



2022

EL ESCORIAL OWNERS ASSOCIATION

DOCUMENT PACKET

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2022 ANNUAL POLICY STATEMENT

In compliance with California Civil Code §5310 the association is providing the following disclosures to the members:

Official Communications

The Board of Directors has designated their management company to receive all communication on behalf of the association. Please send all communication to the following address: The Management Trust, 5383 Hollister Avenue, Suite 230, Santa Barbara, CA 93111.

Please see the enclosed association communication policy which provides detailed instructions on how owners must send documents and other communication to the association.

Secondary Address

Pursuant to Civil Code [Section 4040\(b\)](#), an owner has the right to submit, in writing, a secondary address to the association's management company for the purpose of receiving (1) annual reports the Association is required to provide and for (2) mailings and notices related to assessment payments, delinquencies and foreclosures at an additional address.

General Notice Location

The Board of Directors has designated the following location for posting of a general notice to the members: Common Area Bulletin Boards.

Right to Receive General Notice by Individual Delivery

Pursuant to Civil Code 4045(b), upon receipt of written request to the association's management company, an owner may receive General Notices by Individual Delivery.

Minutes

In accordance with California Civil Code 4950 homeowners have the right to copies of the minutes of meetings of the Board of Directors excluding executive session minutes. Minutes of all Board of Directors meetings are kept on file at the office of the association's management company and will be made available within 30 days of a meeting. Minutes may be viewed or obtained during regular business hours, by giving reasonable notice, to the association's management company. The association may require reimbursement of the association's costs for making that distribution.

Assessment Collection Policy

Pursuant to Civil Code 5730, enclosed is the Assessment Collection Policy, which includes the Association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments and the mailing address for overnight payment of assessments.

Mailing Address for Overnight Payment:

El Escorial Homeowners Association, 2540 Professional Parkway, Santa Maria, CA 93455.

Collection Fee Disclosure

The association will charge an owner a collection fee of \$12.50 for each late statement on accounts that have an assessment balance due. The association will charge an owner a collection fee of \$50.00 for each pre-collection letter prepared and sent on delinquent accounts. These collection costs are in addition to late charges that the association assesses on delinquent accounts. These collection costs are charged to the owner's account to reimburse the association in accordance with the Association's delinquency policy and Civil Code Section 5650 (b).

Governing Document Enforcement and Fine Policy

The association's discipline policy, if any, including a schedule of penalties for violations of the governing documents is included in this packet titled Discipline Policy.

Dispute Resolution Procedures

A summary of dispute resolution procedures:

Failure of a member of the association to comply with the alternative dispute resolution requirements of [Section 5930](#) of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

Members are also entitled to enact the Association's "Internal Dispute Resolution Procedure." If your association has approved an Internal Dispute Resolution Procedure, it is included in this packet. If your association has not approved an Internal Dispute Resolution Procedure, the association follows the Statutory Dispute Resolution Procedure as stated in Civil Code Section 5915.

Architectural Guidelines and Procedures

The procedures for applying for additions, alterations or modifications to a lot (or unit) within the association and for reviewing and approving or disapproving such applications are set forth in the governing documents of your homeowners' association. Pursuant to Civil Code 4765 the association has adopted an Architectural Review Procedure, please refer to the enclosed copy for more information on approval of physical changes to your property.

Returned Check Policy

A fee of \$35.00 plus bank charges will be assessed against the owner for returned checks. These fees do not preclude the member from being charged an additional fee if the non-sufficient funds check causes the member to be late in the payment of his or her assessment. If assessment is not paid in full by the published due date, the member has liability for possible additional fees as specified in the Assessment Delinquency Policy of the Association.

COMMUNICATION AND DOCUMENT DELIVERY POLICY

Unless otherwise authorized by the Board of Directors all communication and documents must be directed to the association's management company. The management company is the agent to the Board of Directors and will process and forward all communication and documents to the proper parties. Owners must deliver all documents to the following address or call regarding association matters to the following phone number.

The Management Trust, 5383 Hollister Avenue, Suite 230, Santa Barbara, CA 93111
Phone (805) 348-4080

Methods of delivering documents or correspondence that are authorized by the association:

The following are acceptable methods for delivering documents (letters, architectural applications etc.) to the association:

- 1) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the address above.
- 2) Personal delivery to the association's business address listed above during regular business hours. A written receipt will be provided upon request.

