

**RULES OF ENFORCEMENT AND FINE SCHEDULE
FOR VIOLATIONS OF THE ASSOCIATION'S GOVERNING DOCUMENTS
OF PALM DESERT COUNTY CLUB ASSOCIATION
*Board Approved September 2, 2014***

1. Applicable Documents. The policies stated below apply to violations of any of the Governing Documents of PALM DESERT COUNTRY CLUB ASSOCIATION ("Association"), including the Articles of Incorporation; Bylaws; Covenants, Conditions, and Restrictions ("CC&Rs"); or Architectural or other Rules, including Pool Rules ("Rules").

2. Actions Prior to Initiation of Formal Disciplinary Process. The Board of Directors ("the Board"), an Owner of a separate interest ("Member"), or any resident of the Association has the authority to request in any reasonable manner that a Member, resident, tenant, or invitee thereof cease or correct any act or omission which appears to be in violation of the Governing Documents of the Association. Complainants are encouraged to attempt such informal resolution before the formal process is initiated. However, if a Member or resident cannot or will not initiate informal resolution, or if the informal resolution is not successful, the following procedure will apply.

3. Written Complaint. Disciplinary proceedings will be initiated upon the receipt of a written complaint ("Complaint") from any Member or resident to the Board or its designated agent on an Association complaint form described as a "Violation Report" (see Exhibit 1) or by letter, setting forth, in ordinary and concise language, the acts or omissions with which the alleged offending Owner ("Respondent") is charged. Complaints may also be initiated directly by any member of the Board of Directors or by the management agent. Although it will not invalidate the Complaint if the following are missing, the Complaint should include the specific provisions of the CC&Rs or Rules which the Respondent is alleged to have violated, and should consist of more than charges phrased in the general language of such provisions. The Complaint should contain as many specific and supporting facts as are available, such as time, date, location, person(s) involved, and other relevant details so that the Complaint may be evaluated and investigated by the Board. Complaints initiated by a member of the Board of Directors or management agent may be in any form which provides a record of the Complaint. A copy of the Complaint will not be provided to the Respondent except as required by law.

4. First Notice. 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 allegations constitute violation(s) of the Governing Documents. If so (and if the Board, in its sole discretion, determines that enforcement is appropriate in the case in question), the Board shall send a written First Notice (courtesy letter) to the Respondent, summarizing the Complaint and requesting compliance with the Governing Documents. Such First Notice shall be served by first-class mail; by personal delivery; or by individual delivery pursuant to Civil Code section 4040 to the owner of record and, if appropriate, to the resident tenant. No penalty shall be assessed to the owner in this First Notice. If compliance occurs as a result of sending this First Notice, the Board need take no further action on the Complaint. Only one (1) courtesy letter per Lot will be issued within a 365 day time period, regardless of the type of Complaint filed against the Lot. After receipt of one (1) First Notice (courtesy) letter, any violation of any type will be noticed with a Second Notice (as detailed below in section 5)

5. Second Notice. If the violation described in the First Notice is not corrected or is repeated within the time frame stated in the First Notice, or if the Lot is not eligible for a First Notice, a second notification (violation) letter will be sent to the Respondent by the Association's office. This Second Notice will provide a general summary of the Complaint, and will advise the Respondent that

compliance with the item/s in violation is required. The Second Notice will also provide that the violation must be corrected or not repeated by the date specified in the Second Notice. Such Second Notice shall be served by first class mail; by personal delivery; or by individual delivery pursuant to Civil Code section 4040 to the owner of record and, if appropriate, to the resident tenant. This Second Notice will advise the Respondent that if the alleged violation is not corrected by the specified date, a hearing before the Board of Directors will be held, and the fines that may be assessed at this hearing will also be noted in this Second Notice.

6. Third Notice. If the violation described in the Second Notice is not corrected within a reasonable time (as determined by the Board), or if the violation is repeated, a third notification letter will be sent to the Respondent by the Association office (Third Notice). The Third Notice will advise the Respondent that a hearing before the Board of Directors will be held. The Third Notice will provide a general summary of the allegations in the Complaint; the date, time, and location of the hearing; a statement that the Respondent may attend the hearing and address the Board; and may also contain the penalties that may be assessed at the hearing. The Board shall fix a hearing date and the Third Notice shall be mailed or served on the Owner of the separate interest at least ten (10) days prior to the date of the hearing. The Third Notice shall be served by first-class mail; by personal delivery; by individual delivery pursuant to Civil Code section 4040; or by any combination thereof.

If three or more violations are alleged against a single lot in a twelve month period, the Association will not send that owner a First or Second Notice. Rather, the Board shall give the Owner a Third Notice of the violation setting a hearing before the Board. Should a twelve-month period pass without any violations, a First and Second Notice to correct the violation must be sent by the Association prior to sending the Owner a Third Notice setting a hearing before the Board.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes (a) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring owners; (b) a traffic or fire hazard; or (c) a threat of material damage to, or destruction of, the Common Area; or (d) a violation of the Governing Documents of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred, the Board or its agents may contact the appropriate civil authorities and undertake immediate corrective action and conduct a hearing as soon thereafter as possible, if either (1) requested by the offending owner within five (5) days following the Association's actions, or (2) on its own initiative.

The Respondent shall have the right to attend the hearing with any material witnesses, and may offer evidence and/or make representations to the Board subject to the provisions of Section 7 below. If the Respondent wishes to attend the hearing but cannot conveniently attend on the date scheduled or wishes a postponement for any other cause, the Respondent may request a continuance of the hearing. Any such request must include the reasons therefor. The decision of whether to grant the continuance shall be made by the Board, and its decision shall be final. If a continuance is granted, the Respondent will be given notice of the new hearing date. If a continuance is not granted, the hearing shall proceed in accordance with Section 7 below.

