provides the Association with the authority to adopt reasonable operating rules that apply to the management and operation of the common interest development or the conduct of the business and affairs of the Association, so long as the rule is within the legal authority granted to the Board. (Civil Code section 4340 et seq.)

The Association is granted such authority by its governing documents. Specifically, Article V, Section 5(h) and Article XIV Section 14.1 of the CC&Rs provide the Board with the authority to enforce provisions of the governing documents. Further, Article V, Section 5(j) of the CC&Rs provides the Board with the authority to adopt, amend, and repeal rules that assist both the Association and its members with complying with the governing documents.

3. VIOLATIONS.

3.1 It is the policy of the Association to receive information concerning alleged violations from directors, committee members, and/or owners. Reports of violations must be submitted in writing to the managing agent, unless the violation is noticed and documented by a director, committee, or managing agent. The violation report should describe the violation, identify the alleged offender, and identify the individual making the report. Individuals

submitting violation reports do not have the right to remain anonymous and understand that a copy of the violation report may be provided to the offending member as part of any disciplinary proceeding.

3.2 Upon receipt of notice of an alleged violation, the Board and/or its managing agent or committee, as applicable, will investigate the alleged violation within a reasonable time. If the Board and/or its managing agent or committee determines that a violation has probably occurred, the Association may commence the enforcement procedures contained herein. The Board has complete discretion to determine, in its business judgment, whether to act on a written violation report and what action, if any, to take.

4. ENFORCEMENT; NOTICE AND HEARING PROCEDURES.

4.1. In accordance with the CC&Rs, the Association reserves the right to take legal action in order to enforce compliance with the governing documents at any stage in the enforcement process. Serious violations warranting immediate action may be forwarded to legal counsel with or without taking the steps outlined below. Furthermore, the Board may, at its discretion, involve legal counsel at any stage of the internal enforcement process. Violations that the Board decides to address internally will be dealt with as follows:

4.2 The Association may, but is not required to, send a Courtesy Notice to the allegedly offending member (“Respondent”) to advise that a violation has occurred. The purpose of the Courtesy Notice is to encourage the Respondent to voluntarily come into compliance. The Courtesy Notice is not intended to be confrontational. If the Respondent fails to appropriately respond to the Courtesy Notice, and the Board determines to proceed with enforcement, the following procedure shall be followed.

4.3 The Association shall send a notice of hearing to the Respondent stating the date, time, and place of the hearing, the nature of the alleged violation for which the Respondent may be disciplined or the nature of the cost incurred for which a reimbursement assessment may be imposed, and a statement that the Respondent has a right to attend and address the Board at the hearing and/or submit a statement of defense in advance of the hearing. Notice of Hearing must be sent by individual delivery at least 30 days before the hearing date. The Respondent is not required to attend the hearing in person. If Respondent does not attend the hearing or does not respond to the notice within 15 days of mailing or delivery, Respondent waives the right to address the Board at the hearing, and a decision may be made by the Board in Respondent’s absence. However, any written statement of defense timely submitted by the Respondent shall be considered by the Board prior to making its decision.

4.4 The Board shall conduct the hearing in executive session (unless requested otherwise by Respondent) and shall afford the Respondent a reasonable opportunity to be heard and answer the allegations against them. The Board, having performed its own investigation and presented its own findings, is not required to identify the person or persons who brought the

matter to the Board's attention, although the Board may do so if it deems such disclosure to be necessary to afford due process. Following the hearing, the Board may take the matter under submission and deliberate in executive session outside of the presence of Respondent.

4.5 If the Respondent fails to appear at the hearing, the Board may proceed with the hearing, consider evidence presented to it in connection with its investigation and determine whether or not a violation has occurred. If a violation is found to have occurred, the Board shall determine what disciplinary action to impose, if any.

4.6 A member shall have the opportunity to cure the violation prior to the hearing. The Board shall not impose discipline in either of the following circumstances.

- (i) The member cures the violation prior to the hearing.
- (ii) If curing the violation would take longer than the time between the notice of hearing and the hearing, the member provides financial commitment to cure the violation. For purposes of this Policy, a "financial commitment to cure" means submission of credible documentation evidencing that the member has made a financial commitment toward curing the violation, including but not limited to a signed contract with a contractor accompanied by a paid deposit or invoice, or other reasonable proof that correction is underway and will be completed within a reasonable time.

4.7 If the Respondent is found to be in violation of the governing documents following the hearing, and the Respondent has failed to either (i) submit reliable evidence that the violation has been cured or (ii) provide financial commitment to cure a violation which cannot be cured within the hearing notice period, the Board may take any authorized disciplinary action, as noted in the notice of hearing. The following items are considered to be disciplinary actions requiring a hearing before imposition:

- (i) Fines (see Section 6, which contains the schedule of fines);
- (ii) Levy of a reimbursement assessment for damage to the common area or such other purposes as authorized by the governing documents;
- (iii) Suspension of amenity privileges as authorized by the governing documents; and
- (iv) A finding that a member is not in good standing for any reason or purpose authorized under the governing documents.

4.8 Any disciplinary action taken should be recorded in the minutes of the executive session meeting at which the disciplinary decision is made.

4.9 The Board shall provide the member with written notice of the outcome of the hearing and any disciplinary action taken by the Board within fourteen (14) days after the hearing, which specifies the fines, assessments, and/or penalties levied, if any, and the reasons therefor.