Methods of delivering documents or correspondence that **are not** authorized by the association: Due to the unreliable nature of e-mail, facsimile, and other electronic means of communication the association has deemed these as unacceptable forms of communication. If an owner chooses to send documents or communication in this manner the association will only accept them **upon receipt**. An acknowledgment that your document or correspondence was received will be sent to you.

Owners sending documents or other communication should never assume that they are received by the intended party. Mail can be lost or delayed etc. Owners should contact their association manager to verify that correspondence or documents have been received.

California Civil Code Section 5965 requires the following summary to be provided annually to all Owners.

"Failure of a member of the Association to comply with the Alternative Dispute Resolution requirements of Section 5930 of the Civil Code may result in the loss of your right to sue the Association or another member of the Association regarding enforcement of the governing documents or the applicable law."

DISPUTE RESOLUTION PROCEDURE

The information stated below, regarding the Association's Dispute Resolution procedure is provided to you as required by Section 5920 of the California Civil Code. Homeowner Associations are required to provide a fair, reasonable and expeditious procedure for resolving disputes between an Association and a member involving their rights, duties or liabilities under the Davis Stirling Act (commencing with California Civil Code Section 4000); or the Non-Profit Mutual Benefit Corporation law (commencing with Section 7110 of the California Corporations Code); or under the Governing Documents of the Association. The procedure adopted by this Association is that described and recommended in California Civil Code 5900 - 5960 which procedure is as follows:

Either party to a dispute falling within the scope of California Civil Code Section 5900-5960 may invoke the following Dispute Resolution procedure:

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. A member of an Association may refuse a request by the Association to meet and confer; however, the Association may not refuse a member's request to meet and confer.
3. The Association's Board of Directors shall designate a member of the Board to meet and confer.
4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
5. If any agreement is reached by the parties, a resolution of the dispute agreed to shall be memorialized in writing and signed by the parties. The Board designee shall sign on behalf of the Association.
6. An agreement reached, as described above, binds the parties and is judicially enforceable if the following conditions are satisfied.
 - a. The agreement is not in conflict with law or the Governing Documents of the Association
 - b. The Agreement is either consistent with the authority granted by the Board of Directors to its designee or the Agreement is ratified by the Board of Directors.

7. If the member of the Association participates in a meet and confer, but the dispute is resolved other than by agreement of the member, the member shall have a right of appeal to the Association's Board of Directors. In order to appeal, the member must, within ten (10) days following the meet and confer, deliver to the Board of Directors a written notice stating that no agreement with the member was reached at the meet and confer, that the member is appealing to the Association's Board of Directors and requests that the issue be set on the agenda for the next scheduled meeting of the Directors.
8. A member of the Association may not be charged a fee to participate in the meet and confer process.
9. The timeline for resolving disputes pursuant to the above described Dispute Resolution Procedure is as follows:
 - a. A party requesting to meet and confer regarding a dispute within the scope of Section 5915 of the Civil Code (the "Requesting Party") shall submit a request in writing to the "Responding Party" describing the nature of the dispute and stating three dates (Monday through Saturday) and times (between 9:00 a.m. and 7:00 p.m.) for the meet and confer which dates shall not be less than fifteen (15) days nor more than thirty (30) days from the date the Request to Meet and Confer is sent to the Responding Party. The notice shall further state the address to which the Responding Party should send its response.
 - b. The location of the meet and confer shall be that location where the Association's Board of Directors regularly meets.
 - c. Within ten (10) days from the date that the Request to Meet and Confer was sent to the Responding Party, the Responding Party shall send their response indicating that they will attend the meet and confer as requested by the Requesting Party. Further, the Responding Party shall confirm in said response the date and time of the meet and confer by selecting one of the dates and times set forth in the Request.
 - d. If no response is received from the Responding Party within the time allowed, it shall be presumed that the Responding Party is refusing to meet and confer regarding the dispute alleged in the request submitted by the Requesting Party.
10. If an agreement is reached at the meet and confer, within five (5) days following the meet and confer, the terms of the agreement shall be reduced to writing by the Requesting Party and signed by both the Requesting and Responding Parties. The Association's representative shall sign the Agreement on behalf of the Association. If no such written Agreement is signed by both the Requesting and Responding Parties within five (5) days following the meet and confer, it will be deemed that no agreement was reached at the meet and confer.