Whether or not the Respondent wishes to attend the hearing, he or she may deliver to the Board a written statement, setting forth the Respondent's answer to the allegations in the Complaint. If the Respondent submits a written response, it must be delivered to the Board of Directors, or the Board's authorized representative, 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 any decision on the Complaint being made.

7. Hearing.

(a) Neither the Complainant nor the Respondent is obliged to be in attendance at the hearing, although such attendance is encouraged. All hearings will generally be held in executive session, although the Board reserves the right to schedule the hearing in open session. If requested by the Respondent, the hearing will be conducted in executive session. The executive session will normally be held on the same day as a regular open meeting of the Board or may be postponed to such date and time as the Board shall determine. Any request for the hearing to be held in executive session must be submitted to the Board in writing at least four (4) days in advance of the hearing to allow the executive session to be properly noticed and scheduled. If the notice required by this paragraph is not given, the hearing will be held as determined by the Board.

(b) At the beginning of the hearing, or at any appropriate time during the hearing, the Board will explain the rules and procedures by which the hearing is to be conducted. The Board is entitled to exercise its discretion as to the specific manner in which the hearing will be conducted. Technical and specific rules of evidence or procedure will not generally be applicable to the hearing except that the Board shall have full discretion to impose specific rules where it considers such rules to be appropriate and to refuse to admit evidence not reasonably relevant to the issues. Formal questioning of witnesses by the Respondent will generally not be permitted, except that the Respondent will be given a reasonable opportunity to ask questions of the Complainant regarding the allegations in the Complaint. Failure of the Complainant to attend the hearing will not prevent the hearing from being held, but may be used by the Board in determining the action to be taken at the hearing.

(c) The Board will consider any written or oral statements of the parties and witnesses together with such other information and/or evidence then before it which the Board reasonably determines to be material and relevant.

(d) Should the Respondent and/or Owner of the separate interest 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.

(e) The Respondent will be entitled to attend the hearing, but when the hearing is held in executive session, may be excused after presentation of the evidence. The Board reserves the right to deliberate the issue and reach its decision out of the presence of the Complainant or the Respondent or any representatives or witnesses.

8. Decision. After all evidence and/or representations have been presented to the Board, the Board shall vote upon the matter. The decision may be made at the conclusion of the hearing, or may be postponed to no later than fifteen (15) days thereafter. A written decision will be mailed to the Respondent as soon as practicable after, 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 Respondent. 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.

9. Appeal. All requests for rehearing or appeal must be made by the Respondent in writing and must be received by the Board within sixty (60) days of the date of the notice of the Board's

decision. The request for an appeal hearing must include a summary of the new evidence to be presented or the reasons why the Board's previous decision should be overturned. Upon receipt of a request for an appeal, the Board will suspend all fines or other imposed penalties until the appeal is heard by the Board.

10. Fine Schedule. The following fine schedule shall apply where the Board finds a violation has occurred, after a properly noticed hearing, and, in its sole discretion, determines to assess a fine.

1st Offense	<u>\$100.00 fine</u>
2nd Offense (within 365 days of violating the same rule)	<u>\$200.00 fine</u>
3 rd & Subsequent Offenses (within 365 days of violating the same rule)	<u>\$300.00 fine</u>
Continuing Offenses	\$20.00 per day maximum for each day the violation exists after the effective disciplinary date as motioned and approved by the the board at the hearing.

Continuing Offenses are defined as violations that are continuing in nature (such as an unremedied landscaping or architectural violation). The Board may impose a daily fine as described in the fine schedule above without further hearing. However, multiple violations of the same restriction that cannot be considered a Continuing Offense require further hearings before fines may be imposed. The owner will be notified in the initial hearing notice that the alleged violation may be deemed a Continuing Offense, potentially subjecting the owner to periodic fines without further notice.

The fines listed above are maximum amounts per violation, and are in addition to any actual costs, damages, or expenses, including attorney fees, incurred by the Association in obtaining compliance with the Governing Documents. Following the violation hearing, in addition to the fines listed above, the Association may impose a Special Individual/Reimbursement Assessment for attorney's fees and/or any other cost (minimum \$50.00 per hearing) associated with the enforcement of the Governing Documents. If circumstances warrant, the Board may impose lesser amounts, and may suspend imposition of all or any portion of a fine for up to one year from the date of the hearing. Offenses for separate rules will each start at the first offense stage and progress to higher levels as appropriate.

In addition to assessment of a fine, the Board may suspend the Respondent's voting rights and Association privileges as outlined in the CC&Rs, Bylaws, and Rules for up to thirty (30) days per violation. For each subsequent violation, the total time period can be thirty (30) days plus an additional period of up to thirty (30) days. In the case of delinquent assessments, the Board will not assess additional fines but may suspend voting rights and other Association privileges until the Owner's account is brought current. In the case of delinquent payment of fine imposed for Governing Document violations, the Board may suspend the Respondent's voting rights and Association privileges as outlined in the CC&Rs, Bylaws, and Rules until the Owner pays all outstanding fines.

11. Grievance Committee. Any of the rights, duties, and actions outlined in this policy permitted or required to be performed by the Board may, at the discretion of the Board, be delegated

to a Grievance Committee, the management agent, or other authorized agent.

Draft approved by PDCCA board of directors at June 3, 2014, open board meeting. Draft mailed to owners on June 25, 2014, for at least a 30 day rule review. New Rules of Enforcement and Violation Fine schedule approved by PDCCA board of directors at September 2, 2014 open board meeting.