4.10 Fines imposed by the Board after a hearing shall be due immediately upon notice of the hearing decision to the member. Special Assessments levied by the Board shall be due thirty (30) days from the date the notice of hearing decision is given, or upon such other later date specified therein not to exceed sixty (60) days from the date of the notice.

4.11 If the Board and the member are not in agreement following the hearing, a member shall have the opportunity to request Internal Dispute Resolution pursuant to the Act. If the hearing results in an agreement between the Board and the member to resolve the dispute, such agreement shall be reduced to written resolution and, once signed, is judicially enforceable.

4.12 In the event a governing document violation also constitutes a violation of federal, state, or local law, the Board may, in addition to the other actions identified herein, notify the appropriate governmental agency of its findings and provide them with the evidence the Association possesses.

4.13 The Board may, at any time it deems appropriate and after complying with the requirement to offer Alternative Dispute Resolution if applicable, file a civil action to obtain compliance with the governing documents; the Board need not first fine a member. In a court action, the Board may seek injunctive relief (a court order requiring a member to obey the governing documents), reimbursement of costs and expenses incurred by the Association, and payment of fines, if any.

4.14 Occasionally, violations are committed by tenants or guests of the member. The member is responsible for those violations. The notice of hearing will be sent to the member, although the Board may, should it desire, correspond with non-owner occupants of the property responsible for the alleged violations. Only the member has the right to attend the hearing; however, tenants may attend the hearing, if invited and accompanied by the member, for the purpose of providing witness testimony.

4.15 The following items are not considered disciplinary actions and therefore do not require a hearing before imposition:

- (i) Courtesy Notices / Warning Letters;
- (ii) Institution of legal proceedings;
- (iii) Lawful entry upon a separate interest for purpose authorized by the CC&Rs;
- (iv) Initiation of Internal Dispute Resolution or Alternative Dispute Resolution;
- (v) Collection of overdue assessments; and

- (vi) Towing vehicles improperly parked on private property per Vehicle Code §22658.

5. SUSPENSION OF PRIVILEGES.

Pursuant to Article 5, Section 5(h) of the CC&Rs, the Board may, after notice and hearing as provided herein, suspend a member's privilege of use and enjoyment of Association amenities and/or recreational facilities after five (5) days following either the hearing or, if no hearing is conducted, the deadline for the Owner to deliver or mail to the Association a response. In no event, will the period exceed thirty (30) days for each violation of the governing documents or, with respect to an assessment delinquency, until the assessment account is brought current. With respect to multiple violations resulting from member conduct, the Board may impose a 30-day suspension for each violation found and such suspensions may, at the discretion of the Board, run consecutively. Any suspension of privileges shall become effective no sooner than five (5) days following the date that notice of hearing decision is given.

6. MONETARY PENALTIES (FINES).

6.1 As authorized by Civil Code section 5850, and subject to the limitations set forth below, the Association may assess reasonable fines for violations of the governing documents pursuant to the fine schedule ("Schedule") adopted by the Board and distributed to all members.

6.2 A late charge or interest shall not be charged to a member for nonpayment of a fine.

6.3 Fines imposed as a monetary penalty for violation of the governing documents may not become a lien against the member's separate property enforceable by private sale. Special assessments levied to reimburse the Association pursuant to the CC&Rs may become a lien against the member's separate property enforceable by sale as authorized by the CC&Rs.

6.4 A monetary penalty for violation of the governing documents shall not exceed the lesser of the following:

- (i) The monetary penalty stated in the Schedule in effect at the time of violation.
- (ii) One hundred dollars (\$100.00) per violation.

6.5 Notwithstanding Section 6.4, the Board may impose a fine stated in the Schedule or supplement thereto that is in effect at the time of the violation that is greater than \$100.00 per violation, if the violation may result in an adverse health or safety impact on the Common Area or another Association member's property.

6.6 Before imposing a fine greater than \$100.00 pursuant to the above exception, the Board shall make written findings specifying the adverse health or safety impact in a Board

meeting open to the members. The written findings made with respect to specific violations not addressed in this Policy shall not identify the Respondent (by name, property address, APN, or otherwise) and shall be filed with the minutes of the open meeting at which they are made.

7. SCHEDULE OF FINES.

In accordance with California Civil Code section 5850 and the CC&Rs, the Association hereby adopts the following fine schedule ("Schedule"). The Board reserves the right, pursuant to written findings passed in an open meeting prior to imposition of discipline, to find that any conduct not specified below which violates the governing documents may result in adverse health or safety impacts on the common area or another Association member's property.

Non-Health and Safety Violations:

Offense	Fine/Penalty
Each Offense	\$100.00

Health and Safety Violations:

Offense	Fine/Penalty
1st Offense	up to \$400.00 per violation
2nd Offense	up to \$600.00 per violation
3rd Offense	up to \$800.00 per violation
4th Offense and Subsequent Offenses	up to \$1,000.00 per violation

For purposes of this Schedule, a second or repeat offense shall be defined as a violation of the same rule consisting of the same or similar conduct which may result in an adverse health or safety impact on the common area or another Association member's property within a rolling twelve (12) month period.

Members are required to notify the Board of correction of all alleged offenses so that the Board may inspect the correction. Failure to notify the Board may result in additional enforcement.

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