NOTICE OF ASSOCIATION COLLECTION POLICIES

California Civil Code Section 5730 requires that each Owner in a Common Interest Development receive, during the 60-day period immediately preceding the beginning of the Association's fiscal year, a statement that describes the policies and practices the Association shall follow when enforcing lien rights and other legal remedies for default in payment of its assessment. The procedure your Board of Director has elected to follow is:

1. Unless otherwise stated, General Assessment payments shall be due on the first of each month and shall become delinquent if not received on or before the fifteenth (15th) day following the due date.
2. In the event a Special Assessment is levied, payment(s) shall become due as stated in the Notice of Special Assessment. Special Assessment payment(s) shall become delinquent if not received on or before the fifteenth (15th) day following the due date. If a Special Assessment payment becomes sixty (60) days past due, the entire amount for the Special Assessment shall become immediately due and payable in one sum.
3. For each assessment payment becoming delinquent, a Ten Dollar (\$10.00) late charge, or ten percent (10%) of the amount of the assessment, whichever is greater, shall be added to that payment. If an owner fails to pay any monthly installment by the delinquent date two or more times during any fiscal year, that Owner's right to pay in monthly installments shall immediately terminate for that year and any remaining installments will be due and payable in one sum.
4. Interest shall accrue on all sums owing (assessments, late charges, collection costs, and attorney fees) at the rate of twelve percent (12%) per annum, commencing thirty (30) days after becoming due.
5. When an Owner's account becomes delinquent, a letter will be sent to the Owner in compliance with California Civil Code Sections 5730.
6. If the account is not brought current within thirty-five (35) days of the date of the letter described in Paragraph 5 above, was deposited into the U.S. Mail, including payment of all attorney fees, late charges, collection costs, and interest set forth in said letter, the Association shall cause a lien to be recorded against the delinquent Owner's Unit.

7. If the delinquent Owner's account is not brought current within thirty (30) days of recording a lien, including payment of all attorney fees, late charges, collection costs, and interest, the Association may take one or more of the following courses of action:
 - a) Allow the lien to remain as an encumbrance against the Unit and take no further action.
 - b) File a Civil lawsuit;
 - c) Refer the matter to a form of Alternative Dispute Resolution; or
 - d) Foreclose on the Unit

Which course of action the Association elects to follow is dependent upon the fact and circumstances known to the Association at the time the election is made.

8. The administrative collection costs charged to a delinquent Owner up to the recordation of a lien is \$150.00. If it becomes necessary to prepare and record a lien, the additional costs and attorney fees will be charged to the Owner in a sum equal to that incurred by the Association.
9. Any payments made toward the sums owing shall first be applied to the principal owed, and only after the principal owed is paid in full shall such payments be applied to interest or collection expenses
10. Owners have the right to inspect Association records
11. An Owner has the right to provide a second address (such as a family member, "snowbird" address, property manager, etc.) for any delinquent assessment notices to be sent to. The member must provide this in writing.

The address to which overnight payment may be made to the Association is:

**El Escorial Owners' Association
c/o The Management Trust
2540 Professional Parkway
Santa Maria, CA 93455**

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

NOTICE OF ASSESSMENTS AND FORECLOSURES

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.

PAYMENTS

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)

ALTERATION AND MODIFICATION PROCEDURE NOTICE FOR PHYSICAL CHANGE TO PROPERTY

This notice of Procedure for Physical Change to Property is provided annually to all owners as provided by California Civil Code section 4765.

See Article 5 of the Association's Declaration of Covenants, Conditions and Restrictions.

Therefore, prior to making any change, alteration, addition or modification (collectively "Modification") that falls within the scope of the above quoted section, prior written approval must first be obtained from the Association.

I. SUBMITTAL OF APPLICATION

To request approval, an owner must comply with the following procedure:

1. The owner shall obtain from Management an Application for Modification.
2. The owner must completely fill out and sign the Application for Modification.
3. The Application for Modification and all information requested in the Application must be delivered to the Association for review and decision at least one week before a scheduled meeting.

II. REVIEW OF APPLICATION

Within sixty (60) days of the Association's receipt of the Application, and at a noticed meeting which the owner submitting the Application may attend, the association's Board of Directors, shall review the Application and take one of the following courses of action:

1. Approve the Application;
2. Deny the Application; or
3. Conditionally approve the Application

The Association's decision shall be in writing and sent to the owner. If conditional approval is given, the conditions shall be set forth in writing. If the Application is denied, a written explanation as to why the Application was denied shall be provided to the owner.

III. STANDARDS FOR REVIEW

When reviewing an Application for Modification, the Board of Directors shall be guided in their decision by the applicable provisions of the Association's CC&Rs and standards for review adopted by the Association and applicable law including the Fair Employment and Housing Act and Civil Code sections 4760(a)(1) & (2). Any decision shall be made in good faith, shall not be unreasonable, arbitrary or capricious.

IV. RECONSIDERATION

If the owner submitting an Application for Modification objects to the conditions of approval or denial, the owner submitting the Application may submit a Request for Reconsideration to the Board of Directors.

The Request for Reconsideration shall be submitted to the Association in writing within fifteen (15) days of the Board of Directors sending its written decision to the owner who has requested a Modification. If an owner does not submit a Request for Reconsideration within said (15) day period, it will be deemed a waiver of the owner's right to submit a Request for Reconsideration.

If the owner has timely submitted a Request for Reconsideration to the Association, within forty (45) days of the Request for Reconsideration being received by the Association, the Board will, at a noticed Board of director's meeting, review the owner 's Request for Reconsideration. The Board shall, in writing, either affirm the original decision of the Board of Directors, approve the Application for Modification or approve the Application with conditions. The decision of the Board shall be in writing. If conditional approval is given, a written explanation as to why the Board denied the Application shall be provided.

Where the decision on an owner's Application for Modification was originally made by the Board of Directors or a body that has the same membership as the Board of Directors at a meeting that satisfies the requirements of California Civil Code section 4900-4955, the owner does not have a right to reconsideration as described above.

RULES AND REGULATIONS MANUAL AND EMERGENCY PROCEDURES

Revised June 2020

EMERGENCY PROCEDURES

In the event of an emergency, Residents or Guests may obtain assistance by calling one of the following:

- | | | |
|----|---|---|
| 1. | Maintenance Supervisor: | 805-730-1728 |
| 2. | Management: The Management Trust | 805-348-4080 |
| 3. | Security Officer at Kiosk: | 805-568-5130 |
| 4. | Police, Fire, Paramedics | 911 |
| 5. | The Gas Company | 800-427-2200 |
| 6. | Edison | 800-655-4555 |
| 7. | Cox Communications
provided by the Association | <i>Call Mgmt re: Cable & Internet</i> |
| 8. | Plumbing – R. J. Carroll | 805-963-8711 <i>See paragraph below</i> |

First call the Maintenance Department from 7:30 a.m. to 4:00 p.m. Monday through Saturday. If no response or if it is after hours, call Management. If you cannot contact either party immediately and need assistance, R. J. Carroll is recommended as they will respond to plumbing emergencies 24 hours a day and are familiar with the plumbing systems at El Escorial. Residents can call any plumbing company that will respond. If the plumbing emergency is caused by a problem originating in the Common Area, the Association will pay the invoice. If the plumbing emergency originates in the Owner's unit, the Owner will be responsible for payment. If the plumbing emergency is caused by a problem originating from an adjacent Unit, the Owner of the adjacent Unit is responsible for the invoice.

Do not hesitate to call the Security Officer or Police when appropriate.

Occasionally it is necessary for the Board of Directors or Management to authorize emergency personnel to enter an unoccupied Unit or its Exclusive Use Common Area, especially in the event of plumbing or flooding accidents, or an activated smoke or water alarm. In such instances, it is very advantageous to all concerned with timely correction of the problem, that a key to each Unit be available in the Maintenance Supervisor's office. All keys are kept in a locked vault. A key waiver form must be executed and provided to Management. If a locksmith must be called to gain entrance to a Unit, the Owner will be assessed for the cost of the service.

DEFINITIONS

ASSOCIATION: The term “Association” shall mean El Escorial Owners’ Association, its successors and assigns, a nonprofit mutual benefit corporation incorporated under the laws of the State of California.

BOARD: The term “Board” shall mean the Board of Directors of the Association

COMMON AREA: The term “Common Area” shall mean all of the Project, improvements thereon and airspace which are not part of any Unit. All Common Area shall be divided into Project Common Area and Building Common Area; however, any reference in the Project Documents to Common Areas shall include both Project and Building Common Areas unless otherwise specified,

CONDOMINIUM: The term “Condominium” shall mean an estate in real property consisting of (i) an undivided interest in common in a portion of the Project Common Area, (ii) an undivided interest in common in a portion of the Building Common Area, (iii) a fee interest in a Unit and (iv) easements in portions of the Project as provided in the CC&Rs.

EXCLUSIVE USE COMMON AREA: The term “Exclusive Use Common Area” shall mean those portions of the Common Area commonly known as the Patio, Balcony, Carport, Garage and Parking Spaces which are more specifically defined in the CC&Rs.

GUEST: The term “Guest” shall mean any person whose presence within the Project is approved by a particular Resident, including but not limited to family, friends, and service helpers (i.e. nurses, housekeepers.)

OWNER: The term “Owner” shall mean the holder of record fee title to a Condominium. If more than one person owns a single Condominium, the term “Owner” shall mean all Owners of the Condominium. The term “Owner” shall also mean a contract purchaser (vendee) under an installment land contract but shall exclude the contract vendor and any person having an interest in a Condominium merely as security for performance of an obligation.

PROJECT: The term “Project” shall mean the property, The Villas of El Escorial.

PROJECT DOCUMENTS: The term “Project Documents” shall mean the Articles, Bylaws, the Covenants, Conditions and Restrictions (CC&Rs) and the Rules and Regulations as amended from time to time.

RESIDENT: The term “Resident” shall mean any person who lives in a Unit, whether as an Owner or with permission of the Owner, as a tenant, lessee, or otherwise.

RULES: The term “Rules” shall mean the Rules and Regulations adopted by the Board, including architectural guidelines, restrictions and procedures.

TENANT: The term “Tenant” shall mean any person who rents or leases a Unit from the Owner.

UNIT: The term “Unit” refers to a Separate Interest as defined in California Civil Code 4185 and shall mean that portion of the Project which is (i) shown on the Plan as an individually numbered space and (ii) designated on the Plan as a Unit. The boundaries of each Unit shall be to the interior unfinished surfaces of the perimeter walls, floors, ceilings, doors and windows. Each Unit includes the airspace encompassed by its boundaries but does not include load bearing walls. Utility systems and components thereof and fixtures and appliances which are located wholly within the boundaries of a Unit and which service only that Unit are also part of a Unit. The approximate dimensions of each Unit are shown on the Plan; however, the existing physical boundaries of a Unit as originally constructed or as reconstructed in accordance with the original construction design shall be conclusively presumed to be its boundaries.

1.0 INTRODUCTION

1.1 Condominium living differs from living in single-family residences. The principal differences are proximity of Residents, joint ownership, usage and maintenance of residential surroundings which include walkways, common landscaped areas, carports, Common Areas in residence buildings and common use recreational facilities. Because each Owner shares an equal responsibility for preserving the attractive appearance and peaceful atmosphere throughout the development, the development will hereinafter be referred to as the “Project.”

1.2 This Rules and Regulations Manual (Rules) is part of the Association’s Project Documents, which also include the Declaration of Covenants, Conditions and Restrictions (CC&Rs), Articles of Incorporation and the Bylaws; all of which were established in compliance with the California Civil Code. In the case of a conflict between the Rules and the CC&Rs, the CC&Rs will apply.

1.3 The CC&Rs establish the authority of the El Escorial Owners’ Association Board of Directors (“Board”) to propose, amend, and repeal rules appropriate for the management of the Project. This manual represents the general policy and Rules approved by the Board. These Rules are intended for the mutual benefit of all Owners and Residents. Compliance with these Rules is necessary to keep El Escorial a pleasant place to live and to maintain and enhance property values.

1.4 The regulatory provisions of the Rules are applicable to all condominium Residents and Guests. Owners, including off-site landlords, will be responsible for the actions of their Tenants and Guests.

1.5 The Rules are effective from the date adopted by the Board. The Rules are subject to revision from time to time by the Board. The effective date of such amendment or addition will be indicated on the amendment. The effective date of such revision will be indicated by the date listed on the front page of the revision.

2.0 GENERAL REGULATIONS

2.1 Project Property

2.1.1 The Common Area refers to all portions of the Project not located within a Unit. The Project includes the Common Areas and the individual Units.

2.1.2 All Residents are requested to assist in the enforcement of the Rules. In cases where it appears that someone does not understand the Rules, one should take time to explain the Rules courteously or call Management.

2.1.3 Violation of Rules is subject to fines as set forth in the Schedule of Monetary Penalties and Fees - Exhibit "A."

2.1.4 Each unit will be issued up to four (4) Common Area keys. Each Unit is allowed two (2) transmitters to gain entrance to the project. For each key or transmitter issued, there is an administrative fee. For each Common Area key or transmitter that is lost, a penalty assessment will be charged to the account of the Owner. For any Common Area key or transmitter that is not turned over to a new owner when a property is sold, a penalty assessment will be charged to the account of the selling Owner. Every Common Area key and transmitter remains the property of the Association and may not be transferred to another Owner unless the recipient signs the official key receipt or transmitter receipt on file with Management. The transfer of keys and transmitters is accomplished through the escrow process. (See Schedule of Monetary Penalties and Fees – Exhibit "A.")

2.1.5 All motorcycles, motor bikes and motor scooters (mopeds) are allowed only if licensed with a state and have current registration tags, and parked in a reserved spot or garage, unless a visitor pass is assigned and displayed. No skateboards, motorized skateboards, scooters or scooters with a motor attached (not licensed with a state) are allowed to be ridden on the premises or be stored in the patio, balcony or carport areas.

2.1.6 Loud, boisterous conduct or obscene language is not permitted in any part of the Common Area or in any Unit where such behavior hinders the quiet, peaceful enjoyment of those in the common area or a neighboring Unit.

2.1.7 The Owner of the Unit is responsible for the conduct of his or her Tenants and Guests. Owners are financially liable for fines imposed for violations of the Rules and any damage to the Association property caused by their Tenants or Guests as well as by themselves.

2.1.8 Residents are not allowed to discard or add any item to the Common Areas, including the Social Clubhouse, the Health Club and the building lobbies. All trash and litter, including cigar and cigarette butts, water bottles and newspapers must be disposed of in appropriate containers. Cleanup is self-policing and it is the responsibility of every resident to maintain the cleanliness and visual appeal of all Common Areas including Recreational Facilities.

2.1.9 Any person using the facilities (Pool, Spa, Health Club, Social Club, Tennis Courts and Barbecue Area) must have a Common Area Key or be accompanied by a Resident with a key. Each unit will be issued up to four (4) Common Area keys. Each Unit is allowed two (2) transmitters to gain entrance to the Project. For each key or transmitter issued, there is an administrative fee. For each Common Area key or transmitter that is lost, a penalty assessment will be charged to the account of the Owner. For any Common Area key or transmitter that is not turned over to a new Owner when a property is sold, a penalty assessment will be charged to the account of the selling Owner. Every Common Area key and transmitter remains the property of the Association and may not be transferred to another Owner unless the recipient signs the official key receipt or transmitter receipt on file with Management. The transfer of keys and transmitters is accomplished through the escrow process. (See Schedule of Monetary Penalties and Fees - Exhibit "A.")

2.2 COMMON AREA

2.2.1 Common Area is all of the subject property, improvements thereon, and airspace which are not part of any "Unit" as described in the CC&Rs, Article II – Definitions. It includes Project Common Area and Building Common Area. The Social Clubhouse, Health Club, building hallways, stairwells, trash rooms, laundry rooms and lobbies are all Common Areas.

2.2.2 The driving of any approved motorized vehicle in or about the grounds or in any portion of the Common Area, except roadways, is prohibited.

2.2.3 The riding of bicycles in any portion of the Common Area, except roadways, is prohibited.

2.2.4 The use of any part of the Common Area for commercial or business purposes is prohibited, except as stated under Section 22 – Real Estate Services.

2.2.5 No bicycles or strollers can be parked or stored in Common Area hallways. No strollers can be parked in carport areas.

2.2.6 Door mats and other personal items are prohibited outside the front door of a Unit in the Common Area hallways. Deliveries can be made to Units; however, Residents must take full responsibility. Residents should set a time when they will be in the Unit to accept the delivery or have a neighbor accept the delivery. Packages left by the door are not protected.

2.2.7 Door decorations (except during holidays) are prohibited in Common Area hallways.

2.2.8 No resident is allowed to decorate any Common Area without preapproval from the Board. Magazine exchange baskets are located in each building lobby to facilitate the sharing of current issues of magazines between residents, while keeping the lobbies visually pleasing. Books may be shared with other residents by being neatly added to the book shelves in the library, located within the Social Club.

2.2.9 The area for washing vehicles is located in the Service Yard area behind Building #300 and is for Residents use only. No vehicle repairs are to be performed in this area.

2.3 UNIT

2.3.1 Each Unit shall be used solely for residential purposes. Except for uses within Units permitted by local ordinances, including home occupations where the business is conducted entirely within the Unit (not the garage or carport) and where no clients, customers, delivery persons or members of the public visit the Unit on a regular basis, no business of any kind shall be established, maintained, operated, permitted or constructed in any portion of the Project.

2.3.2 No Unit shall be permanently occupied by more than two (2) persons per bedroom, except as allowed by state or federal housing laws.

2.3.3 Peepholes when installed can compromise the integrity of the front doors that are “fire doors”. Door stops also fall into the category of not meeting the “fire code”. Doorbells and door knockers are allowed only if approved by the Board; however, new peepholes may not be installed after 2014. Doorstops may not be used to prop open doors except for short periods of time while entering or exiting the Unit.

2.3.4 Internet Cable is available to all Units for casual residential use only. If any Resident is using his or her computer for business or other high internet use, the Resident must obtain his/her own internet service. A fine will be imposed on any Owner who uses the internet illegally or is in violation of this rule. Owners also will be fined for illegal use or violation of this rule by their Tenants. (See Schedule of Monetary Penalties and Fees – Exhibit “A”)

2.3.5 Cox cable allows each unit to have one Contour HD Box (for HBO, Showtime and basic cable) and one mini box for basic cable TV channels at no cost. If a Resident wants additional channels, the Resident must contact Cox Communications directly and the Resident will be billed by Cox Communications for the additional channels/service. When the extra service is cancelled, it is important that the Resident notify Cox Communications to cancel “only” the extra service, and not to shut down the basic channels, HBO and Showtime provided by the Association.

2.4 RECREATIONAL FACILITIES

2.4.1 The Recreational Facilities include the Pool, Spa, Health Club, Social Club, Tennis Courts and Barbecue Area. All Residents and their Guests must observe the hours posted at the various Recreational Facilities. All Guests using the recreational facilities must be accompanied by the resident at all times.

2.4.2 Tenants have Owner privileges while they have possession of a Unit. An Owner relinquishes his or her Common Area privileges to his or her Tenant and may not use the

Association's Recreation Facilities, except as a guest of a Resident, as long as his or her Unit is rented or leased.

2.4.3 The Owner of the Unit is responsible for the conduct of his or her Tenants and Guests. Owners are financially liable for fines imposed for violations of the Rules and any damage to the Association property caused by their Tenants or Guests as well as by themselves.

2.4.4 Recreation Facilities are to be used in such a manner as to not disturb other Residents or Guests.

2.4.5 Trash and litter, including cigar and cigarette butts, must be disposed of in appropriate containers. Cleanup is self-policing and it is the responsibility of everyone to maintain the Common Areas and Recreation Facilities in a litter-free condition.

2.4.6 Pets are not allowed in the Recreation Facilities.

2.5 CHILDREN (UNDER THE AGE OF 18 YEARS)

2.5.1 It is the responsibility of parents to see that their children comply with all of the Rules.

2.5.2 Playing is not permitted in the carports, driveways, stairways, corridors or elevators.

3.0 COMPLAINT AND RULE ENFORCEMENT

3.1 Enforcement

3.1.1 Failure by Residents or Guests to abide by the Project Documents may result in penalty procedures against the Owners.

3.1.2 Owners are liable for violations of the Project Documents committed by their Tenants or Guests. When a violation occurs, the Owner will have the responsibility for subsequent action as outlined hereinafter and as though he or she were the offender.

3.2 FILING A FORMAL COMPLAINT

3.2.1 When a violation occurs, it may be brought to the attention of Management, an Owner, Resident or a Security Officer. After reporting the violation, the person who has first-hand knowledge of the alleged infraction must submit the complaint in writing via letter or email. The complaint, addressed to the Board in care of Management, must include the complaining party's name, date and information about the occurrence: who, what, when and where. The information submitted may be used by the Board of Directors or Management to verify the violation. Management will have authority to solve the complaint before the Board is notified. Complaining parties may be called upon to verify their complaints to the Board or in legal proceedings, if necessary.

3.2.2 If, in the judgment of Management, the complaint appears to be valid based on the information received and on whatever additional investigation is appropriate, Management will contact the Owner or property manager involved and attempt to resolve the complaint informally. If Management and the complainant agree that a satisfactory resolution has been achieved, the complaint will not be forwarded to the Board.

3.2.3 In case of an emergency or an extremely time-sensitive matter (e.g., a barking dog, a smoke alarm, a loud TV or stereo, loud party or loud appliances), the complaining Resident may call Management during business hours, the Security Officer on duty or the police at any time.

3.3 DUE PROCESS

3.3.1 If the complaint cannot be resolved informally, the letter of complaint will be forwarded to the Board and the procedures outlined in the CC&Rs, Bylaws and State law will be followed.

3.4 VIOLATION NOTICES

3.4.1 When violations are noted by Management or the Security Guards, Violation Notices will be sent to the Owner or property manager. The violation being cited, and the date and time of the next Board meeting will be noted on the form. The meeting is set so Owners have the opportunity to discuss the violation with the Board. Tenants or other representatives of the Owners are not allowed to attend Board of Directors' meetings unless the Board receives and approves a written request from the Owner that another person can represent the Owner's interest.

3.5 PENALTY ASSESSMENTS AND CORRECTION OF VIOLATIONS

3.5.1 All fines are set forth in the Schedule of Monetary Penalties and Fees - Exhibit "A".

3.5.2 Continuation of the violation beyond the deadline indicated in the Violation and Notice of Hearing may result in additional penalty assessments as set forth in the Schedule of Monetary Penalties and Fees until Management determines that the violation has been corrected.

3.5.3 In addition to any fine levied, the Board may impose an additional assessment to cover the actual cost to the Association to repair any damage to Association property.

3.5.4 The Board may also suspend the right to use the Recreational Facilities for any rule violation.

3.5.5 All fines and charges assessed against an Owner for a violation will be applied to the Owner's account and will appear on the Owner's next statement of account. A reimbursement assessment levied against an Owner for the costs incurred by the Association to repair the Common Area damaged by an Owner or his/her Tenant or Guest

may become a lien on the Owner's Unit in accordance with California Civil Code, Section 5725.

3.5.6 All letters and notices required under these procedures shall be mailed in the United States Mail, first class postage prepaid, and addressed to the Owner at the address of record. It is the responsibility of all Owners to notify Management, in writing, of any change in a mailing address.

3.6 ENFORCEMENT & RULES VIOLATION HEARING – SEE EXHIBIT “B”

4.0 NOISE

4.1 Noise Regulation

While Residents enjoy the community atmosphere and close relationship with friends and neighbors, they also want their privacy and should respect the privacy of others. Because life in condominiums comes with common walls, floors and ceilings, one of the serious infringements on privacy is noise. It is important for Residents to consider the noise factors under which their neighbors must live and do all possible to be considerate. The following rules are intended to give everyone the quiet and peaceful enjoyment they deserve:

4.1.1 No excessive noise is permitted. Quiet hours are from 10:00 p.m. to 8:00 a.m. Sunday through Thursday, and on Fridays and Saturdays from 11:00 p.m. to 8:00 a.m.

4.1.2 TV, radio, stereo volume, phone and all conversations must be low and not audible outside the Unit.

4.1.3 While using the patio and balcony areas, unnecessary noises must be avoided.

4.1.4 Stereos and other vibrating equipment must not be located against the walls and must be insulated from the floor.

4.1.5 No running or making loud noises in the Common Area or Recreational Facilities is permitted.

4.1.6 No running or stomping in the hallways or on the stairs is permitted.

4.1.7 No operation of noisy appliances or motorized equipment (e.g., washers, dryers, exhaust fans, vacuum cleaners, garden tools, etc.), is permitted from 10:00 p.m. to 8:00 a.m. Appliances must be kept in good repair to avoid potential disturbance to neighboring Units.

4.1.8 Slamming doors and courtyard gates is not permitted.